Form A
Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer
of

ACADIA INSURANCE COMPANY
CAROLINA CASUALTY INSURANCE COMPANY
CLERMONT INSURANCE COMPANY
CONTINENTAL WESTERN INSURANCE COMPANY
BERKLEY ASSURANCE COMPANY
BERKLEY CASUALTY COMPANY
BERKLEY LIFE AND HEALTH INSURANCE COMPANY
BERKLEY LUXURY INSURANCE COMPANY
BERKLEY NATIONAL INSURANCE COMPANY
BERKLEY PRESTIGE INSURANCE COMPANY
BERKLEY REGIONAL INSURANCE COMPANY
INTREPID CASUALTY COMPANY
INTREPID INSURANCE COMPANY
INTREPID SPECIALTY INSURANCE COMPANY
KEY RISK INSURANCE COMPANY
RIVERPORT INSURANCE COMPANY
TRI-STATE INSURANCE COMPANY OF MINNESOTA
STARNET INSURANCE COMPANY
and
UNION INSURANCE COMPANY
(collectively, the "Domestic Insurers")
each, an indirect subsidiary of
W.R. BERKLEY CORPORATION
("Berkley")

by
MS&AD INSURANCE GROUP HOLDINGS, INC.
("MS&AD Holdings")
Who Is The Sole Stockholder Of
MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
("MSI")
Who is the Sole Member of
SYMPHONY PARTNERS, LLC
("Symphony Partners")
(each, an "Applicant" and, collectively, the "Applicants")

Filed with the Iowa Insurance Division (the "Division")
Dated: May 2, 2025

Names, Titles, Addresses and Telephone Numbers of Individuals to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

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OVERVIEW OF TRANSACTION
AND REQUESTS FOR CONFIDENTIALITY

This Form A Statement (including all exhibits attached hereto, this "Form A") seeks the prior approval of the Insurance Commissioner of the State of Iowa (the "Commissioner") pursuant to the requirements of Iowa Code § 521A.3 for the proposed acquisition of control of Acadia Insurance Company ("Acadia Insurance"), Berkley Assurance Company ("Berkley Assurance"), Berkley Casualty Company ("Berkley Casualty"), Berkley Life and Health Insurance Company ("Berkley Life and Health Insurance"), Berkley Luxury Insurance Company ("Berkley Luxury Insurance"), Berkley National Insurance Company ("Berkley National Insurance"), Berkley Prestige Insurance Company ("Berkley Prestige Insurance"), Berkley Regional Insurance Company ("Berkley Regional Insurance"), Carolina Casualty Insurance Company ("Carolina Casualty"), Clermont Insurance Company ("Clermont Insurance"), Continental Western Insurance Company ("Continental Western Insurance"), Intrepid Casualty Company ("Intrepid Casualty"), Intrepid Insurance Company ("Intrepid Insurance"), Intrepid Specialty Insurance Company ("Intrepid Specialty Insurance"), Key Risk Insurance Company ("Key Risk Insurance"), Riverport Insurance Company ("Riverport Insurance"), StarNet Insurance Company ("StarNet Insurance"), Tri-State Insurance Company of Minnesota ("Tri-State Insurance") and Union Insurance Company ("Union Insurance" and, collectively with Acadia Insurance, Berkley Assurance, Berkley Casualty, Berkley Life and Health Insurance, Berkley Luxury Insurance, Berkley National Insurance, Berkley Prestige Insurance, Berkley Regional Insurance, Carolina Casualty, Clermont Insurance, Continental Western Insurance, Intrepid Casualty, Intrepid Insurance, Intrepid Specialty Insurance, Key Risk Insurance, Riverport Insurance,StarNet Insurance, and Tri-State Insurance, the "Domestic Insurers") by the Applicants.

The Applicants are as follows:

- Mitsui Sumitomo Insurance Company, Limited, a *kabushiki kaisha* (stock corporation) organized under the laws of Japan ("MSI");

- MS&AD Insurance Group Holdings, Inc., a *kabushiki kaisha* (stock corporation) organized under the laws of Japan ("MS&AD Holdings"), the sole stockholder of MSI. MS&AD Holdings is publicly traded and no shareholder directly or indirectly owns ten percent (10%) or more of the voting securities of MS&AD Holdings; and

- Symphony Partners, LLC, a Delaware limited liability company ("Symphony Partners") formed for the purpose of this transaction and wholly-owned and managed by MSI as of the date of this Form A.

MS&AD Holdings, MSI and Symphony Partners are collectively referred to as the "Applicants." MS&AD Holdings and MSI are members of the MS&AD Holdings group of companies, as more fully described in Item 2 below (the "Applicant Group").

As explained in more detail below, it is intended that MSI will acquire directly, and MS&AD Holdings will acquire indirectly through its ownership of MSI, approximately fifteen percent (15%) of the outstanding shares of common stock entitled to vote on the election of directors of W. R. Berkley Corporation, an insurance holding company organized under the laws of the State of Delaware ("Berkley"), and thereby the Applicants will become indirect controlling persons of each of the Domestic Insurers.

The Applicants hereby request confidential treatment and nondisclosure of the information contained in Exhibit CE-1 and identified by an asterisk in the Index of Exhibits set forth in Item 12 herein

(the "Confidential Information") based on Iowa Code § 22.7(6) and § 505.8(9) and Iowa Administrative Code §§191-2.12(1) and (17). Confidentiality of the biographical affidavits to be provided is requested in order to protect the privacy and safety of the persons submitting these biographical affidavits. Public disclosure of the home addresses, home telephone numbers, social security numbers (or equivalent national identification numbers) and financial information contained therein would be an unwarranted invasion of personal privacy and would place these individuals in undue risk of identity or credit-related theft, harassment or kidnapping. All such information in the supplemental personal information pages to biographical affidavits is being provided with the express understanding that the confidentiality of such information will be safeguarded and such individuals will be protected from any and all unwarranted invasions of personal privacy pursuant to all applicable provisions of law.

If, upon your review of the submitted Confidential Information and this request for confidential treatment, it is the Division's analysis that the offered Confidential Information may not be afforded confidential treatment, then the Applicants' submission of the Confidential Information should be considered withdrawn, the Confidential Information shall not be deemed to belong to the Division and shall not be considered a "public record" as defined in Iowa Code §22.1(3)(a). In such event, it is requested that you return any such Confidential Information to counsel for the Applicants.

All Confidential Information disclosed in connection with this Form A is being provided with the express understanding that the confidentiality of such information will be safeguarded and protected pursuant to all provisions of law, including but not limited to, the exemptions from disclosure referenced above. In the event that the Division is in receipt of a request for disclosure of Confidential Information filed herewith, and if in such event the Division determines that such Confidential Information is (or may be) subject to disclosure, the Applicants request reasonable notice prior to such disclosure in order to seek injunctive or other appropriate relief.

ITEM 1. INSURER AND METHOD OF ACQUISITION

Name and Address of each of the Domestic Insurers

This Form A relates to the proposed acquisition of an indirect minority investment by the Applicants in (1) Acadia Insurance, (2) Berkley Assurance, (3) Berkley Casualty, (4) Berkley Luxury Insurance, (5) Berkley National Insurance, (6) Berkley Prestige Insurance, (7) Berkley Regional Insurance, (8) Carolina Casualty, (9) Clermont Insurance, (10) Continental Western Insurance, (11) Intrepid Casualty, (12) Intrepid Insurance, (13) Intrepid Specialty Insurance, (14) Key Risk Insurance, (15) Riverport Insurance, (16) StarNet Insurance, (17) Tri-State Insurance, and (18) Union Insurance, each a property and casualty insurance company domiciled in Iowa, and (19) Berkley Life and Health Insurance, a life insurance company domiciled in Iowa.

The address and NAIC number of each Domestic Insurer are as follows:

Acadia Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: One Acadia Commons, Westbrook, ME 04092
NAIC Number: 31325

Berkley Assurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 7233 East Butherus Drive, Scottsdale, AZ 85260
NAIC Number: 39462

Berkley Casualty Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: One Metroplex Drive, Birmingham, AL 35209
NAIC Number: 15911

Berkley Life and Health Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 64890

Berkley Luxury Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 7233 East Butherus Drive, Scottsdale, AZ 85260
NAIC Number: 17673

Berkley National Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 38911

Berkley Prestige Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 7233 East Butherus Drive, Scottsdale, AZ 85260
NAIC Number: 17412

Berkley Regional Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 29580

Carolina Casualty Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 10510

Clermont Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 301 Route 17 North, Suite 900, Rutherford, NJ 07070
NAIC Number: 33480

Continental Western Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 10804

Intrepid Casualty Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 17182

Intrepid Insurance Company

Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 10749

Intrepid Specialty Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 7233 East Butherus Drive, Scottsdale, AZ 85260
NAIC Number: 17181

Key Risk Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 275 N. Elm Street, High Point, NC 27262
NAIC Number: 10885

Riverport Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 36684

StarNet Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 40045

Tri-State Insurance Company of Minnesota
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 31003

Union Insurance Company
Home Office: 11201 Douglas Avenue, Urbandale, IA 50322
Administrative Office: 11201 Douglas Avenue, Urbandale, IA 50322
NAIC Number: 25844

Carolina Casualty and Clermont Insurance is a direct, wholly-owned subsidiary of Admiral Insurance Company ("Admiral Insurance"), a property and casualty insurance company domiciled in Delaware. Each of Acadia Insurance, Berkley Casualty, Continental Western Insurance, Tri-State Insurance and Union Insurance Company is a direct, wholly-owned subsidiary of Berkley Regional Insurance. Each of Admiral Insurance, Berkley Assurance, Berkley Life and Health Insurance, Berkley Luxury Insurance, Berkley National Insurance, Berkley Prestige Insurance, Berkley Regional Insurance, Intrepid Casualty, Intrepid Insurance, Intrepid Specialty Insurance, Key Risk Insurance, Riverport Insurance and StarNet Insurance is a direct, wholly-owned subsidiary of Berkley Insurance Company ("Berkley Insurance"), a property and casualty insurance company domiciled in Delaware, which is, in turn, a direct, wholly-owned subsidiary of Signet Star Holdings, Inc. ("Signet Star"), an insurance holding company organized under the laws of Delaware which is, in turn, a direct, wholly-owned subsidiary of Berkley.

Berkley is a publicly traded company listed on the New York Stock Exchange under the trading symbol "WRB". Based on the information available as of April 17, 2025, members of the founding family of Berkley beneficially own approximately twenty-two point eight percent (22.8%) of the outstanding shares of Berkley entitled to vote on the election of directors, with approximately sixteen percent (16%)

held by Family Holdings (as defined below), and the remaining seventy-seven point two (77.2%) of the outstanding shares of Berkley entitled to vote on the election of directors are owned by other shareholders.

Method of Acquisition

The following is a summary of the proposed acquisition of an indirect minority interest in the Domestic Insurers by the Applicants.

On March 28, 2025 (the "Signing Date"), MSI entered into a Framework Agreement (the "Framework Agreement") with WR Berkley & Others, LLC, a Delaware limited liability company ("Family Holdings"), an entity owned and managed by members of the founding family of Berkley. Pursuant to the Framework Agreement, subject to the terms and conditions set forth therein, including the receipt of all applicable regulatory approvals, MSI (i) will acquire fifteen percent (15%) of the shares of common stock of Berkley (the "Shares") that are outstanding and entitled to vote and (ii) will have the right to designate one director for election to the board of directors of Berkley (the "Berkley Board") once MSI acquires twelve and a half percent (12.5%) of the Shares and subject to compliance with Berkley's standard governance process.

Importantly, the Framework Agreement does not contemplate any purchase of Shares by MSI directly from Berkley, Family Holdings or members of the Berkley family; all Shares will be purchased by MSI in the secondary market from public shareholders or through individual privately negotiated purchases from other existing shareholders. The Proposed Investment (as defined below) will not result in any change to the business plan, management or other aspects of the operations of Berkley or its subsidiaries (including the Domestic Insurers). Moreover, there are only very limited circumstances in which MSI will be able to independently vote its Shares, which Shares will generally be subject to a voting agreement as described below.

Rather, the Framework Agreement gives effect to MSI and Family Holdings' intention to create a platform for a strategic relationship between MSI and Family Holdings to support the growth strategy and international activities of Berkley. Specifically, the Framework Agreement contemplates (i) the acquisition by MSI of fifteen percent (15%) of the Shares of common stock outstanding and entitled to vote (such acquired Shares, the "MSI Shares") in open market or privately negotiated purchases, and (ii) the formation of Symphony Partners to effectuate the strategic relationship and the voting arrangement between MSI and Family Holdings with respect to their respective Shares (collectively, the "Proposed Investment").

On the Signing Date, MSI also entered into a letter agreement with Berkley (the "Cooperation Agreement"), pursuant to which Berkley will assist MSI with regulatory filings, sharing information as necessary to consummate the Proposed Investment.

Following the Signing Date, MSI plans to enter into one or more agreements with one or more nationally recognized investment banks to implement share purchase plan(s) complying with Rule 10b5-1 of the Securities Exchange Act of 1934 to purchase Shares from shareholders on the public market (collectively, the "10b5-1 Plan"), and MSI may enter into privately negotiated share purchase agreements with individual existing Berkley shareholders, other than Family Holdings and members of the Berkley family, for the purchase of Shares from such shareholders. Pursuant to the 10b5-1 Plan and such private purchases, MSI will acquire fifteen percent (15%) of the outstanding Shares entitled to vote on the election of directors, in each case subject to applicable law, including securities, insurance and antitrust laws. If the regulatory approvals required to consummate the Proposed Investment have not been obtained by the time that MSI has acquired MSI Shares equal to nine point five percent (9.5%) of the outstanding Shares entitled to vote on the election of directors, MSI will terminate the 10b5-1 Plan and pause the acquisition of Shares until such approvals are obtained.

As MSI acquires Shares, governance rights and obligations will vest at different levels of MSI Share ownership.

- *Voting Agreement*: Once MSI acquires four point nine percent (4.9%) of the outstanding Shares entitled to vote on the election of directors, MSI will vote the MSI Shares first as directed by Family Holdings. After Family Holdings joins Symphony Partners as a member (as described below), each of MSI and Family Holdings will vote their respective Shares as determined by the board of directors of Symphony Partners.

- *Director Appointment*: Once MSI receives the applicable regulatory approvals and acquires twelve point five percent (12.5%) of the outstanding Shares entitled to vote on the election of directors, Family Holdings will recommend to the Nominating and Corporate Governance committee of the Berkley Board an MSI designee to be appointed to the Berkley Board, subject to Berkley's standard governance process, with subsequent reelection at Berkley's annual stockholder meeting.

- *Regulatory Approvals*: MSI may only acquire up to nine point five (9.5%) of the outstanding Shares prior to receiving all of the required regulatory approvals, including the receipt of approval of this Form A by the Division.

- *Symphony Partners*: Finally, once Family Holdings joins Symphony Partners (which is initially formed and wholly owned by MSI), MSI and Family Holdings will enter into an Amended and Restated Limited Liability Company Operating Agreement for Symphony Partners (the "Symphony Partners LLCA"). Each of MSI and Family Holdings will own limited liability company membership interests in proportion to the number of Shares owned by such party that are subject to the voting agreement contained in the Symphony Partners LLCA, which is expected to be approximately forty-eight percent (48%) for MSI and fifty-two percent (52%) for Family Holdings. Symphony Partners will not hold or own any Shares, and the MSI Shares and the Shares owned by Family Holdings will continue to be owned by MSI and Family Holdings, respectively.

- Symphony Partners will be managed by its board of directors, as identified in Exhibit L, with each of MSI and Family Holdings appointing two (2) directors to its board, and the Family Holdings-appointed chairman having the deciding vote in the event of a tie. In addition, the Symphony Partners LLCA will provide for limited reserved matters related to Symphony Partners that require the prior written consent of each of MSI and Family Holdings.

- The Symphony Partners LLCA will obligate MSI and Family Holdings to vote their respective Shares in favor of one (1) person designated by MSI to the Berkley Board and at least two (2) persons designated by Family Holdings, subject to review and approval of the Nominating and Corporate Governance Committee of the Berkley Board. As noted above, the Symphony Partners LLCA will also provide that MSI and Family Holdings will vote their respective Shares on all other matters subject to the vote of stockholders of Berkley Shares as determined by the board of directors of Symphony Partners, except in very limited circumstances. As a result of such voting agreement, it is expected that Symphony Partners, and thus Family Holdings for nearly all matters, will control the vote of approximately thirty-one percent (31%) of the Shares.

Copies of the Framework Agreement, Cooperation Agreement and the Symphony Partners LLCA (together, the "Transaction Documents") are attached hereto as Exhibits A through C, respectively, and are incorporated herein by reference.

Pursuant to the Transaction Documents, subject to the terms and conditions set forth therein, including the receipt of approval of this Form A by the Division, upon consummation of the Proposed

Investment, MSI will directly own fifteen percent (15%) of Berkley and, indirectly, its subsidiaries, including the Domestic Insurers.

The Applicants respectfully submit this Form A to request the approval of the Division for the Proposed Investment.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANTS

(a) Names and Addresses of the Applicants Seeking to Acquire Control

The name and current business address of each Applicant seeking to acquire control over the Domestic Insurers are as follows:

MSI
Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-chome, Chiyoda-ku
Tokyo, Japan

MS&AD Holdings
MS&AD Insurance Group Holdings, Inc.
Tokyo Sumitomo Twin Building (West Tower)
27-2 Shinkawa 2-chome, Chuo-ku
Tokyo, Japan

Symphony Partners
c/o Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-chome, Chiyoda-ku
Tokyo, Japan

(b) Present Principal Business Activity

The Applicants are part of the Applicant Group, which is an insurance holding group based in Japan with operating subsidiaries engaged in both life insurance and non-life insurance business domestically and internationally. In Japan, the Applicant Group services over forty-five million (45,000,000) individual customers and two point seven million (2,700,000) corporate customers with over thirty thousand (30,000) employees and over seventy thousand (70,000) agents. Internationally, the Applicant Group has an overseas network of affiliates covering forty-eight (48) countries and regions and is the leading insurance group in the Association of Southeast Asian Nations (ASEAN) region by gross written premiums.

The Applicant Group has a long-standing presence in the United States, as well as a recently acquired fronting business. MSIG Holdings (U.S.A.), Inc., a New York corporation, is an insurance holding company whose operations are conducted through its wholly-owned subsidiaries Mitsui Sumitomo Insurance USA Inc., a New York corporation (NAIC Company Code: 22551) ("Mitsui USA"), Mitsui Sumitomo Insurance Company of America, a New York corporation (NAIC Company Code: 20362) ("Mitsui America"), Mitsui Sumitomo Usa, Inc., a New York corporation ("Mitsui Sumitomo Usa"), MSIG Specialty Insurance USA Inc., a New York corporation (NAIC Company Code: 34886) ("MSIG Specialty"), Mitsui Sumitomo Marine Management (U.S.A.), Inc., a New York corporation ("Mitsui Marine"), TRM Specialty Insurance Company, a Texas corporation (NAIC Company Code: 38873) ("TRM"), MS Transverse Specialty Insurance Company, a Texas corporation (NAIC Company Code: 41807) ("TSIC") and MS Transverse Insurance Company, a Texas corporation (NAIC Company Code: 21075) ("TIC"). Mitsui USA, Mitsui America, MSIG Specialty, TRM, TSIC and TIC are property and

casualty insurance companies; whereas, Mitsui Marine is a non-insurance company that acts as the underwriting manager of Mitsui America, Mitsui USA and MSIG Specialty, and provides them with underwriting, loss prevention and investment functions. The Applicant Group includes additional U.S. insurers as identified in the annual and quarterly statements of Mitsui USA, Mitsui America, and MSIG Specialty. The U.S. subsidiaries of the Applicants are depicted on Exhibit H.

MSI is a *kabushiki kaisha* (stock corporation) organized under the laws of Japan. MSI is a wholly-owned subsidiary of MS&AD Holdings. As shown on Exhibit E, as of March 31, 2024, MSI had total consolidated assets of approximately ¥9,866,262,000,000 ($65,344,000,000).

MS&AD Holdings is a *kabushiki kaisha* (stock corporation) organized under the laws of Japan and is listed on the Tokyo Stock Exchange. MS&AD Holdings has approximately 98,369 shareholders and no shareholder directly or indirectly owns ten percent (10%) or more of the voting securities of MS&AD Holdings. As shown in Exhibit G, as of March 31, 2024, MS&AD Holdings had total consolidated assets of approximately ¥26,960,207,000,000 ($178,544,000,000).

Symphony Partners is a Delaware limited liability company formed for the purpose of this transaction and wholly-owned and managed by MSI as of the date of this Form A.

As noted above, no shareholder of MS&AD Holdings directly or indirectly owns ten percent (10%) or more of the voting securities of MS&AD Holdings, thus, MS&AD Holdings is the ultimate controlling parent of each of the other Applicants.

(c) Organizational Charts

Attached as Exhibit H hereto is an organizational chart presenting the identities of, and the interrelationships among, the Applicants and their respective subsidiaries and affiliates before giving effect to the Proposed Investment. Attached as Exhibit I hereto is an organizational chart presenting the identities of, and interrelationships among, the Applicants and their respective subsidiaries and affiliates and Berkley and its subsidiaries and affiliates after giving effect to the Proposed Investment; and attached as Exhibit I-1 hereto is a streamlined organizational chart presenting the identities of, and interrelationships among, the Applicants and the Domestic Insurers after giving effect to the Proposed Investment. The organizational charts indicate the percentage of voting securities of each entity owned or controlled by the Applicants or any other such persons, the type of organization (e.g., corporation, trust, partnership) and the state or other jurisdiction of domicile or incorporation, as applicable. Unless otherwise indicated on such charts, control of each entity is maintained by the ownership or control of all outstanding voting securities. There are no court proceedings involving a reorganization or liquidation pending with respect to any of the entities depicted on the organizational charts attached hereto as Exhibit H and Exhibit I., other than internal reorganizations.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS

(a) Directors' and Executive Officers' Names and Business Addresses

A list setting forth the names and business addresses of the directors and executive officers of each of the Applicants is attached hereto as Exhibit D to this Form A. MSI is still in the process of identifying the persons expected to serve on the Symphony Partners board of directors at the consummation of the Proposed Investment, and information concerning these directors will be submitted as supplements to this Form A separately to the Division when such information becomes available. No changes are expected to be made to the directors and executive officers of MS&AD Holdings or MSI in connection with the

Proposed Investment. To the extent any changes become expected following the date of this Form A, the Applicants will provide information concerning any such directors and executive officers to the Division when such information becomes available.

The Berkley Board is expected to be expanded from its current ten members by the addition of a MSI-designated director; however board oversight and day-to-day management of Berkley and its subsidiaries, including the Domestic Insurers, will remain the same. The Applicants are still in the process of identifying an appropriate designee to serve as an additional director of Berkley after MSI acquires twelve point five percent (12.5%) of the Shares, and information concerning such director will be submitted as a supplement to this Form A separately to the Division when such information becomes available. The Applicants will provide biographical information to the extent required for such individual as a confidential supplement to this Form A separately to the Division when it becomes available. The appointment of the MSI designee to the Berkley Board will be subject to the review and approval of the Nominating and Corporate Governance Committee of the Berkley Board pursuant to its customary policies and procedures and appointment to the Berkley Board by the Berkley Board and subsequent re-election at Berkley's annual stockholder meeting. No other members of the Berkley Board will change as a result of the Proposed Investment.

Each individual named in Exhibits D, J and L is referred to herein as an "Individual" and, collectively, as the "Individuals." Biographical affidavits on the form adopted by the National Association of Insurance Commissioners for each Individual are being provided to the Division confidentially as Exhibit CE-1 (the "NAIC Biographical Affidavits") on a rolling basis. The Applicants will submit the NAIC Biographical Affidavits of the Individuals to a third-party background check service provider.

(b) Present Principal Business Activity, Occupation or Employment

The present principal business activity, occupation or employment, including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on, for the Individuals is stated in the NAIC Biographical Affidavits.

(c) Past Material Occupations, Positions, Offices or Employment

The material occupations, positions, offices or employment during the last five (5) years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, for the Individuals is set forth in the NAIC Biographical Affidavits. Except as may be set forth in the NAIC Biographical Affidavits, no such occupation, position, office or employment listed in the NAIC Biographical Affidavits required licensing by, or registration with, any federal, state or municipal governmental agency. The current status of any such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith, are stated in the NAIC Biographical Affidavits.

(d) Criminal Proceedings

To the knowledge of the Applicants, or as may otherwise be provided in the NAIC Biographical Affidavits, no Individual has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten (10) years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Nature, Source and Amount of Consideration

As described in Item 1 above, following the Signing Date, MSI will acquire the MSI Shares in a series of all-cash transactions, which is estimated to be valued at three billion, eight hundred million ($3.8 billion), the amount of cash projected as of March 27, 2025 necessary to acquire fifteen percent (15%) of the outstanding Shares entitled to vote on the election of directors on the New York Stock Exchange.

MSI will fund the purchase price for the Shares from cash on hand, potentially including cash generated from debt proposed to be incurred by MS&AD Holdings. No consideration to be used in effecting the Proposed Investment will be represented by funds or other consideration borrowed or otherwise obtained by the Domestic Insurers for the purpose of acquiring, holding or trading securities.

(b) Criteria Used in Determining the Nature and Amount of Consideration

The purchase of Shares by one or more nationally recognized investment banks on behalf of MSI pursuant to the 10b5-1 Plan will be subject to prevailing market prices. The purchase of Shares through private transactions, if any, will be negotiated on an arms-length basis.

(c) Identity of Lender

No part of the consideration for the Proposed Investment is sourced through a loan incurred by the Domestic Insurers.

ITEM 5. FUTURE PLANS OF INSURER

The Applicants have no plans or proposals to cause the Domestic Insurers to declare any extraordinary dividend, to liquidate the Domestic Insurers, to sell the assets of the Domestic Insurers (other than in the ordinary course of business), to merge the Domestic Insurers with any person or persons or to make any other material change in the Domestic Insurers' respective business operations, corporate structures or managements. The Applicants have no plans or proposals to make any changes to the executive officers or directors of the Domestic Insurers. The Applicants have no plan or proposal to change the current business plans of any of the Domestic Insurers.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Acadia Insurance currently has 500,000 shares of authorized and outstanding common stock, par value $10.00 per share, and no shares of preferred stock authorized.

Berkley Casualty currently has 100,000 shares of authorized common stock, par value $60.00 per share, 60,000 shares of issued and outstanding common stock, and 11,500 shares of authorized, issued and outstanding preferred stock, par value $100.00 per share.

Berkley Life and Health Insurance currently 200,000 shares of authorized common stock, par value $50.00 per share, 70,000 shares of outstanding common stock, and no shares of preferred stock authorized. 100% of outstanding common stock is held by Berkley Insurance.

Continental Western Insurance currently has 1,000,000 shares of authorized common stock, par value $5.00 per share and 1,000,000 shares of issued and outstanding common stock.

Tri-State Insurance currently has 1,000,000 shares of authorized common stock, par value $5.00 per share and 1,000,000 shares of issued and outstanding common stock.

Union Insurance currently has 60,000 shares of authorized common stock, par value $500.00 per share, 10,000 shares of issued and outstanding common stock, 10,000 shares of authorized preferred stock and no shares of preferred stock issued and outstanding, par value of $100.00 per share. All preferred shares are cumulative.

Berkley Regional Insurance owns 100% of the shares of outstanding common stock of Acadia Insurance, Berkley Casualty, Berkley Life and Health Insurance, Continental Western Insurance, Tri-State Insurance and Union Insurance. Berkley Regional Insurance currently has 40,000 shares of authorized common stock, par value $100.00 per share, 40,000 shares of issued and outstanding common stock, 80,000 shares of authorized serial preferred stock of which 50,000 shares have been designated as Series A, par value $10.00 per share with none issued and outstanding.

Carolina Casualty Insurance currently has 5,000,000 shares of authorized common stock, par value $2.23 per share, 1,653,162 shares of issued and outstanding common stock, 3,000,000 shares of authorized serial preferred stock and no shares of preferred stock issued and outstanding, par value of $1.00 per share. 100% of outstanding common stock is held by Admiral Insurance.

Clermont Insurance currently has 300,000 shares of authorized common stock, par value $20.00 per share, 210,000 shares of issued and outstanding common stock, 300,000 shares of authorized preferred stock and no shares of preferred stock issued and outstanding, par value of $20.00 per share. 100% of outstanding common stock is held by Admiral Insurance.

Admiral Insurance currently has two 2,000 shares of authorized, issued and outstanding common stock, par value $2,300.00, and 2,000 shares of authorized preferred stock, par value $1,000, and no preferred stock issued or outstanding.

Berkley Assurance currently has 10,000,000 shares of authorized common stock, par value $2.34 per share and 1,500,000 shares of issued and outstanding common stock.

Berkley Luxury Insurance currently has 8,500,000 shares of authorized common stock, par value $3.00 per share, 833,334 shares of issued and outstanding common stock, and no shares of preferred stock authorized, issued or outstanding.

Berkley National Insurance currently has 3,000,000 shares of authorized common stock, par value $2.00 per share, 2,750,000 shares of issued and outstanding common stock, and no shares of preferred stock authorized, issued or outstanding.

Berkley Prestige Insurance currently has 70,000 shares of authorized common stock, par value $50.00 per share and no shares of preferred stock authorized.

Intrepid Casualty Insurance currently has 200,000 shares of authorized common stock, 70,000 shares of issued and outstanding common stock and no shares of preferred stock authorized.

Intrepid Insurance currently has 200,000 shares of authorized common stock, par value $50.00 per share and 200,000 shares of issued and outstanding common stock.

Intrepid Specialty Insurance currently has 70,000 shares of authorized common stock, par value $50.00 per share, 70,000 shares of issued and outstanding common stock and no shares of preferred stock authorized.

Key Risk Insurance currently has 1,800,000 shares of authorized and outstanding common stock, par value $2.50 per share and no shares of preferred stock authorized.

Riverport Insurance currently has 350,000 shares of authorized common stock, par value $10.00 per share and 350,000 shares of issued and outstanding common stock.

StarNet Insurance currently has 835,771 shares of authorized common stock, par value $10.00 per share, 600,000 shares of issued and outstanding common stock, 100,000 shares of authorized preferred stock and no shares of preferred stock issued and outstanding, par value of $10.00 per share.

Berkley Insurance owns 100% of the shares of outstanding common stock of Berkley Regional Insurance, Admiral Insurance, Berkley Assurance, Berkley Luxury Insurance, Berkley National Insurance, Berkley Prestige Insurance, Intrepid Casualty Insurance, Intrepid Insurance, Intrepid Specialty Insurance, Key Risk Insurance, Riverport Insurance and StarNet Insurance. Berkley Insurance currently has 430,000 shares of authorized, issued and outstanding common stock, par value $100.00, and 1,000 authorized, issued and outstanding preferred stock, par value $10.00. 100% of such authorized, issued and outstanding common stock is held by Signet Star, and, in turn, 100% of the authorized, issued and outstanding common stock of Signet Star is held by Berkley.

As of April 17, 2025, Berkley has 397,015,138 outstanding Shares entitled to vote on the election of directors. As described in Item 1 above, the Berkley family beneficially owns approximately twenty-two point eight percent (22.8%) of the outstanding Shares entitled to vote on the election of directors with approximately sixteen percent (16%) held by Family Holdings, and the remaining seventy-seven point two (77.2%) of the outstanding Shares entitled to vote on the election of directors are owned by shareholders other than the Berkley family.

As a result of the consummation of the Proposed Investment, (i) the Berkley family will continue to own approximately twenty-two point eight percent (22.8%) of the outstanding Shares entitled to vote on the election of directors, with approximately sixteen percent (16%) of the outstanding Shares entitled to vote on the election of directors held by Family Holdings, and (ii) MSI will own approximately fifteen percent (15%) of the outstanding Shares entitled to vote on the election of directors. Accordingly, as a result of the consummation of the Proposed Investment, MSI will indirectly control approximately fifteen percent (15%) of the authorized and outstanding shares of each Domestic Insurer. Under the terms of the Framework Agreement, MSI is not permitted to acquire more than fifteen percent (15%) of the outstanding Shares entitled to vote on the election of directors, and is limited to owning no more than seventeen point five percent (17.5%) of the outstanding Shares entitled to vote on the election of directors, for example as a result of share repurchases by Berkley.

The terms for the Proposed Investment of Shares are fair because the purchase will be made pursuant to the 10b5-1 Plan and subject to prevailing market prices. The purchase of Shares through private transactions, if any, will be negotiated on an arms-length basis.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as described in the Transaction Documents, as of the date of this Form A, none of the Applicants, their respective subsidiaries or, to the Applicants' knowledge, any of the Individuals, holds of record or beneficially owns any voting securities of the Domestic Insurers or any of their respective

controlling persons, including Berkley and none of the Applicants, their respective subsidiaries or, to the Applicants' knowledge, any of the Individuals, have any right to acquire any voting securities issued by the Domestic Insurers or any of their respective controlling persons, including Berkley. As described in Item 1 above, in accordance with the Framework Agreement, MSI will acquire up to nine point five percent (9.5%) of the outstanding Shares entitled to vote on the election of directors prior to the receipt of regulatory approvals, including the receipt of approval of this Form A by the Division.

ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Other than the Transaction Documents, there are no contracts, arrangements or understandings with respect to any voting security of the Domestic Insurers or any of their respective controlling persons, including Berkley, in which the Applicants, their respective subsidiaries or any Individual is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, guarantees of profits, division of losses or profits or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

During the last twelve (12) calendar months preceding the filing of this Form A, none of the Applicants, their respective subsidiaries or, to the knowledge of the Applicants, any of the Individuals, has purchased any voting securities of the Domestic Insurers or any of their respective controlling persons, including Berkley. As noted above, MSI will begin acquiring Shares following the filing of this Form A, subject to applicable law, and will pause acquisitions at nine point five percent (9.5%) of the Shares outstanding entitled to vote on the election of directors if required regulatory approvals have not been obtained.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

None of the Applicants, their respective subsidiaries or, to the knowledge of the Applicants, any of the Individuals, or anyone based upon interviews or at the suggestion of the foregoing persons, has made any recommendations to purchase any voting securities of the Domestic Insurers or any of their respective controlling persons, including Berkley, during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Except for the transactions contemplated by the Framework Agreement, none of the Applicants, their respective subsidiaries or, to the knowledge of the Applicants, any Individual has made any agreement, contract or understanding with any broker-dealer as to the solicitation of voting securities of the Domestic Insurers.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Exhibits

The following is a list of the exhibits which are attached to this Form A:

Exhibit	Description
A	Framework Agreement
B	Cooperation Agreement
C	Symphony Partners LLCA
D	Current Directors and Officers of the Applicants
E	Audited Annual Consolidated Financial Statements of MSI for the fiscal years ended March 31, 2020, March 31, 2021, March 31, 2022, March 31, 2023 and March 31, 2024
F	Annual Report of the Applicant Group for 2023 and 2024
G	Audited Annual Consolidated Financial Statements of MS&AD Holdings for the fiscal years ended March 31, 2020, March 31, 2021, March 31, 2022, March 31, 2023 and March 31, 2024 and Unaudited Quarterly Consolidated Financial Statements of MS&AD Holdings as of June 30, 2024, September 30, 2024 and December 31, 2024
H	Organizational Chart of the Applicants Before the Proposed Investment
I	Organizational Chart of the Applicants and Berkley After the Proposed Investment
I-1	Streamlined Organizational Chart of the Applicants and the Domestic Insurers After the Proposed Investment
J	Proposed MSI-Designated Director of Berkley after MSI Acquires 12.5% of the Shares
K	Annual Report of Berkley for 2023 and 2024
L	Proposed Directors of the Symphony Partners Board of Directors after Consummation of the Proposed Investment
CE-1	NAIC Biographical Affidavits

As described above in the Section titled Overview of Transaction and Request for Confidentiality, the Applicants respectfully request confidential treatment of the Confidential Information provided in connection with this Form A, which will be filed under separate cover.

(b) Financial Statements

Copies of the audited annual financial statements of MS&AD Holdings and MSI for the preceding five (5) fiscal years along with unaudited quarterly financial statements are attached as Exhibits E and G to this Form A.

Symphony Partners is a newly established entity formed for the purposes of the Proposed Investment, and therefore financial statements with respect to such entity do not exist.

(c) Tender Offer Documents and Certain Proposed Agreements

There have been no tender offers for, requests or invitations for, tenders of, exchange offers for or agreements to acquire or exchange any voting securities of the Domestic Insurers, and there are no soliciting materials relating thereto.

There are no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurers by the Applicants. As described in Item 1 above, pursuant to the Framework Agreement, Family Holdings will recommend to the Berkley Board that a MSI designee be appointed to the Berkley Board upon MSI acquiring twelve and a half percent (12.5%) of the outstanding Shares entitled to vote for the election of directors, subject to compliance with Berkley's standard governance processes and receipt of all applicable regulatory approvals.

Attached hereto as Exhibit K are the annual reports issued to the stockholders of Berkley for the last two (2) calendar years for which such reports are currently available, 2023 and 2024. Attached hereto as Exhibit F, respectively, are the integrated annual reports issued to the stockholders of the Applicant Group for the last two (2) fiscal years for which such reports are currently available, 2023 and 2024. No Domestic Insurer prepares an annual report to its respective stockholders.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicants agree to provide, in coordination with Berkley, to the best of their knowledge and belief, the information required by the Form F within fifteen (15) days after the end of the month in which the Proposed Investment is consummated and for so long as control of the Domestic Insurers exists. The Applicants acknowledge that they and all subsidiaries within their control in the insurance holding company system will, in coordination with Berkley, provide information to the Commissioner, upon request, as necessary to evaluate enterprise risk to the Domestic Insurers.

ITEM 14. SIGNATURE AND CERTIFICATION

The signatures and certifications of the Applicants are set forth on the immediately following pages.

[*Signature and Certification Follows*]

SIGNATURE

Pursuant to the requirements of Iowa Code section 521A.3 and Regulation 3.01, MS&AD Insurance Group Holdings, Inc. has caused this application to be duly signed on its behalf in the City of Tokyo and Country of Japan on the 2 day of May, 2025.

MS&AD INSURANCE GROUP HOLDINGS, INC.

By: _____
Name: Hironori Morimoto
Title: Executive Officer

Attest:

By: 秋山三四郎
Name: Sanshiro Akiyama
Title: Manager of International Business Planning Dept of MS&AD Insurance Group Holdings, Inc.

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated May 2, 2025, for and on behalf of MS&AD Insurance Group Holdings, Inc.; that deponent is the Executive Officer of such company and that deponent is authorized to execute and file such instrument. Deponent further states that deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of the deponent's knowledge, information and belief.

_____
Name: Hironori Morimoto

SIGNATURE

Pursuant to the requirements of Iowa Code section 521A.3 and Regulation 3.01, Mitsui Sumitomo Insurance Company, Limited has caused this application to be duly signed on its behalf in the City of Tokyo and Country of Japan on the 2 day of May, 2025.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By: _____
Name: Hironori Morimoto
Title: Director, Senior Executive Officer, Head of International Operations

Attest:

By: 中村優介
Name: Yusuke Nakamura
Title: Manager of International Business Department, Mitsui Insurance Company, Limited

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated May 2, 2025, for and on behalf of Mitsui Sumitomo Insurance Company, Limited; that deponent is the Director, Senior Executive Officer, Head of International Operations of such company and that deponent is authorized to execute and file such instrument. Deponent further states that deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of the deponent's knowledge, information and belief.

_____
Name: Hironori Morimoto

SIGNATURE

Pursuant to the requirements of Iowa Code section 521A.3 and Regulation 3.01, Symphony Partners, LLC has caused this application to be duly signed on its behalf in the City of Tokyo and Country of Japan on the 28 day of April, 2025.

SYMPHONY PARTNERS, LLC

By: 河崎邦文
Name: Kunihisa Kawasaki
Title: Director

Attest:

By: 中村優介
Name: Yusuke Nakamura
Title: Manager of International Business Department of Mitsui Sumitomo Insurance Company, Limited

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated April 28, 2025, for and on behalf of Symphony Partners, LLC; that deponent is the Director of such company and that deponent is authorized to execute and file such instrument. Deponent further states that deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of the deponent's knowledge, information and belief.

河崎邦文
Name: Kunihisa Kawasaki

Exhibit A

Framework Agreement

FRAMEWORK AGREEMENT

This FRAMEWORK AGREEMENT (this "Agreement"), dated as of March 28, 2025 (the "Effective Date"), is entered into by and between WR Berkley & Others LLC, a Delaware limited liability company ("Family Holdings"), and Mitsui Sumitomo Insurance Company, Limited, a Japanese stock company ("MSI") (each a "party", and together the "parties").

RECITALS

WHEREAS, as of March 20, 2025, W. R. Berkley Corporation, a Delaware corporation ("Berkley"), has issued and outstanding 396,972,168 shares of common stock par value $0.20 per share ("Shares") that are entitled to vote on the election of directors;

WHEREAS, as of the Effective Date, 67,069,033 of the Shares that are entitled to vote on the election of directors and that are owned by Family Holdings (the "Family Holdings Shares") will be subject to the provisions of this Agreement and the Symphony Partners LLCA (as defined below);

WHEREAS, the parties intend to form a strategic relationship, to include the acquisition by MSI of fifteen percent (15%) of the issued and outstanding Shares entitled to vote on the election of directors (the "Ownership Threshold") and the formation of Symphony Partners (as defined below), an entity that will serve as a platform for ongoing cooperation between the parties (collectively, the "Transactions");

WHEREAS, as of the Effective Date, Berkley and MSI have entered into a Cooperation Agreement (the "Cooperation Agreement") pursuant to which Berkley and MSI agree to cooperate as to specified matters, including the sharing of information as necessary to prepare the regulatory filings pursuant to Section 1.05 hereof, accounting matters and confidentiality.

WHEREAS, MSI has formed (or will form) Symphony Partners, LLC, a Delaware limited liability company ("Symphony Partners") and as of the Closing Date the parties will enter into the Amended and Restated Limited Liability Company Agreement of Symphony Partners (the "Symphony Partners LLCA" and, together with this Agreement, the "Transaction Documents"), substantially in the form attached as Exhibit A, pursuant to which Symphony Partners is to be operated following the Closing Date;

WHEREAS, the parties acknowledge that it is their mutual intention to facilitate the acquisition of Shares by MSI up to the Ownership Threshold as promptly as practicable following the Effective Date, subject to applicable Law and without unduly disrupting the public market for Shares, so as to allow for the accounting by MSI for its participation in the Transactions on the equity accounting method under applicable J-GAAP and IFRS; and

WHEREAS, the parties intend for the Transactions, subject to applicable Law, to serve as the platform for ongoing cooperation between MSI and Family Holdings.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of

which are acknowledged by each of the parties, and upon the terms and subject to the conditions set forth in this Agreement, the parties agree as follows:

ARTICLE I

Purchase of MSI Shares

Section 1.01 Purchase of MSI Shares.

(a) Following the Effective Date, MSI shall purchase Shares from time to time, subject to applicable Law, until such time as its ownership of Shares has reached the Ownership Threshold. Such Shares, when acquired by MSI, are referred to as the "MSI Shares".

(b) MSI shall deliver to Family Holdings notice of the anticipated Closing Date at least twenty (20) Business Days (or any shorter period as the parties may mutually agree) prior to such anticipated date. The parties shall deliver to each other a certification of the number of Family Holdings Shares and MSI Shares, respectively, anticipated to be owned as of the Closing Date.

(c) On the Closing Date, the parties shall execute and deliver the Symphony Partners LLCA, in substantially the form attached as Exhibit A, subject to any changes as the parties may mutually agree and of which written notice has been provided to Berkley at least one Business Day prior to the Closing Date; provided, that any changes to the form attached as Exhibit A that would require the consent of Berkley if they were an amendment or modification to the Symphony Partners LLCA shall also require Berkley's prior written consent. The parties shall provide Berkley with the executed Symphony Partners LLCA on the Closing Date. Pursuant to the Symphony Partners LLCA, Family Holdings will be issued limited liability company interests in proportion to the number of Family Holdings Shares then owned by Family Holdings and MSI will be issued limited liability company interests in proportion to the number of MSI Shares then owned by MSI, in each case over the aggregate number of Family Holdings Shares and MSI Shares combined then owned by Family Holdings and MSI.

(d) MSI's obligation to purchase Shares as provided in this Section 1.01 shall terminate when MSI has acquired ownership of Shares in the full amount of the Ownership Threshold, unless MSI determines, in consultation with Family Holdings, to terminate such obligations on an earlier date.

Section 1.02 Equity Method Accounting.

(a) The intent of the Transactions contemplated by the Transaction Documents is to ensure that MSI's participation in the Transactions may be accounted for on the equity method under J-GAAP and IFRS, as applicable. Family Holdings and MSI acknowledge that, in order to account for the investments on the equity method under J-GAAP and IFRS, (i) MSI must acquire and maintain an equity ownership interest in Berkley; (ii) MSI must appoint at least one designee to the board of Symphony Partners; (iii) one MSI designee must serve as a director on the Berkley Board; (iv) Berkley must not be directly accounted for under the equity method by MSI; and (v) Family Holdings and MSI must be parties to the Symphony Partners LLCA on terms substantially similar to those set forth in Exhibit A (clauses (i), (ii), (iii), (iv) and (v), collectively, the "Equity

Method Accounting Requirements"). Family Holdings and MSI agree to use their respective reasonable best efforts to satisfy, as soon as possible after the Effective Date and for the duration of the existence of Symphony Partners, the Equity Method Accounting Requirements, as such requirements may change over time; provided that, such reasonable best efforts shall not require Family Holdings (or, for the avoidance of doubt, Berkley) to purchase or sell any Shares and; provided, further, that no other Person (including Family Holdings and Berkley) shall, for the avoidance of doubt, have any liability to MSI due to the failure of any of the Equity Method Accounting Requirements to be achieved, and provided, further, that the parties' obligations with respect to the Equity Method Accounting Requirement in (x) clause (iii) shall arise only after the Director Appointment Date and (y) clause (v) shall arise only after the Closing Date. Notwithstanding the foregoing, this Agreement shall not in any way impair or restrict the fiduciary duties and obligations that a Person owes to Berkley and its stockholders.

(b) Subject to any requirements of applicable Law, the parties agree that:

(i) Commencing promptly following the Effective Date, MSI and Family Holdings will coordinate any introductions that Family Holdings may make to owners of Shares potentially interested in selling blocks of Shares and MSI shall seek to enter into a mutually agreeable purchase agreement with any such person to purchase such person's Shares at a mutually agreeable price and time.

(ii) Commencing promptly following the Effective Date, subject to applicable Law and Securities and Exchange Commission ("SEC") rules and regulations, MSI intends to implement a share purchase plan complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, pursuant to which MSI will acquire the MSI Shares in the open market (the "10b5-1 Plan"). The 10b5-1 Plan shall provide for the purchase of Shares in an amount not to exceed in the aggregate (together with any other Shares acquired by MSI) the Ownership Threshold, subject to receipt of the Required Regulatory Approvals and in all cases in an orderly fashion that seeks to minimize the impact of such purchases on the prevailing price of Shares in the open market. MSI may enter into one or more overlapping 10b5-1 Plans, subject to applicable Law and SEC rules and regulations.

(iii) The 10b5-1 Plan may be terminated prior to obtaining the Ownership Threshold due to the need to obtain the Required Regulatory Approvals or otherwise, in which case MSI will recommence the acquisition of Shares up to the Ownership Threshold as promptly as practicable following receipt of all Required Regulatory Approvals, including by (x) initiating a new 10b5-1 Plan or (y) implementing such other methods as the parties mutually agree based on the level of MSI ownership at such time.

(iv) If for any reason (other than any disposition of Shares by MSI) at any time after the Closing Date the MSI Shares represent less than the Ownership Threshold, Family Holdings will cooperate with MSI's efforts to purchase additional Shares, at MSI's sole cost and expense, up to the Ownership Threshold, provided, that under no circumstances will Family Holdings be required to sell any Shares owned by Family Holdings to MSI.

(c) In furtherance of the intention set forth in Section 1.02(a), Family Holdings will recommend to the Berkley Board that an acceptable MSI designee be appointed to the Berkley Board (a "MSI Berkley Director"), as of the Director Appointment Date, and will otherwise take all reasonable steps to cooperate with MSI in furtherance of the objective of meeting the Equity Method Accounting Requirements, to the extent consistent with the requirements of Section 1.02(a). MSI acknowledges and agrees that the MSI Berkley Director designee shall be bound by the confidentiality (and all other) policies generally applicable to all members of the Berkley Board. For the avoidance of doubt, the parties acknowledge that the MSI Berkley Director designee will be subject to review and approval by the Nominating and Corporate Governance Committee of the Berkley Board pursuant to its customary policies and procedures.

Section 1.03 Strategic Discussions. Between the Effective Date and the Closing Date, and subject to applicable Law, representatives of each of MSI and Family Holdings shall meet periodically to review and discuss their perspectives on material developments in or affecting Berkley and MSI. It is the intention of the parties that any such review and discussion shall occur between the parties in their capacities as shareholders of Berkley, and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

Section 1.04 Voting Agreement. Between the date on which MSI's ownership of Shares surpasses the Beneficial Owner Threshold and the Closing Date, at any annual or special meeting of the Berkley shareholders, MSI shall vote the MSI Shares in accordance with the recommendation of Family Holdings; provided, that in no event will MSI be required to vote its Shares in favor of a transaction that would reasonably be expected to result in a business combination that would give rise to a significant, direct and irresolvable conflict of interest for MSI and its long-term strategy and; provided, further, that in such limited circumstances, (i) MSI shall promptly submit a notice of termination under Section 4.13 upon the announcement of such a transaction and (ii) to the extent that not all of the MSI Shares have been sold prior to the record date for the shareholder vote on the relevant transaction, MSI shall deliver a proxy directing Family Holdings to vote such remaining MSI Shares in proportion to the votes cast by the shareholders of Berkley actually casting votes on the transaction (other than MSI but including Family Holdings).

Section 1.05 Regulatory Matters. Each of Family Holdings and MSI shall use their respective reasonable best efforts, and shall cooperate fully with each other to make any filing or application with or to any Governmental Entity for any license, permit, consent, approval, authorization, qualification or order of any such Governmental Entity necessary, proper or advisable to consummate the Transactions contemplated by the Transaction Documents and the Cooperation Agreement as promptly as practicable after the Effective Date and to obtain as promptly as practicable approvals by such regulators of all such licenses, permits, consents, approvals, authorizations, qualifications or orders, including the Required Regulatory Approvals.

ARTICLE II

Covenants

Section 2.01 Standstill. Except with the prior written consent of Family Holdings, from the Effective Date until the date that is the later of (1) two hundred seventy (270) days after any

dissolution of Symphony Partners in accordance with the terms of the Symphony Partners LLCA and (2) the date that MSI decreases its ownership below four percent (4%) of outstanding Shares, MSI shall not, and shall cause its controlled Affiliates not to, (a) acquire (or agree, offer, seek or propose to acquire, in each case, publicly or privately), directly or indirectly, by purchase, tender offer, exchange offer, agreement or business combination or in any other manner, ownership of, or own, including beneficial ownership, which, for purposes of this Agreement, shall have the meaning set forth in Section 13(d) of the Securities Exchange Act of 1934, as amended, or through derivative transactions, (i) any Shares in excess of the Ownership Threshold; provided, that if such Ownership Threshold is exceeded as a result of repurchases of outstanding Shares by Berkley, MSI may continue to own such Shares directly or indirectly as long as such direct or indirect Share ownership does not exceed seventeen and a half percent (17.5%) of the outstanding Shares (which, for the avoidance of doubt, shall not include any Shares held by the grantor trust established pursuant to that certain Grantor Trust Agreement, effective as of March 17, 2017, by and between Berkley and Wells Fargo Bank, National Association, as it may be amended or amended and restated from time to time), or (ii) any convertible debt or other equity securities of Berkley or its subsidiaries; (b) publicly or privately offer to, enter into, or publicly or privately propose, any merger, business combination, recapitalization, restructuring or other extraordinary transaction with Berkley or its subsidiaries; (c) directly or indirectly, seek to influence or control the management, board of directors or policies of Berkley or its subsidiaries, except through the participation of the MSI Berkley Director as a member of the Berkley Board in accordance with his or her fiduciary duties owed to Berkley and its stockholders; (d) directly or indirectly, seek to call a special meeting of Berkley shareholders or make any proposal to the Berkley Board or solicit shareholders or seek to nominate or elect directors to the Berkley Board other than with respect to the designation of the MSI Berkley Director; (e) directly or indirectly, make any public or private proposal to the Berkley Board seeking to acquire any business or assets of Berkley; or (f) enter into any discussions, negotiations, agreements, arrangements or understandings with any other Person with respect to any matter described in the foregoing clauses (a) through (e) or form, join or participate in a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) to vote, acquire or dispose of any securities of Berkley or its subsidiaries (other than a group with Family Holdings as provided in the Symphony Partners LLCA or this Agreement); provided, that notwithstanding anything to the contrary herein, MSI and Family Holdings may mutually agree to increase their respective ownership of Shares (with the consent of Berkley), in which case this Section 2.01 shall be amended as may be agreed by the parties; provided, further, that (x) the foregoing clause (a) of this provision shall not apply to any Shares acquired indirectly through passive ownership of interests in broad-based index funds, (y) this Section 2.01 shall not apply to MSI's direct or indirect investment or participation in Lifson Re Ltd. or its subsidiaries and (z) any sale of Shares required as a result of the proviso to clause (a)(i) above shall be carried out pursuant to the terms of Section 8.3 of the Symphony Partners LLCA.

Section 2.02 Non-Solicit. From the Effective Date until the second anniversary of any dissolution of Symphony Partners in accordance with the terms of the Symphony Partners LLCA, without the prior written consent of Family Holdings, MSI shall not hire or solicit for hire any then-current employees of Berkley or its subsidiaries or Persons who have been employees of Berkley or its subsidiaries within the prior six (6) months; provided, that nothing in this Section 2.02 shall prohibit MSI from engaging in general solicitations not directed at such Persons (and hiring any such Persons responding to general solicitations); provided, further, that the hiring of any Person who is (or was within the prior six (6) months) a vice president or more senior title (or

with an equivalent title), a department head or a functional leader of Berkley, its subsidiaries or their operating units shall be prohibited without the prior written consent of Family Holdings.

Section 2.03 Restrictions on Transfer. Commencing on the Effective Date until the earlier of (i) the Closing Date and (ii) such time as there may be a dissolution of Symphony Partners in accordance with the terms of the Symphony Partners LLCA, each of MSI and Family Holdings agrees not to Transfer any Shares, directly or indirectly, except, in each case, (w) in accordance with all applicable provisions of this Agreement, (x) in compliance with applicable Laws, including insurance and securities Laws, (y) in compliance with Berkley's insider trading policies, to the extent applicable and (z) solely as follows:

(a) by Family Holdings, to the Permitted Family Holdings Transferees; and

(b) by MSI, to the Permitted MSI Transferees;

provided, that if any such Transfer occurs prior to the Closing Date, MSI and Family Holdings will cause any such Permitted Transferee (i) to comply with Section 1.04, Section 2.01, Section 2.02, Section 2.03, Section 2.04 and Section 2.05 of this Agreement as though such Permitted Transferee were a party hereto and enter into a joinder to this Agreement agreeing to be bound as a party hereunder with respect to such sections and (ii) to become an additional member of Symphony Partners on the Closing Date; provided, further, that notwithstanding the foregoing, Family Holdings may Transfer up to 3,553,486 Shares to a Permitted Family Holdings Transferee without causing such Permitted Family Holdings Transferee to become an additional member of Symphony Partners on the Closing Date, so long as, after giving effect to such Transfer, the Family Holdings Shares comprise at least sixteen percent (16%) of the issued and outstanding Shares that are entitled to vote on the election of directors.

Section 2.04 Publicity. Commencing on the Effective Date until such time as there may be a dissolution of Symphony Partners in accordance with the terms of the Symphony Partners LLCA, each of MSI and Family Holdings will coordinate in good faith with each other on any and all press releases and other public statements with respect to the Transactions. Unless otherwise required by Law or the rules of any stock exchange (including any stock exchange on which any Affiliate of a party is listed), neither Family Holdings nor MSI may (or may permit any of their Affiliates to) issue any press release or otherwise make any public announcement or comment on the Transactions without the prior consent of the other.

Section 2.05 Confidentiality. Each of MSI and Family Holdings, for itself and on behalf of its representatives (including, for the purpose of this Section 2.05, such party's Affiliates and its and its Affiliates' members, partners, officers, directors, employees, attorneys, accountants, consultants and other advisors, including any Person designated by such party as a Director of Symphony Partners and any secondee of such party (together, such party's "Representatives")), agrees to keep confidential, use solely for purposes reasonably related to the Transactions, and not disclose to any Person, any information or matter relating to this Agreement, the other party, Symphony Partners, the members of Symphony Partners or Berkley, or their respective affairs; provided, that:

(a) any party and its Representatives may make such disclosure to the extent such information (i) is or becomes generally available to the public other than as a result of a breach of this Section 2.05 by such party or its Representatives, (ii) is received by, or becomes available to, such party or its Representatives from a third party (provided, that such third party is not known by such party or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information by a contractual, legal or fiduciary obligation of confidentiality with respect to such information), (iii) is already available to, or in the possession of, such party or its Representatives prior to disclosure by the disclosing party (provided, that the source of such information was not known by such party or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information to such party or such Representative by a contractual, legal or fiduciary obligation with respect to such information), or (iv) is independently acquired or developed by such party or its Representatives without the use of, reliance on or reference to any confidential information received directly or indirectly from the disclosing party;

(b) nothing herein shall prohibit any party or its Representatives from making such disclosure to the extent necessary to comply with any applicable Law, regulation or rule (including rules of self-regulatory organizations) or any court order, subpoena or other judicial or governmental process; provided, that such party or Representative shall, to the extent legally permitted and reasonably feasible, (i) advise such regulator, Governmental Entity or other Person to whom the information is required to be disclosed of the confidential nature of the information and request that such information be treated as such, (ii) notify the non-disclosing party promptly and afford it an opportunity, to the fullest extent possible and at the non-disclosing party's sole expense, to seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of such requested or required disclosure and (iii) if the non-disclosing party objects or challenges such disclosure, reasonably cooperate with the non-disclosing party, at the non-disclosing party's expense, in its efforts to resist such disclosure; provided, further, that, with respect to any disclosure of confidential information made pursuant to this Section 2.05(b), (A) the disclosing party or such Representative shall furnish only that portion of the confidential information that it reasonably determines, in consultation with its counsel (which may be internal counsel), is necessary to comply with any applicable Law, regulation or rule (including rules of self-regulatory organizations) or any court order, subpoena or other judicial or governmental process and (B) notwithstanding anything to the contrary (including clauses (ii) and (iii) above), neither the party nor any of its Representatives shall be required to notify the non-disclosing party of the disclosure of any such information, if such disclosure is made (x) in response to an ordinary course examination of the party's or such Representative's business by a regulator, bank examiner or self-regulatory organization not specifically directed at the disclosing party of such information or (y) pursuant to ongoing reporting requirements under the Securities Exchange Act of 1934, as amended, or under other similar applicable Laws or regulatory requirements or the requirements of any exchange;

(c) any party may make such disclosure to its Representatives and such party's direct or indirect investors and beneficiaries, trustees, potential investors, lenders and potential lenders and their respective advisors and Representatives who require possession or knowledge of such information in connection with the Transactions; provided, that such party (i) first advises the parties listed in this Section 2.05(c) of the confidential nature of such information and the

existence of this Section 2.05 and their obligation to maintain the confidentiality of such information and (ii) shall be responsible and liable for any unauthorized use or disclosure of confidential information in breach of this Section 2.05 by any of its representatives; and

(d) any party may make such disclosure to the extent reasonably necessary to any *bona fide* prospective purchaser of such party's Shares in Berkley; provided, that such prospective purchaser shall be required to maintain the confidentiality of such disclosed information on customary terms.

ARTICLE III

Representations and Warranties

Section 3.01 Representations and Warranties. Each of the parties, as applicable, hereby represents and warrants to the other parties, as of the Effective Date and as of the Closing Date, as follows:

(a) Organization and Standing. Such party (if a corporation, limited liability company, partnership or other entity) is duly organized, validly existing and in good standing under the laws of its jurisdiction of domicile. Such party has the full corporate or other power to carry out its obligations under the Transaction Documents.

(b) Authority; Execution and Delivery; Enforceability. Such party has all requisite power to enter into, consummate the transactions contemplated by, and carry out its obligations under, the Transaction Documents. The execution and delivery by such party of this Agreement, and the consummation by such party of the transactions contemplated by, and the performance by such party of its obligations under, the Transaction Documents have been duly authorized by all requisite actions on the part of such party. The Transaction Documents have been duly executed and delivered by such party and constitutes the legal, valid and binding obligation of such party enforceable against it in accordance with its terms.

(c) No Conflicts. The execution, delivery and performance by such party of the transactions contemplated by the Transaction Documents do not (i) violate or conflict with the organizational documents of such party (if a corporation, limited liability company, partnership or other entity) or (ii) violate in any material respect or conflict in any material respect with any Law or order applicable to such party or any of its Affiliates.

(d) No Litigation. There are no actions, suits, claims, investigations or other legal proceedings pending or, to the knowledge of such party, threatened against or by such party that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by the Transaction Documents.

(e) Title. Family Holdings is the record and beneficial owner of all of the Family Holdings Shares either directly or through a wholly-owned entity, and has title to the Family Holdings Shares free and clear of all pledges, liens, charges, encumbrances and security interests of any kind, other than restrictions on transfer under applicable Laws and any Liens previously disclosed to MSI. Family Holdings has the power and right to vote or direct the voting of all of the Family Holdings Shares.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Amendment; Waiver.

(a) This Agreement may not be amended or modified without the written consent of each of the parties.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any party may waive any provision of this Agreement with respect to itself if such waiver is approved in writing by such party.

Section 4.02 Notices. Any notice provided for in this Agreement must be in writing and must be delivered by hand, by facsimile, by email, by local messenger or by reputable overnight courier. Notices shall be deemed given: (a) when received, if delivered by hand or local messenger; (b) when sent, if sent by email (provided, that the email is promptly confirmed) during the recipient's normal business hours; (c) on the first Business Day after being sent, if sent by email other than during the recipient's normal business hours (provided, that the email is confirmed on or before such Business Day); and (d) one (1) Business Day after being delivered to the courier for next day delivery, if sent by courier. All such notices must be addressed to the applicable parties hereto as follows:

(i) if to Family Holdings,

WR Berkley & Others LLC
475 Steamboat Road
Greenwich, CT 06830
Attention: Kelly F. O'Donnell
E-mail: kodonnell@interlakencapital.com
Tel: +1 (203) 629-4800

with a copy to (which shall not constitute notice):

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: David A. Katz
E-mail: dakatz@wlrk.com
Tel: +1 (212) 403-1309

(ii) if to MSI,

Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-Chome, Chiyoda-ku
Tokyo, 101-8011, Japan
Attention: Mr. Hironori Morimoto – Senior Executive Officer
Mr. Kunihisa Kawasaki – General Manager,
International Business Department
E-mail: hironori.morimoto@ms-ins.com
ku-kawasaki@ms-ins.com
Tel: +81 (3) 3259-1598

with a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
66 Hudson Boulevard E
New York, NY 10001
Attention: Nicholas F. Potter
E-mail: nfpotter@debevoise.com
Tel: +1 (212) 909-6459

(iii) if to Berkley,

W. R. Berkley Corporation
475 Steamboat Road
Greenwich, CT 06830
Attention: General Counsel
E-mail: legalnotices@wrberkley.com
liannarone@wrberkley.com
Tel: +1 (203) 629-3000

with a copy to (which shall not constitute notice):

Sidley Austin LLP
1 S Dearborn Street
Chicago, IL 60603
Attention: Sean M. Keyvan
E-mail: skeyvan@sidley.com
Tel: +1 (312) 853-4660

and

Sidley Austin LLP
787 Seventh Avenue

New York, NY 10019
Attention: John H. Butler
E-mail: john.butler@sidley.com
Tel: +1 (212) 839-8513

Section 4.03 Entire Agreement. This Agreement (including all exhibits and schedules hereto) and (following its execution) the Symphony Partners LLCA hereby constitute the entire agreement, and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this Agreement.

Section 4.04 Governing Law; Submission to Jurisdiction. This Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each party irrevocably submits, for the purposes of any suit, action or other proceeding arising out of, or based upon, this Agreement or the subject matter hereof, to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, to the extent such court does not have subject matter jurisdiction, the U.S. District Court for the District of Delaware or, to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware.

Section 4.05 Negotiation; Mediation.

(a) Either party may give written notice to the other party of the existence of an unresolved item of concern, dispute, controversy or claim (a "Negotiation Notice"). After a Negotiation Notice is received, the parties shall promptly hold a meeting attended by a senior executive with decision-making authority of each party, and all other persons with expertise and decision-making authority over the subject matter of the item of concern, dispute, controversy or claim, to attempt in good faith to negotiate a resolution of the matter. Such persons shall conduct additional meetings, conduct investigations and take all other actions as reasonably necessary to resolve the matter within thirty (30) days following the Negotiation Notice (the "Negotiation Period").

(b) As an alternative to (or concurrently with) the Negotiation Period, the parties may choose to submit an unresolved item of concern, dispute, controversy or claim to nonbinding mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The parties shall jointly appoint a mutually acceptable mediator, but the AAA shall appoint the mediator if the parties are unable to agree upon such appointment within five (5) days after the submission of the matter. The place of mediation shall be New York, New York and shall be conducted in the English language. Each party shall participate in good faith in the mediation for a period of at least thirty (30) days. Each party shall bear equally the costs of the mediation.

Section 4.06 Specific Performance. Each of the parties agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, without the necessity of posting bond or any other undertaking, the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the

terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity. If any action is brought in equity for injunctive relief or to enforce the provisions of this Agreement, no party shall allege, and each party waives any defense or counterclaim, that there is an adequate remedy at law.

Section 4.07 Waiver of Trial by Jury. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.07.

Section 4.08 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law by a court of competent jurisdiction, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement; provided that, the parties shall cooperate to amend this Agreement to include a legal, valid and enforceable replacement provision of similar terms and effects.

Section 4.09 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 4.10 Non-Circumvention. No party shall, directly or indirectly, take, omit to take, or permit any action having a purpose of circumventing or having an effect of circumventing or rendering inapplicable, in whole or in part, the rights or obligations of any party under this Agreement. Nothing in this Section 4.10 shall apply to any actions taken by any Person in his or her capacity as a director or officer of Berkley.

Section 4.11 No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties and such assigns, any legal or equitable rights hereunder, except that Berkley shall be an intended third party beneficiary entitled to enforce

such obligations as if a party hereto with respect to the rights of Family Holdings set forth in (a) the first sentence of Section 1.01(c), (b) Section 2.01, (c) Section 2.02, (d) Sections 4.04 through 4.07, Section 4.10, and this Section 4.11, (e) the proviso in the first sentence of Section 4.13, and (f) the last sentence of Section 4.13 insofar as such sentence confers on Berkley the right to purchase MSI Shares in the manner described in Section 8.3 of the Symphony Partners LLCA, and such provisions (and the related definitions) shall not be amended, modified, terminated or waived in any manner that would adversely affect the rights of Berkley without the prior written consent of Berkley.

Section 4.12 Successors and Assigns. This Agreement and the rights and obligations under this Agreement shall not be assignable or transferable by any party (including by operation of law in connection with a merger or consolidation of such party) without the prior written consent of the other party; provided, that MSI may assign its rights and obligations to any Permitted MSI Transferee to which it transfers its Shares or its limited liability company interests in Symphony Partners; provided, however, no such assignment shall limit or relieve MSI of its duties under this Agreement. Any attempted assignment in violation of this Section 4.12 shall be void *ab initio*. To the maximum extent permitted by Law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

Section 4.13 Termination of Agreement. This Agreement shall be terminated in its entirety: (a) upon the mutual written agreement of the parties, (b) upon delivery by either party of a written notice of termination, provided, that if a party delivers a notice of termination, this Agreement shall not be terminated for thirty (30) days following delivery of such notice of termination (or such extended period as may be agreed by the parties), during which time the parties shall seek to resolve the issues underlying such notice of termination in accordance with Section 4.05 (to the extent that such issues are resolvable), and (c) following the Closing Date, upon dissolution of Symphony Partners in accordance with the terms of the Symphony Partners LLCA; provided, that Section 1.04, Section 2.01, Section 2.02, Section 2.05, and Sections 4.04 through Section 4.07, Section 4.10, Section 4.11, and the last sentence of this Section 4.13 shall survive such termination until the later of eighteen (18) months after the date of termination and such time as MSI owns less than one percent (1%) of the outstanding Shares, except that Section 2.01 and Section 2.02 shall survive until the conclusion of the period referred to in such sections, if later. In the event of a termination under clause (a) and (b), above, the parties shall effectuate a wind-down of the MSI Share position in the manner described in Section 8.3 of the Symphony Partners LLCA.

ARTICLE V

Definitions

Section 5.01 Definitions. For purposes of this Agreement, the following terms have the respective meanings set forth below:

"10b5-1 Plan" has the meaning set forth in Section 1.02(b)(ii).

"AAA" means the American Arbitration Association.

"Affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person; provided, that in no event shall Berkley or any of its Subsidiaries be deemed to be Affiliates of Family Holdings or MSI.

"Agreement" has the meaning set forth in the preamble.

"Berkley" has the meaning set forth in the recitals.

"Berkley Board" means the board of directors of the Berkley.

"Beneficial Owner Threshold" means four and nine tenths percent (4.9%) of the issued and outstanding Shares.

"Business Day" means any day other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by Law to close in the City of New York, New York or Tokyo, Japan.

"Closing Date" means the date on which MSI acquires Berkley Shares equal to the Ownership Threshold, or such earlier date as may be designated by MSI to Family Holdings in writing after the Required Regulatory Approvals have been obtained. For the avoidance of doubt, the Closing Date will not occur until after the Regulatory Approval Date.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or partnership or other ownership interests, by contract or otherwise, while "Controlled by", "Controls", "Controlling" and "under common Control with" have correlative meanings.

"Cooperation Agreement" has the meaning set forth in the recitals.

"Director Appointment Date" means the earlier to occur of (1) the Closing Date and (2) March 15, 2026 so long as on such date (A) MSI beneficially owns at least 12.5% of the outstanding Shares as of such date and (B) the applicable Required Regulatory Approvals have been obtained; provided, that in the case of clause (2), the appointment of a director to the Berkley Board will, as determined by MSI and its accounting advisors, result in fulfillment of the Equity Method Accounting Requirements.

"Effective Date" has the meaning set forth in the preamble.

"Equity Method Accounting Requirements" has the meaning set forth in Section 1.02(a).

"Family Holdings" has the meaning set forth in the preamble.

"Family Holdings Shares" has the meaning set forth in the recitals.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Governmental Entity" means any government or any arbitrator, tribunal or court of competent jurisdiction, administrative agency or commission, taxing authority or other governmental, quasi-governmental authority or self-regulatory organization (including FINRA) or instrumentality (in each case whether federal, state, local, foreign, international or multinational).

"IFRS" means international accounting standards issued by the International Financial Reporting Standards Foundation and the International Accounting Standards Board, as in effect from time to time.

"J-GAAP" means Japanese Generally Accepted Accounting Principles.

"Law" means any federal, state, local, foreign, international or multinational treaty, constitution, statute or other law, ordinance, rule or regulation.

"Lien" means any mortgage, lien, security interest, pledge, reservation, equitable interest, charge, easement, lease, sublease, conditional sale or other title retention agreement, right of first refusal, hypothecation, covenant, servitude, right of way, variance, option, warrant, claim, community property interest, restriction (including any restriction on use, voting, transfer, alienation, receipt of income or exercise of any other attribute of ownership) or encumbrance of any kind.

"Member of the Berkley Family" means each of William R. Berkley, Marjorie J. Berkley and each lineal descendant of William R. Berkley.

"MSI" has the meaning set forth in the preamble.

"MSI Shares" has the meaning set forth in Section 1.01(a).

"MSI Berkley Director" has the meaning set forth in Section 1.02(c).

"Negotiation Notice" has the meaning set forth in Section 4.05(a).

"Negotiation Period" has the meaning set forth in Section 4.05(a).

"Ownership Threshold" has the meaning set forth in the recitals.

"party" and "parties" have the meaning set forth in the preamble.

"Permitted Family Holdings Transferees" means (a) any Member of the Berkley Family, (b) any trust of which a Member of the Berkley Family is the primary beneficiary or of which Members of the Berkley Family are the primary beneficiaries (a "Berkley Trust"), (c) the estate of any Member of the Berkley Family (a "Berkley Estate"), (d) any entity a majority of the equity interests in which are owned directly or indirectly by any one or more Members of the Berkley Family, Berkley Trusts and Berkley Estates, and (e) any non-profit organization, charitable foundation or organization, or charitable trust (including charitable lead trusts and charitable remainder trusts the only current beneficiaries of which are one or more Permitted Family Holdings Transferees and charitable or non-profit organizations), in each case for which all the

funding of such foundation, trust or organization came primarily from one or more other Permitted Family Holdings Transferee.

"Permitted MSI Transferees" means, with respect to MSI, any Affiliate of MSI listed on Schedule 2.03(b); provided, that in no event shall Symphony Partners constitute a "Permitted Transferee" of MSI.

"Permitted Transferees" means, collectively, the Permitted Family Holdings Transferees and the Permitted MSI Transferees.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity or other entity.

"Regulatory Approval Date" means the date on which all of the Required Regulatory Approvals have been obtained or the relevant waiting or deemer period has expired.

"Representatives" has the meaning set forth in Section 2.05.

"Required Regulatory Approvals" means the prior approvals, non-disapprovals and expirations of waiting periods as may be identified by the parties, including in consultation with counsel to Berkley, as necessary in order to consummate the Transactions.

"Shares" has the meaning set forth in the recitals.

"SEC" has the meaning set forth in Section 1.02(b)(ii).

"Symphony Partners" has the meaning set forth in the recitals.

"Symphony Partners LLCA" has the meaning set forth in the recitals.

"Transactions" has the meaning set forth in the recitals.

"Transaction Documents" has the meaning set forth in the recitals.

"Transfer" means any transfer, sale, exchange, assignment, Lien or other disposition (irrespective of whether any of the foregoing is effected with or without consideration, directly or indirectly, voluntarily or involuntarily, by operation of Law or otherwise, or whether *inter vivos* or upon death), including (a) the grant of an option to acquire either or both of the legal or beneficial ownership of a Share, (b) any sale or other disposition of any legal or equitable interest in a Share (including any voting right attaching to it), (c) any direction (by way of renunciation or otherwise) by a Person entitled to an allotment or issue of that Share that it be allotted or issued to another Person, (d) any grant of any Lien over that Share and (e) any agreement to effect any of the foregoing. "Transferee" and "Transferor" shall have correlative meanings.

Section 5.02 Interpretation; Certain Definitions. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender, as the context requires; (b) references to the terms "Article", "Section", "Schedule" and "Exhibit" are

references to the articles and sections of, and schedules and exhibits to, this Agreement unless otherwise specified; (c) all schedules and exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; (d) references to "$" shall mean U.S. dollars; (e) the words "include", "includes", "including" and words of similar import when used in this Agreement shall be deemed to be followed by the words "without limitation", unless otherwise specified; (f) references to "written" or "in writing" include the electronic form; (g) "or" shall be construed in the inclusive sense of "and/or"; (h) the word "will" shall be construed to have the same meaning and effect as the word "shall"; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) the parties hereto have each participated in the negotiation and drafting of this Agreement, and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (k) except to the extent the context otherwise requires, a reference to any Person includes such Person's successors and permitted assigns; (l) references to a statute, rule or regulation refer to such statute, rule or regulation as amended, modified or supplemented from time to time and include any successor legislation thereto and, in the case of any statute, any rules and regulations promulgated thereunder; (m) references to any agreement or contract are to that agreement or contract as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof; (n) any reference to "days" means calendar days unless Business Days are expressly specified; and (o) when calculating the period of time before which, within which or following which any act is to be done, or any step is to be taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date first written above.

WR BERKLEY & OTHERS LLC

By: _____
Name: W. Robert Berkley, Jr.
Title: Manager

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By: _____
Name: Shinichiro Funabiki
Title: President and CEO

Exhibit A

Amended and Restated Limited Liability Company Agreement of Symphony Partners, LLC

[Attached]

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

BY AND AMONG

SYMPHONY PARTNERS, LLC,

WR BERKLEY & OTHERS LLC,

AND

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

DATED AS OF [CLOSING DATE]

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SYMPHONY PARTNERS, LLC

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") of Symphony Partners, LLC, a Delaware limited liability company (the "Company"), dated as of [•], 2026 (the "Closing Date"), is entered into by and among the Company, Mitsui Sumitomo Insurance Company, Limited, a Japanese stock company ("MSI"), and WR Berkley & Others LLC, a Delaware limited liability company ("Family Holdings"), and any other Person(s) subsequently admitted as a Member of the Company in accordance with the terms of this Agreement. The Company and each Member is referred to as a "party" and collectively, the "parties".

RECITALS

WHEREAS, the Company was duly formed under the Act (as defined below) on [•], 2025;

WHEREAS, on [•], 2025, the Company and MSI, as the initial member, entered into a limited liability company agreement of the Company (the "Original Agreement"); and

WHEREAS, on March 28, 2025, Family Holdings and MSI entered into that certain Framework Agreement (the "Framework Agreement"), pursuant to which Family Holdings and MSI agreed to enter into the Transactions (as defined therein).

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties amend and restate the Original Agreement in its entirety and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. For purposes of this Agreement, the following terms have the respective meanings set forth below:

"AAA" has the meaning set forth in Section 9.5(b).

"Acceptance Notice" has the meaning set forth in Section 8.3(c).

"Act" means the Delaware Limited Liability Company Act, Title 6 of the Delaware Code, Section 18-101 *et seq.*, as it may be amended from time to time, and any successor to such Act.

"Affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person; provided that, in no event shall Berkley or any of its Subsidiaries be deemed to be Affiliates of Family Holdings or MSI for purposes of this Agreement.

"Agreement" has the meaning set forth in the preamble.

"Berkley" means Berkley, a Delaware corporation.

"Berkley Board" means the board of directors of Berkley.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by Law to close in the City of New York, New York or Tokyo, Japan.

"Capital Contribution" means the total amount of cash, cash equivalents and other property, if any, contributed to the Company by all the Members or any one Member, as the case may be.

"Certificate of Formation" has the meaning set forth in Section 2.1.

"Chairperson" has the meaning set forth in Section 5.4.

"Closing Date" has the meaning set forth in the preamble.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the preamble.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or partnership or other ownership interests, by contract or otherwise, while "Controlled by", "Controls", "Controlling" and "under common Control with" have correlative meanings.

"Corporate Opportunity" has the meaning set forth in Section 2.9.

"Director" has the meaning set forth in Section 5.2.

"Family Holdings" has the meaning set forth in the preamble.

"Family Holdings Berkley Directors" has the meaning set forth in Section 5.12(b).

"Family Holdings Directors" has the meaning set forth in Section 5.2.

"Family Holdings Shares" means the Shares that are owned by Family Holdings and its Permitted Transferees and are subject to the terms of this Agreement, as set forth on Schedule 3.3.

"Fiscal Year" has the meaning set forth in Section 2.5.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Framework Agreement" has the meaning set forth in the recitals.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any government or any arbitrator, tribunal or court of competent jurisdiction, administrative agency or commission, taxing authority or other governmental, quasi-governmental authority or self-regulatory organization (including FINRA) or instrumentality (in each case whether Federal, state, local, foreign, international or multinational).

"IFRS" means international accounting standards issued by the International Financial Reporting Standards Foundation and the International Accounting Standards Board, as in effect from time to time.

"Joinder Documents" has the meaning set forth in Section 6.3.

"Law" means any Federal, state, local, foreign, international or multinational treaty, constitution, statute or other law, ordinance, rule or regulation.

"Lien" means any mortgage, lien, security interest, pledge, reservation, equitable interest, charge, easement, lease, sublease, conditional sale or other title retention agreement, right of first refusal, hypothecation, covenant, servitude, right of way, variance, option, warrant, claim, community property interest, restriction (including any restriction on use, voting, transfer, alienation, receipt of income or exercise of any other attribute of ownership) or encumbrance of any kind.

"Majority Vote" means, with respect to actions to be taken by Members, the affirmative vote or consent of Members holding at least a majority of the Membership Interests then outstanding and, with respect to actions to be taken by the Board, the affirmative vote or consent of at least a majority of the Directors.

"Member" means any Person that is admitted as a member of the Company or is issued or Transferred Membership Interests in accordance with the terms of this Agreement and executes Joinder Documents; provided that, such term does not include any Person who has ceased to be a Member of the Company.

"Member of the Berkley Family" means each of William R. Berkley, Marjorie J. Berkley, and each lineal descendant of William R. Berkley.

"Membership Interests" has the meaning set forth in Section 3.3(a).

"Membership Percentage" means, with respect to any Member as of any date, the percentage equal to the number of Shares that are owned by such Member and are subject to this Agreement, as set forth on Schedule 3.3, divided by the total number of Family Holdings Shares and MSI Shares.

"MSI" has the meaning set forth in the preamble.

"MSI Berkley Director" has the meaning set forth in Section 5.12(b).

"MSI Directors" has the meaning set forth in Section 5.2.

"MSI Shares" means the Shares that are owned by MSI and its Permitted Transferees, as set forth on Schedule 3.3.

"Negotiation Notice" has the meaning set forth in Section 9.5(a).

"Negotiation Period" has the meaning set forth in Section 9.5(a).

"Notice of Dissolution" means a written notice by a Member of such Member's intention to dissolve the Company pursuant to Section 8.2(e).

"Offer Notice" has the meaning set forth in Section 8.3(b).

"Original Agreement" has the meaning set forth in the recitals.

"Permitted Business" means acting as a forum for (a) determining voting of the Shares by the Members, (b) discussing Person(s) to be designated by MSI pursuant to Section 5.12(b), (c) discussing business and other opportunities for Berkley in the Members' capacity as shareholders of Berkley, it being the intention of the Members that any such discussion shall occur between the Members in their capacities as shareholders of Berkley, and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

"Permitted Family Holdings Transferees" means (a) any Member of the Berkley Family, (b) any trust of which a Member of the Berkley Family is the primary beneficiary

or of which Members of the Berkley Family are the primary beneficiaries (a "Berkley Trust"), (c) the estate of any Member of the Berkley Family (a "Berkley Estate"), (d) any entity a majority of the equity interests in which are owned directly or indirectly by any one or more Members of the Berkley Family, Berkley Trusts and Berkley Estates, and (e) any non-profit organization, charitable foundation or organization, or charitable trust (including charitable lead trusts and charitable remainder trusts the only current beneficiaries of which are one or more Permitted Family Holdings Transferees and charitable or non-profit organizations), in each case for which all the funding of such foundation, trust or organization came primarily from one or more other Permitted Family Holdings Transferee.

"Permitted MSI Transferees" means, with respect to MSI, any Affiliate of MSI listed on Schedule 6.1(b); provided that, in no event shall the Company constitute a "Permitted Transferee" of MSI.

"Permitted Transfer" has the meaning set forth in Section 6.4(b).

"Permitted Transferees" means, collectively, the Permitted Family Holdings Transferees and the Permitted MSI Transferees.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity or other entity.

"Personally Identifiable Information" means Personally Identifiable Information as such term is defined by U.S. state breach notification Laws.

"Proposed Sale" has the meaning set forth in Section 8.3(b).

"Representatives" has the meaning set forth in Section 9.14.

"Reserved Matters" means each of the following:

(a) amendments to the organizational documents of the Company;

(b) material changes to the accounting or tax policies of the Company;

(c) authorizing the Company or the Company's subsidiaries to undertake any business other than Permitted Business; and

(d) incurrence of debt by the Company.

"Shares" means the shares of common stock, par value $0.20, of Berkley.

"Subsidiary" means, with respect to any Person, any corporation or other Person, a majority of the outstanding voting securities or other equity or similar ownership interests

of which is at that time owned or Controlled, directly or indirectly, by such first Person or one or more of the other Subsidiaries of such first Person or a combination thereof. For clarity, in no event shall Berkley or any of its Subsidiaries be deemed to be Subsidiaries of the Company for purposes of this Agreement.

"Tax" means any Federal, state, local or foreign income, alternative, minimum, accumulated earnings, personal holding company, franchise, capital stock, profits, windfall profits, gross receipts, sales, use, value-added, transfer, registration, stamp, premium, excise, customs duties, severance, base erosion (including under Section 59A of the Code), real property, personal property, *ad valorem*, occupancy, license, occupation, employment, payroll, social security, disability, unemployment, workers' compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties thereon and additions thereto).

"Tax Return" means any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Entity in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any applicable Law relating to any Tax.

"Transfer" means any transfer, sale, exchange, assignment, Lien or other disposition (irrespective of whether any of the foregoing is effected with or without consideration, directly or indirectly, voluntarily or involuntarily, by operation of Law or otherwise, or whether *inter vivos* or upon death), including (a) the grant of an option to acquire either or both of the legal or beneficial ownership of a Membership Interest or, as applicable, a Share, (b) any sale or other disposition of any legal or equitable interest in a Membership Interest or, as applicable, a Share (including in each case any voting right attaching to it), (c) any direction (by way of renunciation or otherwise) by a Person entitled to an allotment or issue of that Membership Interest or, as applicable, Share that it be allotted or issued to another Person, (d) any grant of any Lien over that Membership Interest or, as applicable Share and (e) any agreement to effect any of the foregoing. "Transferee" and "Transferor" shall have correlative meanings.

Section 1.2 Interpretation and Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender, as the context requires; (b) references to the terms "Article", "Section", "Schedule" and "Exhibit" are references to the articles and sections of, and schedules and exhibits to, this Agreement unless otherwise specified; (c) all schedules and exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; (d) references to "$" shall mean U.S. dollars; (e) the words "include", "includes", "including" and words of similar import when used in this Agreement shall be deemed to be followed by the words "without limitation", unless

otherwise specified; (f) references to "written" or "in writing" include the electronic form; (g) "or" shall be construed in the inclusive sense of "and/or"; (h) the word "will" shall be construed to have the same meaning and effect as the word "shall"; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) the parties hereto have each participated in the negotiation and drafting of this Agreement, and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (k) except to the extent the context otherwise requires, a reference to any Person includes such Person's successors and permitted assigns; (l) references to a statute, rule or regulation refer to such statute, rule or regulation as amended, modified or supplemented from time to time and include any successor legislation thereto and, in the case of any statute, any rules and regulations promulgated thereunder; (m) references to any agreement or contract are to that agreement or contract as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof; (n) any reference to "days" means calendar days unless Business Days are expressly specified; and (o) when calculating the period of time before which, within which or following which any act is to be done, or any step is to be taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Formation of the Company. The Company has been organized as a Delaware limited liability company under and pursuant to the Act by the filing of a Certificate of Formation with the Office of the Secretary of State of Delaware as required by the Act (as may be amended from time to time, the "Certificate of Formation") and shall be continued in accordance with this Agreement.

Section 2.2 Name. The name of the Company is "Symphony Partners, LLC" until such time, if any, that the Board selects another name; provided that, such name shall contain the words "Limited Liability Company" or the letters "LLC" or the abbreviation "L.L.C." or the equivalent translation thereof. In the case of a change of name of the Company pursuant to this Section 2.2, specific references herein to the name of the Company shall be deemed to have been amended to the name as so changed.

Section 2.3 Purpose; Power. The Company has been formed for the object and purpose, and the nature of the business to be conducted and promoted by the Company is, the Permitted Business and any and all activities necessary, desirable or incidental to the Permitted Business. Subject to any limitations set forth in this Agreement, the Company

shall have the power and authority to take any and all actions that limited liability companies may take under the Act that are necessary, appropriate, incidental or convenient to or for the furtherance of the foregoing purpose.

Section 2.4 Registered Office and Registered Agent; Principal Office.

(a) The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the initial registered office named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board designates from time to time in the manner provided by the Act.

(b) The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Board designates from time to time in the manner provided by the Act.

(c) The principal office of the Company shall be at [•] or at such place as the Board designates from time to time, which need not be in the State of Delaware, and the Company shall maintain records there for inspection as required by the Act.

Section 2.5 Fiscal Year. The fiscal year ("Fiscal Year") of the Company shall be the calendar year or, in the case of the last Fiscal Year of the Company, the fraction of the calendar year ending on the date on which the winding-up of the Company is completed.

Section 2.6 Relationship. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes, and this Agreement may not be construed to suggest otherwise. Nothing contained in this Agreement nor any act of the parties hereto shall be deemed or construed by the parties hereto or any other Person as creating a relationship of principal and agent, partnership, joint venture or similar relationship between or among the parties hereto.

Section 2.7 Title to Company Assets. Title to the Company's assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity. Title to any or all of the Company's assets shall be held in the name of the Company, and no Member, Director or officer of the Company shall have any ownership interest in such Company assets. All Company assets shall be recorded as the property of the Company in its books and records.

Section 2.8 Authority. Neither the Members, nor any Director, by reason of the Member's or Director's status as such, shall have any authority to act for or bind the Company, unless such Member or Director has been authorized to act as an agent of the Company.

Section 2.9 Other Activities; Corporate Opportunities. Each Member shall be entitled to and may have business interests and engage in activities in addition to those relating to the Company. No Member or Director, solely in their respective capacities as such, shall have any duty to communicate or present an investment or business opportunity or prospective economic advantage to the Company or any Member thereof in which such Person may, but for the provisions of this Agreement, have an interest or expectancy ("Corporate Opportunity") and no Member or Director will be deemed to have breached any fiduciary or other duty or obligation to the Company by reason of the fact that any such Person pursues or acquires a Corporate Opportunity for itself or its affiliates or directs, sells, assigns or transfers such Corporate Opportunity to another Person or does not communicate information regarding such Corporate Opportunity to the Company. Nothing in this Agreement shall (x) in any way impair or restrict any duty or obligation that any Person has to Berkley or (y), subject to the foregoing clause (x), be deemed to impair, restrict or prohibit MSI or Family Holdings from conducting its business within or outside the United States, including any such businesses that may compete with each other.

Section 2.10 Liability of Members.

(a) Except as otherwise provided under the Act, the debts, liabilities, contracts and other obligations of the Company (whether arising in contract, tort or otherwise) shall be solely the debts, liabilities, contracts and other obligations of the Company, and no Member in its capacity as such shall be liable personally for any debts, liabilities, contracts or other obligations of: (a) the Company, except to the extent and under the circumstances set forth in any non-waivable provision of the Act or in any separate written instrument signed by the applicable Member or (b) any other Member. No Member shall have any responsibility to contribute to or in respect of the liabilities or obligations of the Company or to return distributions made by the Company, except as expressly provided in this Agreement or required by any non-waivable provision of the Act. The agreement set forth in the immediately preceding sentence shall be deemed to be a compromise with the consent of all of the Members for purposes of §18-502(b) of the Act. However, if any court of competent jurisdiction holds or determines in a final, non-appealable order that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such contribution or make any such return, such obligation shall be the obligation of such Member and not of any other Person.

(b) This Agreement is not intended to, and does not, create or impose any fiduciary duty on the Members with respect to the other Members or the Company. Furthermore, each of the Members and the Company waives any and all fiduciary duties relating to the Company that, absent such waiver, may be implied between a Member and any other Member or the Company, by applicable Law including the Act, and in doing so, acknowledges and agrees that the duties of each Member to each other Member and the Company (in their capacity as Members of the Company) exist only to the extent of the contractual rights and obligations of the Members expressly set forth in this Agreement.

Nothing in this Section 2.10(b) shall in any way impair or restrict any duty or obligation that any Person has to Berkley.

Section 2.11 Conduct of Business. Except as otherwise contemplated by this Agreement, the Company shall preserve intact its current business organization and corporate existence and maintain all material licenses, permits, consents, approvals, registrations and other authorizations from any Governmental Entity which are required or necessary for the conduct of its business as conducted from time to time.

ARTICLE III

MEMBERS; MEMBERSHIP INTERESTS; MEMBER VOTING

Section 3.1 Members. As of the Closing Date, Family Holdings and MSI are Members of the Company. The names and addresses of the Members are set forth on Schedule 3.3.

Section 3.2 Admission and Withdrawal. No new Members (other than any Transferee admitted as a substitute Member pursuant to Section 6.2 and satisfying the requirements of Section 6.4) may be admitted to, and no Member may withdraw from, the Company, without the unanimous written consent of the Members. The Company shall update Schedule 3.3 to reflect such admissions and withdrawals.

Section 3.3 Membership Interests.

(a) The Company shall have one class of limited liability company interests (the "Membership Interests"), which shall have equal rights and preferences. The rights, privileges, interests, duties and obligations of the holders of the Membership Interests with respect to certain matters related to the Company, including distributions and matters with respect to which Members are entitled to vote, consent or approve, shall be as set forth in this Agreement.

(b) The Company has issued Membership Interests to Family Holdings and MSI equal to their Membership Percentages as set forth on Schedule 3.3. The respective Membership Interests and corresponding Membership Percentages shall be deemed automatically adjusted to reflect any changes in such Member's ownership of Shares, and the Company shall update Schedule 3.3 to reflect such adjustments.

Section 3.4 Certificates for Membership Interests. At the discretion of the Board, Membership Interests may be represented by a certificate. The exact contents of a certificate shall be determined by the Board.

Section 3.5 Member Exercise of Rights. Each Member agrees to exercise such Member's rights pursuant to this Agreement and under Law to give effect to this

Agreement (including this Article III), including to elect or replace any Directors to serve as Directors on the Board in accordance with Section 5.3, and to cause the Company to, and the Company agrees that it will, conduct its proceedings in accordance with this Agreement (including this Article III).

Section 3.6 Member Meetings.

(a) The Members shall meet from time to time as determined by the Members for the transaction of such business as may properly come before the Members. Meetings of the Members may be held either in person or virtually, and shall be held at such place, on such date and at such time as the Members shall determine. In the absence of specific designation, the meetings shall be held at the principal office of the Company. The Members may participate in meetings of the Members by means of telephone conference or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal office of the Company.

(b) The presence of representatives of each of MSI and Family Holdings is required to constitute a quorum at any meeting of the Members.

(c) The Board shall have full power and authority concerning the manner of conducting any meeting of the Members, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of this Article III, the conduct of voting, the validity and effectiveness of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting, in each case consistent with (and solely to the extent in accordance with) the terms of this Agreement. The Board shall designate a Person to serve as chairperson of any meeting and shall further designate a Person to take minutes of any meeting. The chairperson of the meeting shall have the power to adjourn the meeting from time to time, without notice, other than announcement of the time and place of the adjourned meeting. Upon resuming such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) All meetings of the Members and any resolutions adopted at such meetings will be recorded in minutes of proceedings, which shall be prepared by the Company promptly after adjournment of each such meeting. The Company shall deliver copies of such minutes and all relevant materials to the Member requesting such materials.

Section 3.7 Member Voting.

(a) All Members shall be entitled to vote on any matter submitted to a vote of the Members. Each Member shall be entitled to vote based on its Membership Percentage.

(b) With respect to any matter other than a matter for which the affirmative vote of Members owning a specified percentage of outstanding Membership Interests is required by the Act, the Certificate of Formation or this Agreement, the affirmative vote of Members by Majority Vote at a meeting at which a quorum is present shall be the act of the Members; provided that, the Reserved Matters shall require the affirmative vote of each of MSI and Family Holdings.

(c) Any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all Members.

ARTICLE IV

CAPITAL CONTRIBUTIONS; DISTRIBUTIONS

Section 4.1 Capital Contributions. No Member shall be obligated to make any Capital Contribution. Any Capital Contribution shall be made in accordance with this Agreement.

Section 4.2 No Withdrawals. No Member shall have the right to withdraw its Capital Contribution or to demand and receive property of the Company or any distribution in return for such Member's Capital Contribution, other than as expressly provided in this Agreement or required by the Act.

Section 4.3 Interest. No interest shall be paid by the Company on Capital Contributions.

Section 4.4 Loans From Members. No Member shall be obligated or permitted to make any loan to the Company.

Section 4.5 Distributions. Any distributions shall be made by the Company to the Members *pro rata* in accordance with their respective Membership Percentages; provided that, in all cases the Company shall not be obligated to declare or pay any distribution in respect of the Membership Interests except as may be approved by the Board.

Section 4.6 Withholding. Notwithstanding anything to the contrary contained herein, the Company shall be entitled to deduct and withhold from any distribution pursuant to this Agreement such amounts as are required to be deducted or withheld under the Code or any provision of state, local or foreign tax law or under any other applicable legal requirement. Notwithstanding anything to the contrary contained herein, all amounts withheld by the Company pursuant to this Section 4.6 shall be treated as if such amounts were distributed to such Person to whom such amounts would otherwise have been distributed.

ARTICLE V

MANAGEMENT OF BUSINESS; BOARD OF DIRECTORS

Section 5.1 Management of Business. Except as otherwise expressly provided in this Agreement, the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board. The Board shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make decisions affecting the business and affairs of the Company, and to take actions as it deems necessary or appropriate to accomplish the purposes of the Company and to exercise all of the power and authority that limited liability companies may take under the Act, provided, however, that there shall be reserved to the Members the powers that, under the Act, are reserved to the unitholders of a limited liability company organized under the laws of the State of Delaware.

Section 5.2 Board Composition; Director Appointment. The Board shall be composed of four (4) directors (each member of the Board, a "Director"), of which two (2) shall be appointed by MSI (the "MSI Directors") and two (2) shall be appointed by Family Holdings (the "Family Holdings Directors"); provided that, in each case, MSI Directors shall be reasonably acceptable to Family Holdings, and the Family Holdings Directors shall be reasonably acceptable to MSI. For the avoidance of doubt, any Member's respective right to designate Directors set forth in this Section 5.2 includes the right to remove and replace any Directors previously appointed by such Member. The Directors of the Company as of the Closing Date are set forth on Schedule 5.2.

Section 5.3 Directors; Term. Each Director shall hold office until his or her death or until his or her successor shall have been duly elected and qualified. If a vacancy is created at any time by the death, disability, retirement, resignation or removal (with or without cause, including pursuant to Section 5.2) of any Director designated by a Member pursuant to Section 5.2, such Member, as applicable, shall cause the vacancy resulting thereby to be filled in compliance with this Section 5.2.

Section 5.4 Chairperson. Family Holdings shall appoint from among the Family Holdings Directors a chairperson to preside at meetings of the Directors (the "Chairperson").

Section 5.5 Director Compensation and Expenses. Directors shall not be entitled to receive any salary or compensation from the Company for the discharge of his or her duties under this Agreement. Reasonable out-of-pocket expenses incurred by a Director in connection with attendance at meetings of the Board shall be reimbursed by the Member appointing such Director.

Section 5.6 Place of Meetings. The Company and the Members shall cause the Board to meet quarterly. Meetings of the Board may be held either in person or virtually,

at whatever place is specified in the notice of the meeting; provided that, unless otherwise determined by the Board, each calendar year, two (2) meetings of the Board shall be held in the United States and two (2) meetings of the Board shall be held in Tokyo, Japan. The Directors may participate in meetings of the Board or any committee thereof by means of telephone conference or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal office of the Company.

Section 5.7 Regular Meetings. Attached as Schedule 5.7 is a tentative schedule of regular Board meetings through the calendar year following the Closing Date. On or prior to December 31 of each calendar year after such year, the Company shall establish a tentative schedule of regular Board meetings for the following calendar year, including the time and place of such meetings; provided that, the Company shall in good faith schedule the regular Board meetings to precede regularly scheduled Berkley Board meetings. The Company and the Members shall cause regular Board meetings to adhere to such schedule except in the case of extenuating circumstances, in which case the Company shall give the Directors notice of any change in time or place of a regular Board meeting not less than fifteen (15) days prior to the rescheduled meeting date. MSI and Family Holdings, acting in consultation with the Directors, shall set the agenda for each regular Board meeting, and the Company shall provide a statement in reasonable detail of such agenda for each regular Board meeting reasonably in advance of each such meeting, and in any case at least ten (10) Business Days prior to the scheduled meeting date to the extent reasonably practicable. The Company shall use commercially reasonable efforts to provide written materials pertaining to matters to be discussed at a Board meeting, if any, at least five (5) Business Days before such meeting; provided that, additional or supplementary materials may be provided later than such time where reasonably required for the Board to receive complete and timely information to conduct the applicable meeting. It is the intention of the Members that the matters relating to Berkley to be discussed at Board meetings be discussed by the Directors as representatives of the Members in their capacity as shareholders of Berkley and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

Section 5.8 Special Meetings. Special meetings of the Directors may be held at any time upon the request of the MSI Directors or the Family Holdings Directors. The Company shall send five (5) days' notice of any special meeting to the last known address and e-mail address of each Director. Notification of the time and place of such meeting may be waived in writing before or after such meeting. Attendance of a Director at such meeting shall also constitute a waiver of notification thereof, except where such Director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. The Company shall include in any such

notice of a special meeting of the Directors a statement in reasonable detail of the proposed agenda for such meeting.

Section 5.9 Quorum of the Board. Except as may be otherwise provided by Law or in this Agreement, at any Board meeting, the presence of Directors who constitute at least a majority of all Directors then in office shall constitute a quorum; provided that, such quorum shall include at least one (1) MSI Director and at least one (1) Family Holdings Director; provided, further, that if two (2) consecutive Board meetings are postponed for a lack of quorum due to absence at both meetings of at least one (1) MSI Director or one (1) Family Holdings Director, then the attendance by such MSI Director or Family Holdings Director, as the case may be, shall not be required to constitute a quorum hereunder for purposes of the rescheduled Board meeting subsequent to the second (2nd) postponed meeting (provided that, (A) the Directors present at each such meeting that is postponed determine to reschedule such meeting for a date and time that is no sooner than five (5) Business Days following the postponement and (B) the Company provides three (3) Business Days' notice of each such rescheduled meeting to each Director).

Section 5.10 Actions of the Board. Except as otherwise specified in this Agreement or as may be required by applicable Law, any and all actions and decisions at Board meetings at which a quorum is present and voting shall require the affirmative vote of at least a Majority Vote of the Board; provided that, any vote on a Reserved Matter shall require the prior written consent of each of MSI and Family Holdings. If a vote of the Board results in a tie, the Chairperson will cast the tie-breaking vote, except with respect to the Reserved Matters.

Section 5.11 Action by Written Consent. Any action that may be taken at a Board meeting may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all Directors.

Section 5.12 Voting of the Shares; Tender Offers.

(a) Voting of the Members' Shares. Except as set forth in Section 5.12(b) and Section 5.12(c), at any annual or special meeting of the Berkley shareholders, each of Family Holdings and MSI shall vote the Family Holdings Shares and the MSI Shares, respectively, as determined by the Board.

(b) Berkley Directors. At any annual or special meeting of the Berkley shareholders at which Berkley Board directors are to be elected, the Members shall take all necessary actions to cause the Family Holdings Shares and the MSI Shares to be voted in favor of one (1) person designated by MSI to the Berkley Board (a "MSI Berkley Director") and at least two (2) persons designated by Family Holdings to the Berkley Board (the "Family Holdings Berkley Directors"). MSI acknowledges and agrees that the MSI Berkley Director designee shall be bound by the confidentiality (and all other) policies generally applicable to all Berkley Board members. For the avoidance of doubt, the

Members acknowledge that the MSI Berkley Director designee will be subject to review and approval by the Nominating and Corporate Governance Committee of the Berkley Board pursuant to its customary policies and procedures.

(c) Extraordinary Transaction. Notwithstanding Section 5.12(a), in no event will MSI be required to vote the MSI Shares in favor of a transaction that would reasonably be expected to result in a business combination that would give rise to a significant, direct and irresolvable conflict of interest for MSI and its long-term strategy; provided that, in such limited circumstances, (i) promptly following the announcement of such a transaction, MSI shall deliver a Notice of Dissolution to Family Holdings describing such conflict of interest, and (ii) to the extent that not all MSI Shares have been sold pursuant to Section 8.3 prior to the record date for the shareholder vote on the relevant transaction, MSI shall deliver a proxy directing Family Holdings to vote such remaining MSI Shares in proportion to the votes cast by the shareholders of Berkley actually casting votes on the transaction (other than MSI but including Family Holdings).

(d) Tender Offers. If a tender offer is made for Shares by a third party offeror (other than Berkley), no Member may tender Shares to such offeror. Notwithstanding the foregoing, if the Berkley Board recommends that the Berkley shareholders tender their Shares to the offeror, then each of MSI and Family Holdings are permitted to tender their respective Shares to the offeror.

Section 5.13 Fiduciary Duties. The Board and each of its Directors shall, to the fullest extent permitted by Law, and notwithstanding any duty otherwise existing at law or in equity, have the same fiduciary duties to the Company that the Board and each of its Directors would have had if the Company had been organized as a corporation under the Act. Notwithstanding anything to the contrary in this Section 5.13 or any duty that any Directors may owe to the Company under applicable Law, the duty of loyalty owed to the Company by any Directors selected or appointed by a Member pursuant to Section 5.2 hereof shall be waived in the event and to the extent that such duty conflicts with any fiduciary or other duty existing at law or in equity that is owed by such Directors to the Member that selected or appointed such Directors or to Berkley, or to any such Member's Permitted Transferees; provided that, any employee or officer of such Member or such Member's Permitted Transferees that is selected or appointed by such Member as a Director shall be deemed to have the same fiduciary duties to such Member as a Member's board or equivalent governing body would have to such Member. Nothing in this Agreement shall in any way impair or restrict the fiduciary duties and obligations that a Person owes to Berkley and its stockholders.

Section 5.14 Strategic Discussions. From and after the Closing Date, and subject to applicable Law, each of MSI and Family Holdings shall designate representatives to meet periodically to review and discuss their perspectives on material developments in or affecting Berkley and MSI. It is the intention of the Members that any such review and discussion shall occur between such representatives in their capacities as representatives

of shareholders of Berkley, and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

ARTICLE VI

TRANSFER RESTRICTIONS

Section 6.1 Restrictions on Transfers of Membership Interests. Members may not Transfer any Membership Interests, directly or indirectly, except, in each case, (w) in connection with its simultaneous transfer of its corresponding Shares, (x) in accordance with all applicable provisions of this Agreement, (y) in compliance with applicable Laws, including insurance and securities laws and (z) solely as follows:

(a) by Family Holdings, to the Permitted Family Holdings Transferees to which Family Holdings simultaneously transfers Shares pursuant to Section 6.6 other than as provided in Section 6.6;

(b) by MSI, to the Permitted MSI Transferees to which MSI simultaneously transfers Shares pursuant to Section 6.6; and

(c) with the prior written consent of the non-Transferring Member to any Transferee that is not a Permitted Transferee to which the Transferring Member simultaneously transfers Shares pursuant to Section 6.6.

Section 6.2 Transfers. No Member may Transfer any Membership Interests to any Person unless: (a) prior to such Transfer, the Transferee of any such Membership Interests shall have agreed in writing to be bound by all of the provisions of this Agreement by executing a joinder agreement in accordance with Section 6.3, and any Membership Interests Transferred shall be subject thereafter to the rights and obligations of the Company and the Members under this Agreement; (b) such Transfer is in accordance with this Agreement; and (c) the secretary of the Company receives copies of all Joinder Documents and the relevant "know-your-customer" documents reasonably requested by the Company.

Section 6.3 Joinder. Prior to a Transfer, the transferring Member shall cause the Person to whom Membership Interests owned by such Member are to be Transferred to execute and deliver, as a condition to such Transfer, a joinder agreement substantially in the form attached hereto as Exhibit A and all other documents deemed reasonably necessary by the Company to evidence such party's joinder in, acceptance of, and agreement with, the obligations with respect to the Membership Interests contained in this Agreement (the "Joinder Documents"). The Company shall not register a Person (who at the time of registration is not a Member) as a holder of Membership Interests unless such Person has executed and delivered the Joinder Documents.

Section 6.4 Effect of Membership Interests in Hands of the Transferee.

(a) Membership Interests that are Transferred pursuant to this Article VI shall thereafter continue to be subject to all obligations and restrictions relating to such Membership Interests contained in this Agreement (including restrictions on Transfer) and entitled to all rights relating to such Membership Interests that are contained in this Agreement; provided that, (i) MSI may Transfer to Permitted MSI Transferees rights specific to MSI under this Agreement and (ii) Family Holdings may Transfer to Permitted Family Holdings Transferees rights specific to Family Holdings under this Agreement.

(b) Each party hereby agrees that, if any Membership Interests are Transferred to a Permitted Transferee and subsequently such Transferee ceases to be a Permitted Transferee of the applicable Member, then, unless the applicable Member would have been permitted to Transfer such Membership Interests to such Transferee either at the actual date of such Transfer or on the date when such Transferee ceases to be a Permitted Transferee (a "Permitted Transfer"), all such Membership Interests shall, upon such cessation, be automatically Transferred back to the applicable Member without any further action on the part of any Person; provided that, for the avoidance of doubt, in the event of a Permitted Transfer, upon such cessation, such Permitted Transferee shall, for all purposes, cease to be treated as a Permitted Transferee of such Member.

Section 6.5 Transfer in Violation of Agreement. Any Transfer or attempted Transfer of Membership Interests in violation of this Article VI shall not be valid or have any force or effect and shall, to the extent permitted by applicable Law, be null and void *ab initio*. Furthermore, if any Member is admitted after the date of this Agreement in reliance on an inaccurate representation, the Company shall use its commercially reasonable efforts to enforce any rights the Company may have against such Member, which may include determining that such Member is in default under this Agreement and shall not have any rights under this Agreement.

Section 6.6 Restrictions on Transfers of Shares. Members may not Transfer any Shares, directly or indirectly, except, in each case, (w) in accordance with all applicable provisions of this Agreement, (x) in compliance with applicable Laws, including insurance and securities Laws, (y) in compliance with Berkley's insider trading policies, to the extent applicable, and (z) solely as follows:

(a) by Family Holdings, to the Permitted Family Holdings Transferees to which Family Holdings simultaneously transfers Membership Interests pursuant to Section 6.1 except as provided below;

(b) by MSI, to the Permitted MSI Transferees to which MSI simultaneously transfers Membership Interests pursuant to Section 6.1; and

(c) with the prior written consent of the non-Transferring Member to any Transferee that is not a Permitted Transferee to which the Transferring Member simultaneously transfers Membership Interests pursuant to Section 6.1; provided that, no Member shall Transfer Shares pursuant to this clause (c) that would result in any Person or group (within the meaning of Section 13(d)(3) of the Exchange Act) having beneficial ownership of four percent (4%) or more of the outstanding capital stock of Berkley after giving effect to such Transfer without the prior written consent of Berkley, such consent not to be unreasonably withheld, delayed or conditioned.

Notwithstanding the foregoing, Family Holdings may Transfer up to [3,553,486] Shares to a Permitted Family Holdings Transferee without Transferring its corresponding Membership Interests to such Permitted Family Holdings Transferee, so long as, after giving effect to such Transfer, Family Holdings continues to hold at least sixteen percent (16%) of the issued and outstanding Shares.

ARTICLE VII

BOOKS AND RECORDS; FISCAL MATTERS

Section 7.1 Bank Accounts; Investments. The Company shall deposit Capital Contributions, revenues and any other Company funds in a bank account established in the name of the Company, or shall invest such funds, at the direction of the Board, in furtherance of the purposes of the Company. No other funds shall be deposited into Company bank accounts or commingled with Company investments. Funds deposited in the Company's bank accounts may be withdrawn only to be invested in furtherance of the Company's purposes, to pay Company debts or obligations or to be distributed to the Members pursuant to this Agreement.

Section 7.2 Operation of Company.

(a) Books and Records. The Company shall keep or cause to be kept at the Company's principal office specified pursuant to Section 2.4 complete and accurate books and records of account of the Company, including all records required to be kept pursuant to the Act, including a current list of the names, addresses and Membership Interests held by each Member (including the dates on which each of the Members became a Member), copies of federal, state and local information or income tax returns for each of the Company's tax years, copies of this Agreement and the Certificate of Formation, including all amendments or restatements, and correct and complete books and records of account of the Company. The books of the Company shall be kept on the basis of GAAP and IFRS, which basis shall be the basis for the preparation of the financial reports to be sent to the Members. Each Member shall have the right, during normal business hours and upon reasonable advance notice, to, personally or through their professional advisers or other representatives, audit, examine and make copies of or extracts from the books of account

of the Company, including the right to request for inquiries, set hearings and interview sessions and conduct on-sight audits.

(b) Financial Records. The Company shall preserve and maintain proper and up-to-date accounting and financial records in relation to its business and affairs in accordance with GAAP, IFRS and applicable Laws.

(c) Taxes. The Company shall (i) prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that the Company is required to file and (ii) timely remit, or cause to be timely remitted, all Taxes due in respect of such Tax Returns.

Section 7.3 Information Rights.

(a) The Company shall provide each Member, with reasonable promptness, such information and data with respect to the Company as may be necessary for such Member or its Affiliates to comply with its or their respective reporting, regulatory or other legal requirements and as may from time to time be reasonably requested by any such Member.

(b) The Company reserves the right to withhold any information from and to exclude from any Board or committee meeting or any portion thereof any Director, to the extent (A) the Company reasonably believes upon the advice of counsel that access to such information or attendance at such meeting is reasonably expected to adversely affect the attorney-client privilege between the Company and its counsel or would result in a conflict of interest or (B) such information relates to any dispute between the Company and the Member that appointed such Director as long as such dispute remains unresolved.

(c) Notwithstanding anything to the contrary herein, the Company shall have no obligation to, and shall not, provide any Member or any Director appointed by any Member with, or with any access to, any Personally Identifiable Information, provided that, the Company may provide any Member or any such Director with, or with access to, Personally Identifiable Information to the extent that the Company determines that provision of, or access to, such Personally Identifiable Information is reasonably necessary in order for such Member or Director to perform its duties to the Company.

Section 7.4 Member Expenses. Except as set forth in this Agreement, each Member shall bear (and to the extent possible, reimburse the other Members or fund the Company, as applicable) its own fees and expenses in connection with the formation and operation of the Company.

Section 7.5 Company Expenses. The Company shall bear and be charged with all costs and expenses of the Company (the "Company Expenses") (and shall promptly

reimburse the Members, to the extent that any of such costs and expenses are paid by such entities), including the following costs and expenses of the Company:

(a) all fees, costs and expenses of tax advisors, legal counsel, accountants, administrators, auditors, depositaries or custodians, paying agents, broker-dealers and other service providers of the Company or the Board;

(b) all fees, costs and expenses incurred in connection with conducting the Permitted Business, including any legal, tax, administrative, accounting, advisory, sourcing and consulting and other similar costs (including related compensation) and expenses in connection therewith;

(c) expenses associated with the preparation of the Company's periodic reports and related statements (e.g., financial statements, tax returns and tax forms) and other printing, publishing and reporting-related expenses (including other notices and communications) in respect of the Company and its activities (including internal expenses, charges and related costs incurred, charged or specifically attributed or allocated by the Company in connection with such provision of services thereby); and

(d) any other fees, costs, expenses, charges, liabilities or other obligations (without duplication) incurred by or on behalf of the Company in connection with its activities hereunder.

Section 7.6 Allocation of Company Expenses. Company Expenses shall be allocated among the Members *pro rata* based on their respective Membership Percentages, and Members may pay such Company Expenses directly or make a Capital Contribution to the Company for their *pro rata* share. Notwithstanding the foregoing, the Board may allocate Company Expenses among the Members on any other basis if the Board determines in good faith that such other basis is more equitable or otherwise appropriate under the circumstances (including for legal, tax, regulatory or other similar considerations).

ARTICLE VIII

TERM; DISSOLUTION; WINDING UP

Section 8.1 Term. The term of the Company commenced upon the acceptance of the Certificate of Formation by the Delaware Secretary of State and shall, subject to the applicable provisions of the Act, have a perpetual life until the Company is dissolved in accordance with this Article VIII.

Section 8.2 Events Causing Dissolution. The Company shall dissolve, and its affairs shall be wound up, at such time as:

(a) an event causing the dissolution of a limited liability company has occurred under the Act, other than pursuant to Section 18-801(a)(3) thereof;

(b) there are no members of the Company unless the business of the Company is continued in accordance with the Act;

(c) an entry of a decree of judicial dissolution having occurred under §18-802 of the Act;

(d) the unanimous written consent of all Members at any time to dissolve and wind up the affairs of the Company; and

(e) delivery of a Notice of Dissolution;

provided, however, that the Company shall not be dissolved or required to be wound up upon an event causing dissolution of a limited liability company described in clause (b) of this Section 8.2 if within ninety (90) days after the occurrence of such event of dissolution, all remaining members agree in writing to continue the business of the Company; provided, further, if MSI or Family Holdings delivers a Notice of Dissolution, the Company shall not be dissolved or required to be wound up under clause (e) of this Section 8.2 for thirty (30) days following delivery of such Notice of Dissolution (or such extended period or, in the case of a Notice of Dissolution delivered pursuant to Section 5.12(c), shorter period, as may be agreed by the Members), during which time the Members shall seek to resolve the issues underlying such Notice of Dissolution in accordance with Section 9.5 (to the extent that such issues are resolvable), and, if no such resolution is reached, the Company shall be dissolved and wound up. In addition, during any period when a Notice of Dissolution is pending, the MSI Berkley Director shall recuse himself or herself from attending and voting at meetings of the Berkley Board.

Section 8.3 Effect of Dissolution; Wind-Down of MSI Share Position.

(a) Upon dissolution of the Company, MSI and Family Holdings shall develop a plan for the mutually agreeable wind-down of MSI's Share ownership position and MSI shall sell the MSI Shares in an orderly fashion in accordance with such plan (or failing agreement on any such plan, then in a reasonable manner intended to minimize any adverse market price impact of such sales), applicable Law and Berkley's insider trading policy, to the extent applicable; provided that, in accordance with the procedures set forth in Section 8.3(b)-(f), MSI shall first offer to sell the MSI Shares to Family Holdings, and if Family Holdings declines to purchase all or a portion of such MSI Shares, then MSI shall offer the remaining MSI Shares to Berkley at a price no higher than, and on other terms at least as favorable (to Berkley) as, those offered to Family Holdings, and if Berkley declines to purchase all or a portion of such MSI Shares, then MSI shall be free to sell the remaining Shares either in open market transactions on the New York Stock Exchange or to one or more third parties in block sales on terms, in the case of block sales, no more favorable to

the purchaser (in all material respects) as those offered to Berkley, subject to fluctuations in market value of the Shares; provided, further that, neither MSI nor Family Holdings shall transfer Shares pursuant to this clause (a) that would result in any Person or group (within the meaning of Section 13(d)(3) of the Exchange Act) having beneficial ownership of four percent (4%) or more of the outstanding capital stock of Berkley after giving effect to such Transfer without the prior written consent of Berkley; provided, further that, the prior proviso shall not restrict any Transfer pursuant to (i) any widely disseminated underwritten offering that is registered under the Securities Act of 1933, as amended, and where no direction is given by MSI or Family Holdings to the underwriters with respect to any ultimate purchasers or (ii) any sale effected pursuant to and in accordance with Rule 144 under the Securities Act of 1933, as amended; provided that, for purposes of this clause (ii), if in the ninety (90) days immediately prior to the applicable sale MSI beneficially owned 10% or more of the outstanding capital stock of Berkley, MSI shall satisfy the condition referred to in paragraph (e) of Rule 144 with respect to such sale as if MSI were an affiliate of Berkley under such rule. In addition, during such wind-down period (x) MSI shall cause any remaining MSI Berkley Director to promptly resign from the Berkley Board; (y) if requested by Family Holdings, MSI will cooperate with Family Holdings to effect a sale of one or more blocks of the MSI Shares to one or more institutional buyers that may be identified by Family Holdings, on pricing and other terms reasonably acceptable to MSI and such buyers; and (z) MSI shall from time to time vote any remaining MSI Shares in accordance with Sections 5.12(a) and 5.12(c) as if the same were still in effect at such time.

(b) Before any sale, transfer, or other disposition of any MSI Shares, MSI shall provide written notice (the "Offer Notice") to Berkley and Family Holdings as set forth in Section 8.3(a) specifying the material terms and conditions of the proposed sale, transfer, or disposition (the "Proposed Sale"). The Offer Notice shall include the number of MSI Shares to be sold, the proposed sale price (which may be subject to market value fluctuations), and any other material terms and conditions of the Proposed Sale.

(c) Upon receipt of the Offer Notice, Family Holdings as set forth in Section 8.3(a) shall have the right, but not the obligation, to purchase all or a portion of the MSI Shares on the terms and conditions set forth in the Offer Notice. Family Holdings must exercise this right by delivering a written notice of acceptance (the "Acceptance Notice") to MSI within twenty (20) Business Days following receipt of the Offer Notice.

(d) If Family Holdings delivers an Acceptance Notice within the specified period, MSI and Family Holdings shall proceed to consummate the sale of the MSI Shares on the terms and conditions set forth in the Offer Notice. The closing of such sale shall take place within ten (10) Business Days following the delivery of the Acceptance Notice, or such other date as the parties may mutually agree.

(e) If Family Holdings does not deliver an Acceptance Notice within the specified period, or if Family Holdings declines to purchase the MSI Shares, MSI shall

deliver an Offer Notice to Berkley. Upon receipt of the Offer Notice, Berkley shall have the right, but not the obligation, to purchase all or a portion of the MSI Shares on the terms and conditions set forth in the Offer Notice. Berkley must exercise this right by delivering an Acceptance Notice to MSI within ten (10) Business Days following receipt of the Offer Notice. If Berkley delivers an Acceptance Notice within the specified period, MSI and Berkley shall proceed to consummate the sale of the MSI Shares on the terms and conditions set forth in the Offer Notice. The closing of such sale shall take place within ten (10) Business Days following the delivery of the Acceptance Notice, or such other date as the parties may mutually agree.

(f) If neither Family Holdings nor Berkley delivers an Acceptance Notice within the specified period, or if Family Holdings and Berkley decline to purchase all of the MSI Shares, MSI shall be free to proceed with the Proposed Sale; provided that, if MSI desires to make any sales at a price lower than that specified in the Offer Notice it will again comply with the procedures set forth in paragraphs (b) – (e) above.

Section 8.4 Distribution of Company Property and Proceeds of Sale Thereof.

(a) Upon completion of all desired sales of Company property (to the extent the Company has any such property), and after payment of all selling costs and expenses, the Board shall distribute the proceeds of such sales, and any Company property that is to be distributed in kind, to each Member *pro rata* in accordance with their respective Membership Percentages.

(b) All distributions required under this Section 8.4 shall be made to the Members by the end of the taxable year in which the liquidation occurs or, if later, within ninety (90) days after the date of such liquidation.

Section 8.5 Filing with Delaware Secretary of State. When the Board has complied with the distribution plan in Section 8.4, the Board, on behalf of the Members, shall execute, acknowledge and cause to be filed the relevant filing with the Delaware Secretary of State in accordance with the Act and the Company shall dissolve and be cancelled.

Section 8.6 Final Audit. Within a reasonable time following the completion of the liquidation, the Company shall supply to each of the Members a statement that shall set forth the assets and the liabilities of the Company as of the date of complete liquidation and each Member's *pro rata* distributions in accordance with their respective Membership Percentages.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendment of Agreement; Waiver.

(a) This Agreement may not be amended or modified without the written consent of the Members.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any party may waive any provision of this Agreement with respect to itself if such waiver is approved in writing by such party.

Section 9.2 Notices. Any notice provided for in this Agreement must be in writing and must be delivered by hand, by facsimile, by email, by local messenger or by reputable overnight courier. Notices shall be deemed given: (a) when received, if delivered by hand or local messenger; (b) when sent, if sent by email (provided that, the email is promptly confirmed) during the recipient's normal business hours; (c) on the first Business Day after being sent, if sent by email other than during the recipient's normal business hours (provided that, the email is confirmed on or before such Business Day); and (d) one (1) Business Day after being delivered to the courier for next day delivery, if sent by courier. All such notices must be addressed to the applicable parties hereto as follows:

(i) If to Berkley:

W. R. Berkley Corporation
475 Steamboat Road
Greenwich, CT 06830
Attention: General Counsel
E-mail: legalnotices@wrberkley.com
liannarone@wrberkley.com
Tel: +1 (203) 629-3000

with a copy to (which shall not constitute notice):

Sidley Austin LLP
1 S Dearborn Street
Chicago, IL 60603
Attention: Sean M. Keyvan
E-mail: skeyvan@sidley.com
Tel: +1 (312) 853-4660

and

Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019
Attention: John H. Butler
E-mail: john.butler@sidley.com
Tel: +1 (212) 839-8513

(ii) If to the Company:

Symphony Partners, LLC

Attention: [·]
E-mail: [·]
Tel: [·]

(ii) If to MSI:

Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-Chome, Chiyoda-ku
Tokyo, 101-8011, Japan
Attention: Mr. Hironori Morimoto – Senior Executive Officer
Mr. Kunihisa Kawasaki – General Manager, International Business Department
E-mail: hironori.morimoto@ms-ins.com
ku-kawasaki@ms-ins.com
Tel: +81 (3) 3259-1598

with a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
66 Hudson Boulevard E
New York, NY 10001
Attention: Nicholas F. Potter
E-mail: nfpotter@debevoise.com
Tel: + 1 (212) 909-6459

(iii) If to Family Holdings:

WR Berkley & Others LLC
475 Steamboat Road
Greenwich, CT 06830

Attention: Kelly F. O'Donnell
E-mail: kodonnell@interlakencapital.com
Tel: + 1 (203) 629-4800

with a copy to (which shall not constitute notice):

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: David A. Katz
E-mail: dakatz@wlrk.com
Tel: +1 (212) 403-1309

(iv) If to any other Member, at the last known address of such Member as disclosed by the books and records of the Company, or to such other Persons or at such other addresses as may be designated by written notice served in accordance with the provisions hereof.

Section 9.3 Entire Agreement. This Agreement (including all exhibits and schedules hereto) and the Framework Agreement constitute the entire agreement, and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this Agreement.

Section 9.4 Governing Law. This Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each party irrevocably submits, for the purposes of any suit, action or other proceeding arising out of, or based upon, this Agreement or the subject matter hereof, to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, to the extent such court does not have subject matter jurisdiction, the U.S. District Court for the District of Delaware or, to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware.

Section 9.5 Negotiation; Mediation.

(a) Either party may give written notice to the other party of the existence of an unresolved item of concern, dispute, controversy or claim (a "Negotiation Notice"). After a Negotiation Notice is received, the parties shall promptly hold a meeting attended by a senior executive with decision-making authority of each party, and all other persons with expertise and decision-making authority over the subject matter of the item of concern, dispute, controversy or claim, to attempt in good faith to negotiate a resolution of the matter. Such persons shall conduct additional meetings, conduct investigations and take all

other actions as reasonably necessary to resolve the matter within thirty (30) days following the Negotiation Notice (the "Negotiation Period").

(a) As an alternative to (or concurrently with) the Negotiation Period, the parties may choose to submit an unresolved item of concern, dispute, controversy or claim to nonbinding mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The parties shall jointly appoint a mutually acceptable mediator, but the AAA shall appoint the mediator if the parties are unable to agree upon such appointment within five (5) days after the submission of the matter. The place of mediation shall be New York, New York and shall be conducted in the English language. Each party shall participate in good faith in the mediation for a period of at least thirty (30) days. Each party shall bear equally the costs of the mediation.

Section 9.6 Specific Performance. Each of the Company and each Member hereto agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, without the necessity of posting bond or any other undertaking, the parties hereto shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity. If any action is brought in equity for injunctive relief or to enforce the provisions of this Agreement, no party hereto shall allege, and each party hereto hereby waives any defense or counterclaim, that there is an adequate remedy at law.

Section 9.7 Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.7.

Section 9.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law by a court of competent jurisdiction, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or

unenforceable provision or by its severance herefrom; provided that, the parties shall cooperate to amend this Agreement to include a legal, valid and enforceable replacement provision of similar terms and effects.

Section 9.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Counterparts may be delivered via electronic mail (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 9.10 Non-Circumvention. No party shall, directly or indirectly, take, omit to take, or permit any action having a purpose of circumventing or having an effect of circumventing or rendering inapplicable, in whole or in part, the rights or obligations of any party under this Agreement. Pursuant to Section 5.13, nothing in this Section 9.10 shall apply to any actions taken by any Person in his or her capacity as a director or officer of Berkley in furtherance of fiduciary duties owed to Berkley and its stockholders.

Section 9.11 No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and their heirs, representatives, successors and permitted assigns, and the Directors and other indemnitees, who are intended third party beneficiaries of this Article IX, any legal or equitable rights hereunder, except that Berkley shall be an intended third party beneficiary with respect to the provisions of this Agreement that provide specific rights to Berkley, and such provisions (and the related definitions) shall not be amended, modified, terminated or waived without the prior written consent of Berkley if such amendment, modification, termination or waiver adversely affects the rights of Berkley.

Section 9.12 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, representatives, successors and permitted assigns, including Permitted Transferees to the extent provided for in this Agreement.

Section 9.13 Termination of Agreement. This Agreement shall be terminated in its entirety: (a) upon the mutual written agreement of the Company and each Member and (b) upon completion of a dissolution and winding up of the Company in accordance with Article VIII and filing of a certificate of cancellation of the Certificate of Formation with the Secretary of State of the State of Delaware. If this Agreement is terminated pursuant to this Section 9.13, then, subject to the following two (2) sentences, this Agreement shall become null and void and of no further force and effect, and all rights and obligations of the parties hereto under this Agreement shall terminate. The rights and obligations of the

parties hereto set forth in Section 8.3 and this Article IX shall survive any such termination or expiration. Termination of this Agreement for any reason shall not release any party hereto from any liability or obligation which has already accrued prior to such termination, and shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a party hereto may have hereunder, under applicable law or otherwise or which may arise out of or in connection with such termination.

Section 9.14 Confidentiality. Each Member, for itself and on behalf of its representatives (including, for the purpose of this Section 9.14, such Member's Affiliates and its and its Affiliates' members, partners, officers, directors, employees, attorneys, accountants, consultants and other advisors, including any Person designated by such Member as a Director and secondee (together, such Member's "Representatives")) agrees to keep confidential, use solely for purposes reasonably related to its investment in the Company and Berkley, and not disclose to any Person, any information or matter relating to the Company, the other Members of the Company, or their respective affairs; provided that:

(a) any Member and its Representatives may make such disclosure to the extent such information (i) is or becomes generally available to the public other than as a result of a breach of this Section 9.14 by such Member or its Representatives, (ii) is received by, or becomes available to, such Member or its Representatives from a third party (provided that, such third party is not known by such Member or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information by a contractual, legal or fiduciary obligation of confidentiality with respect to such information), (iii) is already available to, or in the possession of, such Member or its Representatives prior to disclosure by the disclosing party (provided that, the source of such information was not known by such Member or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information to such Member or such Representative by a contractual, legal or fiduciary obligation with respect to such information), or (iv) is independently acquired or developed by such Member or its Representatives without the use of, reliance on or reference to any confidential information received directly or indirectly from the disclosing party;

(b) nothing herein shall prohibit any Member or its Representatives from making such disclosure to the extent necessary to comply with any applicable Law, regulation or rule (including rules of self-regulatory organizations) or any court order, subpoena or other judicial or governmental process; provided that, such Member or Representative shall, to the extent legally permitted and reasonably feasible, (i) advise such regulator, Governmental Entity or other Person to whom the information is required to be disclosed of the confidential nature of the information and request that such information be treated as such, (ii) notify the disclosing party promptly and afford it an opportunity, to the

fullest extent possible and at the disclosing party's sole expense, to seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of such requested or required disclosure and (iii) if the disclosing party objects or challenges such disclosure, reasonably cooperate with the disclosing party, at the disclosing party's expense, in its efforts to resist such disclosure; provided, further, that, with respect to any disclosure of confidential information made pursuant to this Section 9.14(b), (A) the disclosing Member or such Representative shall furnish only that portion of the confidential information that it reasonably determines, in consultation with its counsel (which may be internal counsel), is legally required and (B) notwithstanding anything to the contrary (including clauses (ii) and (iii) above), neither the Member nor any of its Representatives shall be required to notify the disclosing party of the disclosure of any such information, if such disclosure is made (x) in response to an ordinary course examination of the Member's or such Representative's business by a regulator, bank examiner or self-regulatory organization not specifically directed at the disclosing party of such information or (y) pursuant to ongoing reporting requirements under the Securities Exchange Act of 1934 or under other similar applicable Laws or regulatory requirements or the requirements of any exchange;

(c) any Member may make such disclosure to its Representatives and such Member's direct or indirect investors and beneficiaries, trustees, potential investors, lenders and potential lenders and their respective advisors and Representatives who require possession or knowledge of such information in connection with such Member's investment in the Company and Berkley; provided that, such Member (i) first advises the parties listed in this Section 9.14(c) of the confidential nature of such information and the existence of this Section 9.14 and their obligation to maintain the confidentiality of such information and (ii) shall be responsible and liable for any unauthorized use or disclosure of confidential information in breach of this Section 9.14 by any of its Representatives; and

(d) any Member may make such disclosure to any *bona fide* prospective purchaser of such Member's Membership Interests or Shares (to the extent the Member is entitled to Transfer such Membership Interests or Shares to a prospective purchaser as of such time pursuant to this Agreement); provided that, such prospective purchaser shall be required to maintain the confidentiality of such disclosed information on customary terms.

Section 9.15 Successors and Assigns. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party (including by operation of law in connection with a merger or consolidation of such party) without the prior written consent of the other parties hereto. Any attempted assignment in violation of this Section 9.15 shall be void *ab initio*. To the maximum extent permitted by Law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

ARTICLE X

EXCULPATION AND INDEMNIFICATION

Section 10.1 Exculpation. No Member, Director or officer of the Company shall be liable to the Company or to any other Member for any action taken or omitted to be taken with respect to the company within the scope of such Person's authority conferred by, and in accordance with, this Agreement, except to the extent that any such act or omission was (i) attributable to the willful misconduct, fraud or gross negligence of such Person or (ii) a material violation of this Agreement by such Person. No Member shall be liable to the Company or any Member for any action taken by any other Member.

Section 10.2 Indemnification. To the fullest extent permitted by applicable law, the Members, the Directors or the officers shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Member, Director or officer by reason of any act or omission performed or omitted by such Member, Director or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Member, Director or officer by this Agreement, except that neither such Member, Director or officer shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Member, Director or officer by reason of its willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 10.2 shall be provided out of and to the extent of Company assets only, and no Member shall have personal liability on account thereof. No amendment or repeal of this Section 10.2 shall modify, limit or eliminate the limitation of liability, limitation of duties and rights provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

Section 10.3 Expenses. To the extent permitted by applicable Law, expenses (including reasonable attorneys' fees, disbursements, fines and amounts paid in settlement) incurred by an indemnified person under Section 10.2 in defending any claim, demand, action, suit or proceeding relating to or arising out of their performance of their duties on behalf of the Company may, from time to time and at the discretion of the Board, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the indemnified person to repay such amount if it shall ultimately be determined that the indemnified person is not entitled to be indemnified as authorized in Section 10.2.

Section 10.4 Period of Indemnity. No claim for indemnification or the reimbursement of expenses shall be made by any indemnitee or paid by the Company unless such indemnitee gives notice of such claim for indemnification within one year after such indemnitee received notice of the claim or proceeding.

Section 10.5 Notice by Indemnitee. Any indemnitee shall promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint,

indictment, information or other document relating to any matter which may be subject to indemnification or reimbursement of expenses covered by this Article X. As a condition to indemnification or reimbursement of expenses, any demand for payment by any indemnitee hereunder shall be in writing and shall provide an accounting of the amounts to be paid by the Company (which shall include detailed invoices and other relevant documentation).

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By:_____
Name:
Title:

WR BERKLEY & OTHERS LLC

By:_____
Name:
Title:

SYMPHONY PARTNERS, LLC

By:_____
Name:
Title:

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT (this "Joinder Agreement") is made as of [●] by and between [●] (the "Joining Member") and Symphony Partners, LLC, a Delaware limited liability company (the "Company").

WHEREAS, the Joining Member is acquiring ***[insert number of Membership Interests]*** of the Company and, in connection therewith, the Joining Member has agreed to accept certain restrictions on the disposition of Membership Interests and certain rights and obligations with respect to the Membership Interests, upon the terms, conditions and provisions set forth in the Amended and Restated Limited Liability Company Agreement of the Company, dated as of [●], 2026, by and among the Members party thereto and the Company (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, the "Operating Agreement");

WHEREAS, the Joining Member has agreed to become a party to the Operating Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the representations and agreements set forth in this Joinder Agreement, the parties hereby agree as follows:

1. Agreement to be Bound. The Joining Member agrees that, upon the execution of this Joinder Agreement, such Joining Member will become a party to the Operating Agreement and will be fully bound by, and subject to, all of the covenants, terms and conditions of the Operating Agreement, and such Joining Member will be deemed a "Member" thereunder for all purposes.

2. Beneficial Ownership. The Joining Member hereby represents and warrants to the Company and the other Members that, as of the date of execution of this Joinder Agreement, the Joining Member is the beneficial owner of [●] Shares of Berkley free and clear of all pledges, liens, charges, encumbrances and security interests of any kind, other than restrictions on transfer under applicable securities laws, and Joining Member has the power and right to vote or direct the voting of all such Shares.

3. Notices. The address, facsimile number and email address to which notices delivered pursuant to the Operating Agreement may be sent to the Joining Member are as follows:

[_____]
[_____]
[_____]
Attention: [_____]
Email: [_____]

3. Definitions; Interpretation and Construction. Capitalized terms used and not defined in this Joinder Agreement have the meanings ascribed to such terms in the Operating Agreement. The interpretation of this Joinder Agreement shall be governed by the rules of construction set forth in Section 1.2 of the Operating Agreement.

4. Binding Effect; Benefit. This Joinder Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, representatives, successors and permitted assigns, including Permitted Transferees to the extent provided for in the Operating Agreement. This Joinder Agreement is not intended to, and shall not, confer any rights or remedies upon any Person other than the parties hereto and the parties to the Operating Agreement and their heirs, representatives, successors and permitted assigns. To the maximum extent permitted by Law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

5. Governing Law. This Joinder Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Section 9.6 and Section 9.7 of the Operating Agreement shall apply, *mutatis mutandis*, to this Joinder Agreement.

6. Severability. If any provision of this Joinder Agreement is held to be illegal, invalid or unenforceable under any present or future Law by a court of competent jurisdiction, then (a) such provision shall be fully severable, (b) this Joinder Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Joinder Agreement and (c) the remaining provisions of this Joinder Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

7. Counterparts. This Joinder Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Each party hereto may deliver its signed counterpart of this Joinder Agreement to the other parties by means of email or any other electronic medium utilizing image scan technology, and such delivery will have the same legal effect as hand delivery of an originally executed counterpart.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Joinder Agreement as of the date first above written.

Symphony Partners, LLC

By: _____
Name:
Title:

[●], as the Joining Member

By: _____
Name:
Title:

SCHEDULE 3.3

MEMBERSHIP SCHEDULE

As of the Closing Date

Name of Member	Address of Member	Capital Contribution by such Member	Shares that are Owned by such Member and are Subject to this Agreement	Membership Percentage
MSI	9, Kanda-Surugadai 3-Chome, Chiyoda-ku Tokyo, 101-8011, Japan	$0		[48]%
Family Holdings	475 Steamboat Road Greenwich, CT 06830	$0	67,069,033	[52]%
Total		$0		100%

SCHEDULE 5.2

DIRECTORS

As of the Closing Date

Directors	**Appointed By**
	Family Holdings
	Family Holdings
	MSI
	MSI

Schedule 5.7

Schedule of Regular Board Meetings

Date	Primary Topic	Location
[March 2026]		
[June 2026]		
[September 2026]		
[December 2026]		

SCHEDULE 6.1(B)

PERMITTED MSI TRANSFEREES

MS & AD Insurance Group Holdings, Inc. and its wholly-owned Subsidiaries; and

Mitsui Sumitomo Insurance Company, Limited and its wholly-owned Subsidiaries.

SCHEDULE 2.03(B)

PERMITTED MSI TRANSFEREES

MS & AD Insurance Group Holdings, Inc. and its wholly-owned subsidiaries; and

Mitsui Sumitomo Insurance Company, Limited and its wholly-owned subsidiaries.

Exhibit B

Cooperation Agreement

Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-Chome, Chiyoda-ku, Tokyo, 101-8011, Japan
Attention: International Business Department
E-mail: hironori.morimoto@ms-ins.com; ku-kawasaki@ms-ins.com
Tel: +81 (3) 3259-1598

March 28, 2025

W. R. Berkley Corporation
475 Steamboat Road
Greenwich, CT 06830
Attention: General Counsel
E-mail: legalnotices@wrberkley.com
liannarone@wrberkley.com
Tel: +1 (203) 629-3000

Ladies and Gentlemen:

This letter agreement is being entered into in connection with the proposed acquisition by Mitsui Sumitomo Insurance Company, Limited ("MSI") of fifteen percent (15%) of the issued and outstanding shares entitled to vote on the election of directors of W. R. Berkley Corporation (the "Company") pursuant to that certain Framework Agreement (the "Framework Agreement") entered into on the date of this letter agreement (the "Effective Date") by and between MSI and WR Berkley & Others LLC ("Family Holdings").

MSI and the Company agree as follows:

1. Regulatory Cooperation. The Company and MSI will reasonably cooperate with each other, at MSI's sole cost and expense, in connection with the making of any filing or application with any insurance regulators, competition authorities, foreign investment authorities or other governmental authority as may be necessary in order to consummate the transactions contemplated by the Framework Agreement as agreed by MSI, the Company and Family Holdings (the "Regulatory Filings"), including by using good faith efforts to provide information that may be required about the Company and its subsidiaries in connection with the Regulatory Filings; provided that, nothing in this letter agreement shall require the Company or any of its controlled affiliates to agree to (i) any prohibition of or limitation on the ownership or operation of any portion of their respective businesses or assets, (ii) divest, hold separate or otherwise dispose of any portion of its or their respective businesses or assets, or (iii) any other limitation on its or their ability to control their respective businesses or operations. In furtherance of this regulatory cooperation, each of MSI and the Company will use good faith efforts to provide the other with information as may be reasonably requested by the other in order to complete any such filing or application and provide to the other copies of all such filings or applications promptly after they have been filed or provided to the applicable governmental authority. MSI shall use its reasonable best efforts to seek confidential treatment of any Regulatory Filing, to the extent permissible under applicable law.

MSI will provide the Company with a reasonable opportunity to review and discuss in advance all Regulatory Filings to be made or submitted by or on behalf of MSI, and MSI will use its reasonable best efforts to (i) keep the Company promptly informed of any substantive communications received in connection with any proceedings under or relating to any Regulatory Filing (and in the case of substantive written communications, furnish the Company with a copy of such communications), and (ii) provide the Company a reasonable opportunity to attend and participate in substantive meetings and conversations with any such governmental authority (whether in person or otherwise). Notwithstanding any of the foregoing, MSI will not be required to provide copies of any filings it makes with or communications it has with, or to permit attendance at meetings or conversations with, the Japanese Financial Services Agency (or other regulator of its business that does not also regulate the Company and its subsidiaries); provided that, with respect to any such filings or communications that are not provided, MSI shall provide the Company with excerpts of such filings or communications to the extent such excerpt includes or summarizes any substantive information about the Company or its subsidiaries. Any Regulatory Filing or communication (or excerpt thereof) furnished to the Company hereunder that is in a language other than English shall be provided to the Company with a true and complete English translation.

Without limiting the generality of the foregoing, promptly following the Effective Date, MSI, the Company and Family Holdings shall submit a draft joint voluntary notice to Committee on Foreign Investment in the United States ("CFIUS") pursuant to 31 C.F.R. § 800.501 with respect to the transactions contemplated by the Framework Agreement, and, as promptly as reasonably practicable after addressing any comments received from CFIUS concerning the draft joint voluntary notice, submit a joint voluntary notice to CFIUS pursuant to 31 C.F.R. § 800.501 with respect to the transactions contemplated by the Framework Agreement.

MSI shall provide the Company, with reasonable promptness, such information and data with respect to MSI and Symphony Partners, LLC as may be necessary for the Company or its subsidiaries to comply with its or their respective reporting, regulatory or other legal requirements, and the Company shall provide MSI with excerpts of any regulatory filings or communications to the extent such excerpt includes or summarizes any substantive information about MSI or Symphony Partners, LLC.

2. Accounting Cooperation. As stated in the Framework Agreement, a key purpose of the transactions contemplated by the Framework Agreement is to allow for MSI to account for its investment in Symphony Partners, LLC and Symphony Partners, LLC's interests in the Company on the equity method under the accounting standards applicable to MSI. The Company agrees, at MSI's sole cost and expense, from and after the Closing Date (as defined in the Framework Agreement), to (i) use its good faith efforts to provide MSI and its auditors with assistance and access to publicly available information, and such non-public information as the Company may reasonably agree to share in its sole discretion, in each case as may be reasonably requested in writing by MSI or its auditors to allow for the conversion by MSI of the Company's financial statements from generally accepted accounting principles in the United States to international accounting standards issued by the International Financial Reporting Standards Foundation and the International

Accounting Standards Board, as in effect from time to time, as soon as reasonably practicable following the later of (a) the submission or filing of the Company's and its subsidiaries' financial statements to any regulatory authority and (b) the completion of the Company's and its subsidiaries' financial statements by its respective finance team or any audit or review by the Company's external auditors for each quarter and fiscal year end, and (ii) discuss the Company's financial statements with MSI's auditors as necessary for the purpose of their audit of MSI's financial statements. Any such assistance and access shall be upon reasonable prior notice, occur during normal business hours and be conducted in a manner that does not unreasonably interfere with the business and operations of the Company, and prior to receiving any such assistance or access MSI's auditors shall enter into a mutually acceptable confidentiality agreement with the Company.

3. Confidentiality. MSI and the Company are entering into a mutual confidentiality agreement, dated as of the Effective Date, in the form attached hereto as Exhibit A (the "Confidentiality Agreement").

Notwithstanding any of the foregoing, neither MSI nor the Company shall be required to provide the other with any Sensitive Information in connection with the cooperation contemplated by this letter agreement, and materials may be redacted or designated "outside counsel only" to remove Sensitive Information as may be reasonably determined by the disclosing party. "Sensitive Information" means, with respect to a person, information or materials that (i) are commercially or competitively sensitive, (ii) contain personal information or other personally identifiable information about an officer, director or control person of such person or any of its affiliates or (iii) are legally privileged.

Each of MSI and the Company shall (i) coordinate with the other regarding the timing of any public disclosures by one party or its affiliates involving information about the other party, (ii) provide the other with drafts of any such public disclosures reasonably in advance and consider in good faith any comments that the other may have with respect to such disclosures and (iii) use its commercially reasonable efforts to make the timing and content of any such public disclosures involving information about the other party in a manner consistent with the timing and content of the other's public disclosures of such information, in each case except for public disclosures (other than any disclosures made as part of any regulatory filing or communication) that are consistent in all material respects with prior public disclosures made in compliance with this paragraph.

Each of the parties, as applicable, hereby represents and warrants to the other party, as of the date hereof, as follows: (i) such party is duly organized, validly existing and in good standing under the laws of its jurisdiction of domicile and has the full corporate or other power to carry out its obligations under this letter agreement and the Confidentiality Agreement; (ii) such party has all requisite power to enter into, consummate the transactions contemplated by, and carry out its obligations under, this letter agreement and the Confidentiality Agreement; (iii) the execution and delivery by such party of this letter agreement and the Confidentiality Agreement, and the consummation by such party of the transactions contemplated by, and the performance by such party of its obligations under, this letter agreement and the Confidentiality Agreement have been duly authorized by all requisite actions on the part of such party; (iv) this letter agreement and the Confidentiality Agreement have been duly executed and delivered by such party and constitute the legal, valid and binding obligation of such party enforceable against it in accordance with its terms;

and (v) the execution, delivery and performance by such party of the transactions contemplated by this letter agreement and the Confidentiality Agreement do not (a) violate or conflict with the organizational documents of such party or (b) violate in any material respect or conflict in any material respect with any law or order applicable to such party or any of its affiliates.

This letter agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each party irrevocably submits, for the purposes of any suit, action or other proceeding arising out of, or based upon, this letter agreement or the subject matter hereof, to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, to the extent such court does not have subject matter jurisdiction, the U.S. District Court for the District of Delaware or, to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS LETTER AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH.

This letter agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Counterparts may be delivered via electronic mail (including any electronic signature complying with the Delaware Uniform Electronic Transactions Act (6 DE Code § 12A-107), or covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g.,www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

This letter agreement and the Confidentiality Agreement, together with the other documents referenced in this letter agreement, constitute the entire agreement, and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this letter agreement.

This letter agreement shall terminate upon the earlier of (i) the effective date of the termination of the Framework Agreement and (ii) the effective date of the dissolution of Symphony Partners, LLC; provided that, Section 2 hereof and the related provisions of the third preceding paragraph of this Letter Agreement shall survive until such provisions have been satisfied with respect to the MSI fiscal year in which such termination occurs.

[*Signature Page Follows*]

If the above correctly reflects our understanding and agreement with respect to the foregoing matters, please so confirm by signing and returning the enclosed copy of this letter agreement.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By: _____
Name: Shinichiro Funabiki
Title: President and CEO

Agreed to and Acknowledged as of the date first written above:

W. R. BERKLEY CORPORATION

By:_____
Name: Richard M. Baio
Title: Executive Vice President, Chief Financial Officer

Exhibit A
Confidentiality Agreement
[attached separately]

CONFIDENTIALITY AGREEMENT

This CONFIDENTIALITY AGREEMENT (this "Agreement"), dated as of March 28, 2025 (the "Effective Date"), is entered into by and between W. R. Berkley Corporation, a Delaware corporation ("Berkley"), and Mitsui Sumitomo Insurance Company, Limited, a Japanese stock company ("MSI", and each of Berkley and MSI, a "party").

RECITALS

WHEREAS, simultaneously with the execution and delivery of this Agreement, (a) MSI and WR Berkley & Others LLC are entering into a framework agreement ("Framework Agreement") with respect to the acquisition by MSI of shares of Berkley and certain other matters, and (b) MSI and Berkley are entering into a letter agreement (the "Letter Agreement") setting forth the parties' cooperation obligations related to the transactions contemplated by the Framework Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which are acknowledged by each of the parties, and upon the terms and subject to the conditions set forth in this Agreement, the parties agree as follows:

1. Confidential Information. All information (written or oral) relating to a party (a "providing party") that a providing party or any of its stockholders, affiliates, directors, officers, employees, agents or advisers, including legal and accounting advisers and auditors (collectively, "Representatives") furnishes or has furnished to the other party (a "receiving party") or any of its Representatives at any time in connection with the transactions contemplated by the Framework Agreement and the limited liability company agreement of Symphony Partners, LLC to be entered into in connection therewith, including the obligations arising under the Letter Agreement, and all notes, analyses, compilations, forecasts, studies or other documents prepared by the receiving party or its Representatives that contain or reflect such information, are referred to in this Agreement as the providing party's "Confidential Information." Confidential Information does not include information (a) that is or becomes available to the public other than as a result of an act or omission by the receiving party or any of its Representatives in violation of this Agreement, (b) that a receiving party or its Representative receives or has received on a nonconfidential basis from a source other than the providing party or any of its Representatives, provided that, such source is not known to the receiving party to be subject to a contractual, legal, fiduciary or other obligation of confidentiality with respect to such information, (c) that a receiving party or its Representatives has received from the providing party or any of its affiliates or Representatives prior to the date hereof, without an obligation to maintain its confidentiality or (d) that was independently developed by the receiving party or its Representatives without the use of the Confidential Information.

2. Use of Confidential Information. Each receiving party will disclose the providing party's Confidential Information only to the receiving party's Representatives who need to know such information for the purposes contemplated by the Letter Agreement and who have been informed by the receiving party of the confidential nature of such Confidential Information and instructed by the receiving party to comply with the terms of this Agreement. Each receiving

party will keep the providing party's Confidential Information confidential and will use such Confidential Information solely for the purpose contemplated by the Letter Agreement. Each receiving party will be responsible for any actions taken by its Representatives that would be deemed a breach of this Agreement if the receiving party had taken such actions.

3. Disclosure of Confidential Information. In the event that a receiving party or any of its Representatives is requested or required by a governmental authority or contractually appointed arbitrator to disclose any of the providing party's Confidential Information, the receiving party will, to the extent not prohibited by law, rule or regulation or court or administrative order or request, give the providing party prompt written notice of such request or requirement so that the providing party may seek (at MSI's sole expense) an appropriate order or other remedy protecting such Confidential Information from disclosure, and the receiving party will cooperate, reasonably and at the disclosing party's expense, with the providing party to obtain such protective order or other remedy. In the event that such protective order or other remedy is not obtained or the providing party waives its right to seek such an order or other remedy, the receiving party (or its Representatives to whom such request is directed) may, without liability under this Agreement, furnish only that portion of the providing party's Confidential Information that, on the advice of its counsel, the receiving party (or such Representatives) is requested or required to disclose, provided that, the receiving party gives the providing party written notice of the information to be disclosed as far in advance of its disclosure as practicable and uses reasonable efforts, at the providing party's sole expense, to obtain assurances that confidential treatment will be accorded to such information. Notwithstanding the foregoing, the receiving party and its Representatives may disclose Confidential Information (a) in connection with the regulatory processes foreseen by the Letter Agreement without giving notice to the disclosing party, (b) in response to any audit or examination by, or a blanket document request from, a regulatory or self-regulatory authority, examiner or auditor, without giving notice to the disclosing party thereof or cooperating with the disclosing party with respect thereto, or (c) in the case of MSI, to any *bona fide* prospective purchaser of MSI's interests in Berkley; provided that, in the case of (c), MSI shall be required to obtain the prior written consent of Berkley prior to sharing any Confidential Information of Berkley with any such prospective purchaser and such prospective purchaser shall enter into a confidentiality agreement with Berkley in a form reasonably acceptable to Berkley prior to any Confidential Information being disclosed.

4. Limitation on Representations and Warranties. No providing party or Representative of a providing party has made or is making, and no receiving party is relying on, any representation or warranty, express or implied, regarding the accuracy or completeness of any Confidential Information provided by or on behalf of the providing party, including without limitation any projections, estimates, budgets or information relating to the assets, liabilities, results of operations, condition (financial or otherwise), customers, suppliers or employees of the providing party, and no providing party or Representative of a providing party shall have any liability to the receiving party or any of its Representatives relating to or resulting from the use of Confidential Information provided by or on behalf of the providing party.

5. Cooperation Process; Property. Except with the prior permission of the other party, all requests for information in compliance with the Letter Agreement, in each case that are directed to the other party or its Representatives, must be directed to the specific individuals who may be specifically designated by the respective parties. Confidential Information of a

providing party is and shall always remain the exclusive property of such providing party, and the receiving party acknowledges the right, title and interest of the providing party in and to such information. The providing party does not grant the receiving party or any of its Representatives any ownership, license, copyright or similar right related to any of the Confidential Information.

6. Return, Destruction of Confidential Information. Following the termination of the Framework Agreement, each receiving party will, and will direct its Representatives to, promptly return to the providing party or destroy (at the receiving party's option) the Confidential Information received by the receiving party or its Representatives from the disclosing party and its Representatives; provided that, neither party nor any of its Representatives will be required to erase electronically stored Confidential Information that has been saved to a backup file in accordance with ordinary electronic backup practices, legal or regulatory requirements or internal document retention policies or professional standards, on the condition that, except as otherwise required by applicable law (a) personnel whose functions are not primarily information technology, legal or compliance do not access such retained copies, and (b) personnel whose functions are primarily information technology, legal or compliance in nature access such copies only as reasonably necessary for the performance of their information technology, legal or compliance duties (e.g., for purposes of system recovery). Notwithstanding the return, destruction or retention of Confidential Information, each party and its respective Representatives will continue to be bound by the obligations of confidentiality and other obligations hereunder for a period of two (2) years after such obligations terminate pursuant to Section 7 or this Agreement is otherwise terminated by the parties.

7. Termination. This Agreement shall terminate automatically and immediately upon the termination of all of the parties' obligations under the Letter Agreement in accordance with its terms; provided that, the parties' obligations with respect to any Confidential Information that has been provided prior to such termination shall survive for a period of two (2) years after such termination.

8. Non-Circumvention. No party shall, directly or indirectly, take, omit to take, or permit any action having a purpose of circumventing or having an effect of circumventing or rendering inapplicable, in whole or in part, the rights or obligations of any party under this Agreement.

9. Remedies; Specific Performance. Each of the parties hereto agrees that irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that money damages would not be a sufficient remedy for any breach of this Agreement. It is accordingly agreed that, without the necessity of posting bond or any other undertaking, the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity. If any action is brought in equity for injunctive relief or to enforce the provisions of this Agreement, no party hereto shall allege, and each party hereto hereby waives any defense or counterclaim, that there is an adequate remedy at law, each party will not (and will direct its Representatives not to) oppose the granting of such relief, and each party will waive any requirement for the posting of any bond or other security in connection therewith.

10. Amendment; Waiver. This Agreement may not be amended or modified without the written consent of each of the parties hereto. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any party may waive any provision of this Agreement with respect to itself if such waiver is approved in writing by such party.

11. No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

12. Successors and Assigns. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party (including by operation of law in connection with a merger or consolidation of such party) without the prior written consent of the other parties hereto; provided that, MSI may assign its rights and obligations hereunder to any permitted transferee to which it transfers its shares of Berkley; provided, however, no such assignment shall limit or relieve MSI of its duties under this Agreement and MSI may not share Berkley's Confidential Information with any third parties (other than its Representatives) without Berkley's prior written consent except as otherwise permitted by this Agreement. Any attempted assignment in violation of this Section 12 shall be void *ab initio*. To the maximum extent permitted by law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

13. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law by a court of competent jurisdiction, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement; provided that, the parties shall cooperate to amend this Agreement to include a legal, valid and enforceable replacement provision of similar terms and effects.

14. Entire Agreement. This Agreement (including all exhibits and schedules hereto) hereby constitutes the entire agreement and supersedes all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this Agreement.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Counterparts may be delivered via electronic mail (including any electronic signature complying with the Delaware Uniform Electronic Transactions Act (6 DE Code § 12A-107), or covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g.,www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

16. Governing Law. This Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each party irrevocably submits, for the purposes of any suit, action or other proceeding arising out of, or based upon, this letter agreement or the subject matter hereof, to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, to the extent such court does not have subject matter jurisdiction, the U.S. District Court for the District of Delaware or, to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware.

17. Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 17.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date first written above.

W. R. BERKLEY CORPORATION

By:_____
Name:
Title:

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By:_____
Name:
Title:

Exhibit C

Symphony Partners LLCA

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

BY AND AMONG

SYMPHONY PARTNERS, LLC,

WR BERKLEY & OTHERS LLC,

AND

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

DATED AS OF [CLOSING DATE]

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SYMPHONY PARTNERS, LLC

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") of Symphony Partners, LLC, a Delaware limited liability company (the "Company"), dated as of [•], 2026 (the "Closing Date"), is entered into by and among the Company, Mitsui Sumitomo Insurance Company, Limited, a Japanese stock company ("MSI"), and WR Berkley & Others LLC, a Delaware limited liability company ("Family Holdings"), and any other Person(s) subsequently admitted as a Member of the Company in accordance with the terms of this Agreement. The Company and each Member is referred to as a "party" and collectively, the "parties".

RECITALS

WHEREAS, the Company was duly formed under the Act (as defined below) on [•], 2025;

WHEREAS, on [•], 2025, the Company and MSI, as the initial member, entered into a limited liability company agreement of the Company (the "Original Agreement"); and

WHEREAS, on March 28, 2025, Family Holdings and MSI entered into that certain Framework Agreement (the "Framework Agreement"), pursuant to which Family Holdings and MSI agreed to enter into the Transactions (as defined therein).

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties amend and restate the Original Agreement in its entirety and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. For purposes of this Agreement, the following terms have the respective meanings set forth below:

"AAA" has the meaning set forth in Section 9.5(b).

"Acceptance Notice" has the meaning set forth in Section 8.3(c).

"Act" means the Delaware Limited Liability Company Act, Title 6 of the Delaware Code, Section 18-101 *et seq.*, as it may be amended from time to time, and any successor to such Act.

"Affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person; provided that, in no event shall Berkley or any of its Subsidiaries be deemed to be Affiliates of Family Holdings or MSI for purposes of this Agreement.

"Agreement" has the meaning set forth in the preamble.

"Berkley" means Berkley, a Delaware corporation.

"Berkley Board" means the board of directors of Berkley.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by Law to close in the City of New York, New York or Tokyo, Japan.

"Capital Contribution" means the total amount of cash, cash equivalents and other property, if any, contributed to the Company by all the Members or any one Member, as the case may be.

"Certificate of Formation" has the meaning set forth in Section 2.1.

"Chairperson" has the meaning set forth in Section 5.4.

"Closing Date" has the meaning set forth in the preamble.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the preamble.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or partnership or other ownership interests, by contract or otherwise, while "Controlled by", "Controls", "Controlling" and "under common Control with" have correlative meanings.

"Corporate Opportunity" has the meaning set forth in Section 2.9.

"Director" has the meaning set forth in Section 5.2.

"Family Holdings" has the meaning set forth in the preamble.

"Family Holdings Berkley Directors" has the meaning set forth in Section 5.12(b).

"Family Holdings Directors" has the meaning set forth in Section 5.2.

"Family Holdings Shares" means the Shares that are owned by Family Holdings and its Permitted Transferees and are subject to the terms of this Agreement, as set forth on Schedule 3.3.

"Fiscal Year" has the meaning set forth in Section 2.5.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Framework Agreement" has the meaning set forth in the recitals.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any government or any arbitrator, tribunal or court of competent jurisdiction, administrative agency or commission, taxing authority or other governmental, quasi-governmental authority or self-regulatory organization (including FINRA) or instrumentality (in each case whether Federal, state, local, foreign, international or multinational).

"IFRS" means international accounting standards issued by the International Financial Reporting Standards Foundation and the International Accounting Standards Board, as in effect from time to time.

"Joinder Documents" has the meaning set forth in Section 6.3.

"Law" means any Federal, state, local, foreign, international or multinational treaty, constitution, statute or other law, ordinance, rule or regulation.

"Lien" means any mortgage, lien, security interest, pledge, reservation, equitable interest, charge, easement, lease, sublease, conditional sale or other title retention agreement, right of first refusal, hypothecation, covenant, servitude, right of way, variance, option, warrant, claim, community property interest, restriction (including any restriction on use, voting, transfer, alienation, receipt of income or exercise of any other attribute of ownership) or encumbrance of any kind.

"Majority Vote" means, with respect to actions to be taken by Members, the affirmative vote or consent of Members holding at least a majority of the Membership Interests then outstanding and, with respect to actions to be taken by the Board, the affirmative vote or consent of at least a majority of the Directors.

"Member" means any Person that is admitted as a member of the Company or is issued or Transferred Membership Interests in accordance with the terms of this Agreement and executes Joinder Documents; provided that, such term does not include any Person who has ceased to be a Member of the Company.

"Member of the Berkley Family" means each of William R. Berkley, Marjorie J. Berkley, and each lineal descendant of William R. Berkley.

"Membership Interests" has the meaning set forth in Section 3.3(a).

"Membership Percentage" means, with respect to any Member as of any date, the percentage equal to the number of Shares that are owned by such Member and are subject to this Agreement, as set forth on Schedule 3.3, divided by the total number of Family Holdings Shares and MSI Shares.

"MSI" has the meaning set forth in the preamble.

"MSI Berkley Director" has the meaning set forth in Section 5.12(b).

"MSI Directors" has the meaning set forth in Section 5.2.

"MSI Shares" means the Shares that are owned by MSI and its Permitted Transferees, as set forth on Schedule 3.3.

"Negotiation Notice" has the meaning set forth in Section 9.5(a).

"Negotiation Period" has the meaning set forth in Section 9.5(a).

"Notice of Dissolution" means a written notice by a Member of such Member's intention to dissolve the Company pursuant to Section 8.2(e).

"Offer Notice" has the meaning set forth in Section 8.3(b).

"Original Agreement" has the meaning set forth in the recitals.

"Permitted Business" means acting as a forum for (a) determining voting of the Shares by the Members, (b) discussing Person(s) to be designated by MSI pursuant to Section 5.12(b), (c) discussing business and other opportunities for Berkley in the Members' capacity as shareholders of Berkley, it being the intention of the Members that any such discussion shall occur between the Members in their capacities as shareholders of Berkley, and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

"Permitted Family Holdings Transferees" means (a) any Member of the Berkley Family, (b) any trust of which a Member of the Berkley Family is the primary beneficiary

or of which Members of the Berkley Family are the primary beneficiaries (a "Berkley Trust"), (c) the estate of any Member of the Berkley Family (a "Berkley Estate"), (d) any entity a majority of the equity interests in which are owned directly or indirectly by any one or more Members of the Berkley Family, Berkley Trusts and Berkley Estates, and (e) any non-profit organization, charitable foundation or organization, or charitable trust (including charitable lead trusts and charitable remainder trusts the only current beneficiaries of which are one or more Permitted Family Holdings Transferees and charitable or non-profit organizations), in each case for which all the funding of such foundation, trust or organization came primarily from one or more other Permitted Family Holdings Transferee.

"Permitted MSI Transferees" means, with respect to MSI, any Affiliate of MSI listed on Schedule 6.1(b); provided that, in no event shall the Company constitute a "Permitted Transferee" of MSI.

"Permitted Transfer" has the meaning set forth in Section 6.4(b).

"Permitted Transferees" means, collectively, the Permitted Family Holdings Transferees and the Permitted MSI Transferees.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity or other entity.

"Personally Identifiable Information" means Personally Identifiable Information as such term is defined by U.S. state breach notification Laws.

"Proposed Sale" has the meaning set forth in Section 8.3(b).

"Representatives" has the meaning set forth in Section 9.14.

"Reserved Matters" means each of the following:

(a) amendments to the organizational documents of the Company;

(b) material changes to the accounting or tax policies of the Company;

(c) authorizing the Company or the Company's subsidiaries to undertake any business other than Permitted Business; and

(d) incurrence of debt by the Company.

"Shares" means the shares of common stock, par value $0.20, of Berkley.

"Subsidiary" means, with respect to any Person, any corporation or other Person, a majority of the outstanding voting securities or other equity or similar ownership interests

of which is at that time owned or Controlled, directly or indirectly, by such first Person or one or more of the other Subsidiaries of such first Person or a combination thereof. For clarity, in no event shall Berkley or any of its Subsidiaries be deemed to be Subsidiaries of the Company for purposes of this Agreement.

"Tax" means any Federal, state, local or foreign income, alternative, minimum, accumulated earnings, personal holding company, franchise, capital stock, profits, windfall profits, gross receipts, sales, use, value-added, transfer, registration, stamp, premium, excise, customs duties, severance, base erosion (including under Section 59A of the Code), real property, personal property, *ad valorem*, occupancy, license, occupation, employment, payroll, social security, disability, unemployment, workers' compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties thereon and additions thereto).

"Tax Return" means any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Entity in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any applicable Law relating to any Tax.

"Transfer" means any transfer, sale, exchange, assignment, Lien or other disposition (irrespective of whether any of the foregoing is effected with or without consideration, directly or indirectly, voluntarily or involuntarily, by operation of Law or otherwise, or whether *inter vivos* or upon death), including (a) the grant of an option to acquire either or both of the legal or beneficial ownership of a Membership Interest or, as applicable, a Share, (b) any sale or other disposition of any legal or equitable interest in a Membership Interest or, as applicable, a Share (including in each case any voting right attaching to it), (c) any direction (by way of renunciation or otherwise) by a Person entitled to an allotment or issue of that Membership Interest or, as applicable, Share that it be allotted or issued to another Person, (d) any grant of any Lien over that Membership Interest or, as applicable Share and (e) any agreement to effect any of the foregoing. "Transferee" and "Transferor" shall have correlative meanings.

Section 1.2 Interpretation and Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender, as the context requires; (b) references to the terms "Article", "Section", "Schedule" and "Exhibit" are references to the articles and sections of, and schedules and exhibits to, this Agreement unless otherwise specified; (c) all schedules and exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; (d) references to "$" shall mean U.S. dollars; (e) the words "include", "includes", "including" and words of similar import when used in this Agreement shall be deemed to be followed by the words "without limitation", unless

otherwise specified; (f) references to "written" or "in writing" include the electronic form; (g) "or" shall be construed in the inclusive sense of "and/or"; (h) the word "will" shall be construed to have the same meaning and effect as the word "shall"; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) the parties hereto have each participated in the negotiation and drafting of this Agreement, and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (k) except to the extent the context otherwise requires, a reference to any Person includes such Person's successors and permitted assigns; (l) references to a statute, rule or regulation refer to such statute, rule or regulation as amended, modified or supplemented from time to time and include any successor legislation thereto and, in the case of any statute, any rules and regulations promulgated thereunder; (m) references to any agreement or contract are to that agreement or contract as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof; (n) any reference to "days" means calendar days unless Business Days are expressly specified; and (o) when calculating the period of time before which, within which or following which any act is to be done, or any step is to be taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Formation of the Company. The Company has been organized as a Delaware limited liability company under and pursuant to the Act by the filing of a Certificate of Formation with the Office of the Secretary of State of Delaware as required by the Act (as may be amended from time to time, the "Certificate of Formation") and shall be continued in accordance with this Agreement.

Section 2.2 Name. The name of the Company is "Symphony Partners, LLC" until such time, if any, that the Board selects another name; provided that, such name shall contain the words "Limited Liability Company" or the letters "LLC" or the abbreviation "L.L.C." or the equivalent translation thereof. In the case of a change of name of the Company pursuant to this Section 2.2, specific references herein to the name of the Company shall be deemed to have been amended to the name as so changed.

Section 2.3 Purpose; Power. The Company has been formed for the object and purpose, and the nature of the business to be conducted and promoted by the Company is, the Permitted Business and any and all activities necessary, desirable or incidental to the Permitted Business. Subject to any limitations set forth in this Agreement, the Company

shall have the power and authority to take any and all actions that limited liability companies may take under the Act that are necessary, appropriate, incidental or convenient to or for the furtherance of the foregoing purpose.

Section 2.4 Registered Office and Registered Agent; Principal Office.

(a) The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the initial registered office named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board designates from time to time in the manner provided by the Act.

(b) The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Board designates from time to time in the manner provided by the Act.

(c) The principal office of the Company shall be at [•] or at such place as the Board designates from time to time, which need not be in the State of Delaware, and the Company shall maintain records there for inspection as required by the Act.

Section 2.5 Fiscal Year. The fiscal year ("Fiscal Year") of the Company shall be the calendar year or, in the case of the last Fiscal Year of the Company, the fraction of the calendar year ending on the date on which the winding-up of the Company is completed.

Section 2.6 Relationship. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes, and this Agreement may not be construed to suggest otherwise. Nothing contained in this Agreement nor any act of the parties hereto shall be deemed or construed by the parties hereto or any other Person as creating a relationship of principal and agent, partnership, joint venture or similar relationship between or among the parties hereto.

Section 2.7 Title to Company Assets. Title to the Company's assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity. Title to any or all of the Company's assets shall be held in the name of the Company, and no Member, Director or officer of the Company shall have any ownership interest in such Company assets. All Company assets shall be recorded as the property of the Company in its books and records.

Section 2.8 Authority. Neither the Members, nor any Director, by reason of the Member's or Director's status as such, shall have any authority to act for or bind the Company, unless such Member or Director has been authorized to act as an agent of the Company.

Section 2.9 Other Activities; Corporate Opportunities. Each Member shall be entitled to and may have business interests and engage in activities in addition to those relating to the Company. No Member or Director, solely in their respective capacities as such, shall have any duty to communicate or present an investment or business opportunity or prospective economic advantage to the Company or any Member thereof in which such Person may, but for the provisions of this Agreement, have an interest or expectancy ("Corporate Opportunity") and no Member or Director will be deemed to have breached any fiduciary or other duty or obligation to the Company by reason of the fact that any such Person pursues or acquires a Corporate Opportunity for itself or its affiliates or directs, sells, assigns or transfers such Corporate Opportunity to another Person or does not communicate information regarding such Corporate Opportunity to the Company. Nothing in this Agreement shall (x) in any way impair or restrict any duty or obligation that any Person has to Berkley or (y), subject to the foregoing clause (x), be deemed to impair, restrict or prohibit MSI or Family Holdings from conducting its business within or outside the United States, including any such businesses that may compete with each other.

Section 2.10 Liability of Members.

(a) Except as otherwise provided under the Act, the debts, liabilities, contracts and other obligations of the Company (whether arising in contract, tort or otherwise) shall be solely the debts, liabilities, contracts and other obligations of the Company, and no Member in its capacity as such shall be liable personally for any debts, liabilities, contracts or other obligations of: (a) the Company, except to the extent and under the circumstances set forth in any non-waivable provision of the Act or in any separate written instrument signed by the applicable Member or (b) any other Member. No Member shall have any responsibility to contribute to or in respect of the liabilities or obligations of the Company or to return distributions made by the Company, except as expressly provided in this Agreement or required by any non-waivable provision of the Act. The agreement set forth in the immediately preceding sentence shall be deemed to be a compromise with the consent of all of the Members for purposes of §18-502(b) of the Act. However, if any court of competent jurisdiction holds or determines in a final, non-appealable order that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such contribution or make any such return, such obligation shall be the obligation of such Member and not of any other Person.

(b) This Agreement is not intended to, and does not, create or impose any fiduciary duty on the Members with respect to the other Members or the Company. Furthermore, each of the Members and the Company waives any and all fiduciary duties relating to the Company that, absent such waiver, may be implied between a Member and any other Member or the Company, by applicable Law including the Act, and in doing so, acknowledges and agrees that the duties of each Member to each other Member and the Company (in their capacity as Members of the Company) exist only to the extent of the contractual rights and obligations of the Members expressly set forth in this Agreement.

Nothing in this Section 2.10(b) shall in any way impair or restrict any duty or obligation that any Person has to Berkley.

Section 2.11 Conduct of Business. Except as otherwise contemplated by this Agreement, the Company shall preserve intact its current business organization and corporate existence and maintain all material licenses, permits, consents, approvals, registrations and other authorizations from any Governmental Entity which are required or necessary for the conduct of its business as conducted from time to time.

ARTICLE III

MEMBERS; MEMBERSHIP INTERESTS; MEMBER VOTING

Section 3.1 Members. As of the Closing Date, Family Holdings and MSI are Members of the Company. The names and addresses of the Members are set forth on Schedule 3.3.

Section 3.2 Admission and Withdrawal. No new Members (other than any Transferee admitted as a substitute Member pursuant to Section 6.2 and satisfying the requirements of Section 6.4) may be admitted to, and no Member may withdraw from, the Company, without the unanimous written consent of the Members. The Company shall update Schedule 3.3 to reflect such admissions and withdrawals.

Section 3.3 Membership Interests.

(a) The Company shall have one class of limited liability company interests (the "Membership Interests"), which shall have equal rights and preferences. The rights, privileges, interests, duties and obligations of the holders of the Membership Interests with respect to certain matters related to the Company, including distributions and matters with respect to which Members are entitled to vote, consent or approve, shall be as set forth in this Agreement.

(b) The Company has issued Membership Interests to Family Holdings and MSI equal to their Membership Percentages as set forth on Schedule 3.3. The respective Membership Interests and corresponding Membership Percentages shall be deemed automatically adjusted to reflect any changes in such Member's ownership of Shares, and the Company shall update Schedule 3.3 to reflect such adjustments.

Section 3.4 Certificates for Membership Interests. At the discretion of the Board, Membership Interests may be represented by a certificate. The exact contents of a certificate shall be determined by the Board.

Section 3.5 Member Exercise of Rights. Each Member agrees to exercise such Member's rights pursuant to this Agreement and under Law to give effect to this

Agreement (including this Article III), including to elect or replace any Directors to serve as Directors on the Board in accordance with Section 5.3, and to cause the Company to, and the Company agrees that it will, conduct its proceedings in accordance with this Agreement (including this Article III).

Section 3.6 Member Meetings.

(a) The Members shall meet from time to time as determined by the Members for the transaction of such business as may properly come before the Members. Meetings of the Members may be held either in person or virtually, and shall be held at such place, on such date and at such time as the Members shall determine. In the absence of specific designation, the meetings shall be held at the principal office of the Company. The Members may participate in meetings of the Members by means of telephone conference or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal office of the Company.

(b) The presence of representatives of each of MSI and Family Holdings is required to constitute a quorum at any meeting of the Members.

(c) The Board shall have full power and authority concerning the manner of conducting any meeting of the Members, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of this Article III, the conduct of voting, the validity and effectiveness of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting, in each case consistent with (and solely to the extent in accordance with) the terms of this Agreement. The Board shall designate a Person to serve as chairperson of any meeting and shall further designate a Person to take minutes of any meeting. The chairperson of the meeting shall have the power to adjourn the meeting from time to time, without notice, other than announcement of the time and place of the adjourned meeting. Upon resuming such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) All meetings of the Members and any resolutions adopted at such meetings will be recorded in minutes of proceedings, which shall be prepared by the Company promptly after adjournment of each such meeting. The Company shall deliver copies of such minutes and all relevant materials to the Member requesting such materials.

Section 3.7 Member Voting.

(a) All Members shall be entitled to vote on any matter submitted to a vote of the Members. Each Member shall be entitled to vote based on its Membership Percentage.

(b) With respect to any matter other than a matter for which the affirmative vote of Members owning a specified percentage of outstanding Membership Interests is required by the Act, the Certificate of Formation or this Agreement, the affirmative vote of Members by Majority Vote at a meeting at which a quorum is present shall be the act of the Members; provided that, the Reserved Matters shall require the affirmative vote of each of MSI and Family Holdings.

(c) Any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all Members.

ARTICLE IV

CAPITAL CONTRIBUTIONS; DISTRIBUTIONS

Section 4.1 Capital Contributions. No Member shall be obligated to make any Capital Contribution. Any Capital Contribution shall be made in accordance with this Agreement.

Section 4.2 No Withdrawals. No Member shall have the right to withdraw its Capital Contribution or to demand and receive property of the Company or any distribution in return for such Member's Capital Contribution, other than as expressly provided in this Agreement or required by the Act.

Section 4.3 Interest. No interest shall be paid by the Company on Capital Contributions.

Section 4.4 Loans From Members. No Member shall be obligated or permitted to make any loan to the Company.

Section 4.5 Distributions. Any distributions shall be made by the Company to the Members *pro rata* in accordance with their respective Membership Percentages; provided that, in all cases the Company shall not be obligated to declare or pay any distribution in respect of the Membership Interests except as may be approved by the Board.

Section 4.6 Withholding. Notwithstanding anything to the contrary contained herein, the Company shall be entitled to deduct and withhold from any distribution pursuant to this Agreement such amounts as are required to be deducted or withheld under the Code or any provision of state, local or foreign tax law or under any other applicable legal requirement. Notwithstanding anything to the contrary contained herein, all amounts withheld by the Company pursuant to this Section 4.6 shall be treated as if such amounts were distributed to such Person to whom such amounts would otherwise have been distributed.

ARTICLE V

MANAGEMENT OF BUSINESS; BOARD OF DIRECTORS

Section 5.1 Management of Business. Except as otherwise expressly provided in this Agreement, the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board. The Board shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make decisions affecting the business and affairs of the Company, and to take actions as it deems necessary or appropriate to accomplish the purposes of the Company and to exercise all of the power and authority that limited liability companies may take under the Act, provided, however, that there shall be reserved to the Members the powers that, under the Act, are reserved to the unitholders of a limited liability company organized under the laws of the State of Delaware.

Section 5.2 Board Composition; Director Appointment. The Board shall be composed of four (4) directors (each member of the Board, a "Director"), of which two (2) shall be appointed by MSI (the "MSI Directors") and two (2) shall be appointed by Family Holdings (the "Family Holdings Directors"); provided that, in each case, MSI Directors shall be reasonably acceptable to Family Holdings, and the Family Holdings Directors shall be reasonably acceptable to MSI. For the avoidance of doubt, any Member's respective right to designate Directors set forth in this Section 5.2 includes the right to remove and replace any Directors previously appointed by such Member. The Directors of the Company as of the Closing Date are set forth on Schedule 5.2.

Section 5.3 Directors; Term. Each Director shall hold office until his or her death or until his or her successor shall have been duly elected and qualified. If a vacancy is created at any time by the death, disability, retirement, resignation or removal (with or without cause, including pursuant to Section 5.2) of any Director designated by a Member pursuant to Section 5.2, such Member, as applicable, shall cause the vacancy resulting thereby to be filled in compliance with this Section 5.2.

Section 5.4 Chairperson. Family Holdings shall appoint from among the Family Holdings Directors a chairperson to preside at meetings of the Directors (the "Chairperson").

Section 5.5 Director Compensation and Expenses. Directors shall not be entitled to receive any salary or compensation from the Company for the discharge of his or her duties under this Agreement. Reasonable out-of-pocket expenses incurred by a Director in connection with attendance at meetings of the Board shall be reimbursed by the Member appointing such Director.

Section 5.6 Place of Meetings. The Company and the Members shall cause the Board to meet quarterly. Meetings of the Board may be held either in person or virtually,

at whatever place is specified in the notice of the meeting; provided that, unless otherwise determined by the Board, each calendar year, two (2) meetings of the Board shall be held in the United States and two (2) meetings of the Board shall be held in Tokyo, Japan. The Directors may participate in meetings of the Board or any committee thereof by means of telephone conference or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal office of the Company.

Section 5.7 Regular Meetings. Attached as Schedule 5.7 is a tentative schedule of regular Board meetings through the calendar year following the Closing Date. On or prior to December 31 of each calendar year after such year, the Company shall establish a tentative schedule of regular Board meetings for the following calendar year, including the time and place of such meetings; provided that, the Company shall in good faith schedule the regular Board meetings to precede regularly scheduled Berkley Board meetings. The Company and the Members shall cause regular Board meetings to adhere to such schedule except in the case of extenuating circumstances, in which case the Company shall give the Directors notice of any change in time or place of a regular Board meeting not less than fifteen (15) days prior to the rescheduled meeting date. MSI and Family Holdings, acting in consultation with the Directors, shall set the agenda for each regular Board meeting, and the Company shall provide a statement in reasonable detail of such agenda for each regular Board meeting reasonably in advance of each such meeting, and in any case at least ten (10) Business Days prior to the scheduled meeting date to the extent reasonably practicable. The Company shall use commercially reasonable efforts to provide written materials pertaining to matters to be discussed at a Board meeting, if any, at least five (5) Business Days before such meeting; provided that, additional or supplementary materials may be provided later than such time where reasonably required for the Board to receive complete and timely information to conduct the applicable meeting. It is the intention of the Members that the matters relating to Berkley to be discussed at Board meetings be discussed by the Directors as representatives of the Members in their capacity as shareholders of Berkley and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

Section 5.8 Special Meetings. Special meetings of the Directors may be held at any time upon the request of the MSI Directors or the Family Holdings Directors. The Company shall send five (5) days' notice of any special meeting to the last known address and e-mail address of each Director. Notification of the time and place of such meeting may be waived in writing before or after such meeting. Attendance of a Director at such meeting shall also constitute a waiver of notification thereof, except where such Director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. The Company shall include in any such

notice of a special meeting of the Directors a statement in reasonable detail of the proposed agenda for such meeting.

Section 5.9 Quorum of the Board. Except as may be otherwise provided by Law or in this Agreement, at any Board meeting, the presence of Directors who constitute at least a majority of all Directors then in office shall constitute a quorum; provided that, such quorum shall include at least one (1) MSI Director and at least one (1) Family Holdings Director; provided, further, that if two (2) consecutive Board meetings are postponed for a lack of quorum due to absence at both meetings of at least one (1) MSI Director or one (1) Family Holdings Director, then the attendance by such MSI Director or Family Holdings Director, as the case may be, shall not be required to constitute a quorum hereunder for purposes of the rescheduled Board meeting subsequent to the second (2nd) postponed meeting (provided that, (A) the Directors present at each such meeting that is postponed determine to reschedule such meeting for a date and time that is no sooner than five (5) Business Days following the postponement and (B) the Company provides three (3) Business Days' notice of each such rescheduled meeting to each Director).

Section 5.10 Actions of the Board. Except as otherwise specified in this Agreement or as may be required by applicable Law, any and all actions and decisions at Board meetings at which a quorum is present and voting shall require the affirmative vote of at least a Majority Vote of the Board; provided that, any vote on a Reserved Matter shall require the prior written consent of each of MSI and Family Holdings. If a vote of the Board results in a tie, the Chairperson will cast the tie-breaking vote, except with respect to the Reserved Matters.

Section 5.11 Action by Written Consent. Any action that may be taken at a Board meeting may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all Directors.

Section 5.12 Voting of the Shares; Tender Offers.

(a) Voting of the Members' Shares. Except as set forth in Section 5.12(b) and Section 5.12(c), at any annual or special meeting of the Berkley shareholders, each of Family Holdings and MSI shall vote the Family Holdings Shares and the MSI Shares, respectively, as determined by the Board.

(b) Berkley Directors. At any annual or special meeting of the Berkley shareholders at which Berkley Board directors are to be elected, the Members shall take all necessary actions to cause the Family Holdings Shares and the MSI Shares to be voted in favor of one (1) person designated by MSI to the Berkley Board (a "MSI Berkley Director") and at least two (2) persons designated by Family Holdings to the Berkley Board (the "Family Holdings Berkley Directors"). MSI acknowledges and agrees that the MSI Berkley Director designee shall be bound by the confidentiality (and all other) policies generally applicable to all Berkley Board members. For the avoidance of doubt, the

Members acknowledge that the MSI Berkley Director designee will be subject to review and approval by the Nominating and Corporate Governance Committee of the Berkley Board pursuant to its customary policies and procedures.

(c) Extraordinary Transaction. Notwithstanding Section 5.12(a), in no event will MSI be required to vote the MSI Shares in favor of a transaction that would reasonably be expected to result in a business combination that would give rise to a significant, direct and irresolvable conflict of interest for MSI and its long-term strategy; provided that, in such limited circumstances, (i) promptly following the announcement of such a transaction, MSI shall deliver a Notice of Dissolution to Family Holdings describing such conflict of interest, and (ii) to the extent that not all MSI Shares have been sold pursuant to Section 8.3 prior to the record date for the shareholder vote on the relevant transaction, MSI shall deliver a proxy directing Family Holdings to vote such remaining MSI Shares in proportion to the votes cast by the shareholders of Berkley actually casting votes on the transaction (other than MSI but including Family Holdings).

(d) Tender Offers. If a tender offer is made for Shares by a third party offeror (other than Berkley), no Member may tender Shares to such offeror. Notwithstanding the foregoing, if the Berkley Board recommends that the Berkley shareholders tender their Shares to the offeror, then each of MSI and Family Holdings are permitted to tender their respective Shares to the offeror.

Section 5.13 Fiduciary Duties. The Board and each of its Directors shall, to the fullest extent permitted by Law, and notwithstanding any duty otherwise existing at law or in equity, have the same fiduciary duties to the Company that the Board and each of its Directors would have had if the Company had been organized as a corporation under the Act. Notwithstanding anything to the contrary in this Section 5.13 or any duty that any Directors may owe to the Company under applicable Law, the duty of loyalty owed to the Company by any Directors selected or appointed by a Member pursuant to Section 5.2 hereof shall be waived in the event and to the extent that such duty conflicts with any fiduciary or other duty existing at law or in equity that is owed by such Directors to the Member that selected or appointed such Directors or to Berkley, or to any such Member's Permitted Transferees; provided that, any employee or officer of such Member or such Member's Permitted Transferees that is selected or appointed by such Member as a Director shall be deemed to have the same fiduciary duties to such Member as a Member's board or equivalent governing body would have to such Member. Nothing in this Agreement shall in any way impair or restrict the fiduciary duties and obligations that a Person owes to Berkley and its stockholders.

Section 5.14 Strategic Discussions. From and after the Closing Date, and subject to applicable Law, each of MSI and Family Holdings shall designate representatives to meet periodically to review and discuss their perspectives on material developments in or affecting Berkley and MSI. It is the intention of the Members that any such review and discussion shall occur between such representatives in their capacities as representatives

of shareholders of Berkley, and shall not derogate from, or otherwise serve as a forum for discussions that are inconsistent with, the corporate governance processes of Berkley.

ARTICLE VI

TRANSFER RESTRICTIONS

Section 6.1 Restrictions on Transfers of Membership Interests. Members may not Transfer any Membership Interests, directly or indirectly, except, in each case, (w) in connection with its simultaneous transfer of its corresponding Shares, (x) in accordance with all applicable provisions of this Agreement, (y) in compliance with applicable Laws, including insurance and securities laws and (z) solely as follows:

(a) by Family Holdings, to the Permitted Family Holdings Transferees to which Family Holdings simultaneously transfers Shares pursuant to Section 6.6 other than as provided in Section 6.6;

(b) by MSI, to the Permitted MSI Transferees to which MSI simultaneously transfers Shares pursuant to Section 6.6; and

(c) with the prior written consent of the non-Transferring Member to any Transferee that is not a Permitted Transferee to which the Transferring Member simultaneously transfers Shares pursuant to Section 6.6.

Section 6.2 Transfers. No Member may Transfer any Membership Interests to any Person unless: (a) prior to such Transfer, the Transferee of any such Membership Interests shall have agreed in writing to be bound by all of the provisions of this Agreement by executing a joinder agreement in accordance with Section 6.3, and any Membership Interests Transferred shall be subject thereafter to the rights and obligations of the Company and the Members under this Agreement; (b) such Transfer is in accordance with this Agreement; and (c) the secretary of the Company receives copies of all Joinder Documents and the relevant "know-your-customer" documents reasonably requested by the Company.

Section 6.3 Joinder. Prior to a Transfer, the transferring Member shall cause the Person to whom Membership Interests owned by such Member are to be Transferred to execute and deliver, as a condition to such Transfer, a joinder agreement substantially in the form attached hereto as Exhibit A and all other documents deemed reasonably necessary by the Company to evidence such party's joinder in, acceptance of, and agreement with, the obligations with respect to the Membership Interests contained in this Agreement (the "Joinder Documents"). The Company shall not register a Person (who at the time of registration is not a Member) as a holder of Membership Interests unless such Person has executed and delivered the Joinder Documents.

Section 6.4 Effect of Membership Interests in Hands of the Transferee.

(a) Membership Interests that are Transferred pursuant to this Article VI shall thereafter continue to be subject to all obligations and restrictions relating to such Membership Interests contained in this Agreement (including restrictions on Transfer) and entitled to all rights relating to such Membership Interests that are contained in this Agreement; provided that, (i) MSI may Transfer to Permitted MSI Transferees rights specific to MSI under this Agreement and (ii) Family Holdings may Transfer to Permitted Family Holdings Transferees rights specific to Family Holdings under this Agreement.

(b) Each party hereby agrees that, if any Membership Interests are Transferred to a Permitted Transferee and subsequently such Transferee ceases to be a Permitted Transferee of the applicable Member, then, unless the applicable Member would have been permitted to Transfer such Membership Interests to such Transferee either at the actual date of such Transfer or on the date when such Transferee ceases to be a Permitted Transferee (a "Permitted Transfer"), all such Membership Interests shall, upon such cessation, be automatically Transferred back to the applicable Member without any further action on the part of any Person; provided that, for the avoidance of doubt, in the event of a Permitted Transfer, upon such cessation, such Permitted Transferee shall, for all purposes, cease to be treated as a Permitted Transferee of such Member.

Section 6.5 Transfer in Violation of Agreement. Any Transfer or attempted Transfer of Membership Interests in violation of this Article VI shall not be valid or have any force or effect and shall, to the extent permitted by applicable Law, be null and void *ab initio*. Furthermore, if any Member is admitted after the date of this Agreement in reliance on an inaccurate representation, the Company shall use its commercially reasonable efforts to enforce any rights the Company may have against such Member, which may include determining that such Member is in default under this Agreement and shall not have any rights under this Agreement.

Section 6.6 Restrictions on Transfers of Shares. Members may not Transfer any Shares, directly or indirectly, except, in each case, (w) in accordance with all applicable provisions of this Agreement, (x) in compliance with applicable Laws, including insurance and securities Laws, (y) in compliance with Berkley's insider trading policies, to the extent applicable, and (z) solely as follows:

(a) by Family Holdings, to the Permitted Family Holdings Transferees to which Family Holdings simultaneously transfers Membership Interests pursuant to Section 6.1 except as provided below;

(b) by MSI, to the Permitted MSI Transferees to which MSI simultaneously transfers Membership Interests pursuant to Section 6.1; and

(c) with the prior written consent of the non-Transferring Member to any Transferee that is not a Permitted Transferee to which the Transferring Member simultaneously transfers Membership Interests pursuant to Section 6.1; provided that, no Member shall Transfer Shares pursuant to this clause (c) that would result in any Person or group (within the meaning of Section 13(d)(3) of the Exchange Act) having beneficial ownership of four percent (4%) or more of the outstanding capital stock of Berkley after giving effect to such Transfer without the prior written consent of Berkley, such consent not to be unreasonably withheld, delayed or conditioned.

Notwithstanding the foregoing, Family Holdings may Transfer up to [3,553,486] Shares to a Permitted Family Holdings Transferee without Transferring its corresponding Membership Interests to such Permitted Family Holdings Transferee, so long as, after giving effect to such Transfer, Family Holdings continues to hold at least sixteen percent (16%) of the issued and outstanding Shares.

ARTICLE VII

BOOKS AND RECORDS; FISCAL MATTERS

Section 7.1 Bank Accounts; Investments. The Company shall deposit Capital Contributions, revenues and any other Company funds in a bank account established in the name of the Company, or shall invest such funds, at the direction of the Board, in furtherance of the purposes of the Company. No other funds shall be deposited into Company bank accounts or commingled with Company investments. Funds deposited in the Company's bank accounts may be withdrawn only to be invested in furtherance of the Company's purposes, to pay Company debts or obligations or to be distributed to the Members pursuant to this Agreement.

Section 7.2 Operation of Company.

(a) Books and Records. The Company shall keep or cause to be kept at the Company's principal office specified pursuant to Section 2.4 complete and accurate books and records of account of the Company, including all records required to be kept pursuant to the Act, including a current list of the names, addresses and Membership Interests held by each Member (including the dates on which each of the Members became a Member), copies of federal, state and local information or income tax returns for each of the Company's tax years, copies of this Agreement and the Certificate of Formation, including all amendments or restatements, and correct and complete books and records of account of the Company. The books of the Company shall be kept on the basis of GAAP and IFRS, which basis shall be the basis for the preparation of the financial reports to be sent to the Members. Each Member shall have the right, during normal business hours and upon reasonable advance notice, to, personally or through their professional advisers or other representatives, audit, examine and make copies of or extracts from the books of account

of the Company, including the right to request for inquiries, set hearings and interview sessions and conduct on-sight audits.

(b) Financial Records. The Company shall preserve and maintain proper and up-to-date accounting and financial records in relation to its business and affairs in accordance with GAAP, IFRS and applicable Laws.

(c) Taxes. The Company shall (i) prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that the Company is required to file and (ii) timely remit, or cause to be timely remitted, all Taxes due in respect of such Tax Returns.

Section 7.3 Information Rights.

(a) The Company shall provide each Member, with reasonable promptness, such information and data with respect to the Company as may be necessary for such Member or its Affiliates to comply with its or their respective reporting, regulatory or other legal requirements and as may from time to time be reasonably requested by any such Member.

(b) The Company reserves the right to withhold any information from and to exclude from any Board or committee meeting or any portion thereof any Director, to the extent (A) the Company reasonably believes upon the advice of counsel that access to such information or attendance at such meeting is reasonably expected to adversely affect the attorney-client privilege between the Company and its counsel or would result in a conflict of interest or (B) such information relates to any dispute between the Company and the Member that appointed such Director as long as such dispute remains unresolved.

(c) Notwithstanding anything to the contrary herein, the Company shall have no obligation to, and shall not, provide any Member or any Director appointed by any Member with, or with any access to, any Personally Identifiable Information, provided that, the Company may provide any Member or any such Director with, or with access to, Personally Identifiable Information to the extent that the Company determines that provision of, or access to, such Personally Identifiable Information is reasonably necessary in order for such Member or Director to perform its duties to the Company.

Section 7.4 Member Expenses. Except as set forth in this Agreement, each Member shall bear (and to the extent possible, reimburse the other Members or fund the Company, as applicable) its own fees and expenses in connection with the formation and operation of the Company.

Section 7.5 Company Expenses. The Company shall bear and be charged with all costs and expenses of the Company (the "Company Expenses") (and shall promptly

reimburse the Members, to the extent that any of such costs and expenses are paid by such entities), including the following costs and expenses of the Company:

(a) all fees, costs and expenses of tax advisors, legal counsel, accountants, administrators, auditors, depositaries or custodians, paying agents, broker-dealers and other service providers of the Company or the Board;

(b) all fees, costs and expenses incurred in connection with conducting the Permitted Business, including any legal, tax, administrative, accounting, advisory, sourcing and consulting and other similar costs (including related compensation) and expenses in connection therewith;

(c) expenses associated with the preparation of the Company's periodic reports and related statements (e.g., financial statements, tax returns and tax forms) and other printing, publishing and reporting-related expenses (including other notices and communications) in respect of the Company and its activities (including internal expenses, charges and related costs incurred, charged or specifically attributed or allocated by the Company in connection with such provision of services thereby); and

(d) any other fees, costs, expenses, charges, liabilities or other obligations (without duplication) incurred by or on behalf of the Company in connection with its activities hereunder.

Section 7.6 Allocation of Company Expenses. Company Expenses shall be allocated among the Members *pro rata* based on their respective Membership Percentages, and Members may pay such Company Expenses directly or make a Capital Contribution to the Company for their *pro rata* share. Notwithstanding the foregoing, the Board may allocate Company Expenses among the Members on any other basis if the Board determines in good faith that such other basis is more equitable or otherwise appropriate under the circumstances (including for legal, tax, regulatory or other similar considerations).

ARTICLE VIII

TERM; DISSOLUTION; WINDING UP

Section 8.1 Term. The term of the Company commenced upon the acceptance of the Certificate of Formation by the Delaware Secretary of State and shall, subject to the applicable provisions of the Act, have a perpetual life until the Company is dissolved in accordance with this Article VIII.

Section 8.2 Events Causing Dissolution. The Company shall dissolve, and its affairs shall be wound up, at such time as:

(a) an event causing the dissolution of a limited liability company has occurred under the Act, other than pursuant to Section 18-801(a)(3) thereof;

(b) there are no members of the Company unless the business of the Company is continued in accordance with the Act;

(c) an entry of a decree of judicial dissolution having occurred under §18-802 of the Act;

(d) the unanimous written consent of all Members at any time to dissolve and wind up the affairs of the Company; and

(e) delivery of a Notice of Dissolution;

provided, however, that the Company shall not be dissolved or required to be wound up upon an event causing dissolution of a limited liability company described in clause (b) of this Section 8.2 if within ninety (90) days after the occurrence of such event of dissolution, all remaining members agree in writing to continue the business of the Company; provided, further, if MSI or Family Holdings delivers a Notice of Dissolution, the Company shall not be dissolved or required to be wound up under clause (e) of this Section 8.2 for thirty (30) days following delivery of such Notice of Dissolution (or such extended period or, in the case of a Notice of Dissolution delivered pursuant to Section 5.12(c), shorter period, as may be agreed by the Members), during which time the Members shall seek to resolve the issues underlying such Notice of Dissolution in accordance with Section 9.5 (to the extent that such issues are resolvable), and, if no such resolution is reached, the Company shall be dissolved and wound up. In addition, during any period when a Notice of Dissolution is pending, the MSI Berkley Director shall recuse himself or herself from attending and voting at meetings of the Berkley Board.

Section 8.3 Effect of Dissolution; Wind-Down of MSI Share Position.

(a) Upon dissolution of the Company, MSI and Family Holdings shall develop a plan for the mutually agreeable wind-down of MSI's Share ownership position and MSI shall sell the MSI Shares in an orderly fashion in accordance with such plan (or failing agreement on any such plan, then in a reasonable manner intended to minimize any adverse market price impact of such sales), applicable Law and Berkley's insider trading policy, to the extent applicable; provided that, in accordance with the procedures set forth in Section 8.3(b)-(f), MSI shall first offer to sell the MSI Shares to Family Holdings, and if Family Holdings declines to purchase all or a portion of such MSI Shares, then MSI shall offer the remaining MSI Shares to Berkley at a price no higher than, and on other terms at least as favorable (to Berkley) as, those offered to Family Holdings, and if Berkley declines to purchase all or a portion of such MSI Shares, then MSI shall be free to sell the remaining Shares either in open market transactions on the New York Stock Exchange or to one or more third parties in block sales on terms, in the case of block sales, no more favorable to

the purchaser (in all material respects) as those offered to Berkley, subject to fluctuations in market value of the Shares; provided, further that, neither MSI nor Family Holdings shall transfer Shares pursuant to this clause (a) that would result in any Person or group (within the meaning of Section 13(d)(3) of the Exchange Act) having beneficial ownership of four percent (4%) or more of the outstanding capital stock of Berkley after giving effect to such Transfer without the prior written consent of Berkley; provided, further that, the prior proviso shall not restrict any Transfer pursuant to (i) any widely disseminated underwritten offering that is registered under the Securities Act of 1933, as amended, and where no direction is given by MSI or Family Holdings to the underwriters with respect to any ultimate purchasers or (ii) any sale effected pursuant to and in accordance with Rule 144 under the Securities Act of 1933, as amended; provided that, for purposes of this clause (ii), if in the ninety (90) days immediately prior to the applicable sale MSI beneficially owned 10% or more of the outstanding capital stock of Berkley, MSI shall satisfy the condition referred to in paragraph (e) of Rule 144 with respect to such sale as if MSI were an affiliate of Berkley under such rule. In addition, during such wind-down period (x) MSI shall cause any remaining MSI Berkley Director to promptly resign from the Berkley Board; (y) if requested by Family Holdings, MSI will cooperate with Family Holdings to effect a sale of one or more blocks of the MSI Shares to one or more institutional buyers that may be identified by Family Holdings, on pricing and other terms reasonably acceptable to MSI and such buyers; and (z) MSI shall from time to time vote any remaining MSI Shares in accordance with Sections 5.12(a) and 5.12(c) as if the same were still in effect at such time.

(b) Before any sale, transfer, or other disposition of any MSI Shares, MSI shall provide written notice (the "Offer Notice") to Berkley and Family Holdings as set forth in Section 8.3(a) specifying the material terms and conditions of the proposed sale, transfer, or disposition (the "Proposed Sale"). The Offer Notice shall include the number of MSI Shares to be sold, the proposed sale price (which may be subject to market value fluctuations), and any other material terms and conditions of the Proposed Sale.

(c) Upon receipt of the Offer Notice, Family Holdings as set forth in Section 8.3(a) shall have the right, but not the obligation, to purchase all or a portion of the MSI Shares on the terms and conditions set forth in the Offer Notice. Family Holdings must exercise this right by delivering a written notice of acceptance (the "Acceptance Notice") to MSI within twenty (20) Business Days following receipt of the Offer Notice.

(d) If Family Holdings delivers an Acceptance Notice within the specified period, MSI and Family Holdings shall proceed to consummate the sale of the MSI Shares on the terms and conditions set forth in the Offer Notice. The closing of such sale shall take place within ten (10) Business Days following the delivery of the Acceptance Notice, or such other date as the parties may mutually agree.

(e) If Family Holdings does not deliver an Acceptance Notice within the specified period, or if Family Holdings declines to purchase the MSI Shares, MSI shall

deliver an Offer Notice to Berkley. Upon receipt of the Offer Notice, Berkley shall have the right, but not the obligation, to purchase all or a portion of the MSI Shares on the terms and conditions set forth in the Offer Notice. Berkley must exercise this right by delivering an Acceptance Notice to MSI within ten (10) Business Days following receipt of the Offer Notice. If Berkley delivers an Acceptance Notice within the specified period, MSI and Berkley shall proceed to consummate the sale of the MSI Shares on the terms and conditions set forth in the Offer Notice. The closing of such sale shall take place within ten (10) Business Days following the delivery of the Acceptance Notice, or such other date as the parties may mutually agree.

(f) If neither Family Holdings nor Berkley delivers an Acceptance Notice within the specified period, or if Family Holdings and Berkley decline to purchase all of the MSI Shares, MSI shall be free to proceed with the Proposed Sale; provided that, if MSI desires to make any sales at a price lower than that specified in the Offer Notice it will again comply with the procedures set forth in paragraphs (b) – (e) above.

Section 8.4 Distribution of Company Property and Proceeds of Sale Thereof.

(a) Upon completion of all desired sales of Company property (to the extent the Company has any such property), and after payment of all selling costs and expenses, the Board shall distribute the proceeds of such sales, and any Company property that is to be distributed in kind, to each Member *pro rata* in accordance with their respective Membership Percentages.

(b) All distributions required under this Section 8.4 shall be made to the Members by the end of the taxable year in which the liquidation occurs or, if later, within ninety (90) days after the date of such liquidation.

Section 8.5 Filing with Delaware Secretary of State. When the Board has complied with the distribution plan in Section 8.4, the Board, on behalf of the Members, shall execute, acknowledge and cause to be filed the relevant filing with the Delaware Secretary of State in accordance with the Act and the Company shall dissolve and be cancelled.

Section 8.6 Final Audit. Within a reasonable time following the completion of the liquidation, the Company shall supply to each of the Members a statement that shall set forth the assets and the liabilities of the Company as of the date of complete liquidation and each Member's *pro rata* distributions in accordance with their respective Membership Percentages.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendment of Agreement; Waiver.

(a) This Agreement may not be amended or modified without the written consent of the Members.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any party may waive any provision of this Agreement with respect to itself if such waiver is approved in writing by such party.

Section 9.2 Notices. Any notice provided for in this Agreement must be in writing and must be delivered by hand, by facsimile, by email, by local messenger or by reputable overnight courier. Notices shall be deemed given: (a) when received, if delivered by hand or local messenger; (b) when sent, if sent by email (provided that, the email is promptly confirmed) during the recipient's normal business hours; (c) on the first Business Day after being sent, if sent by email other than during the recipient's normal business hours (provided that, the email is confirmed on or before such Business Day); and (d) one (1) Business Day after being delivered to the courier for next day delivery, if sent by courier. All such notices must be addressed to the applicable parties hereto as follows:

(i) If to Berkley:

W. R. Berkley Corporation
475 Steamboat Road
Greenwich, CT 06830
Attention: General Counsel
E-mail: legalnotices@wrberkley.com
liannarone@wrberkley.com
Tel: +1 (203) 629-3000

with a copy to (which shall not constitute notice):

Sidley Austin LLP
1 S Dearborn Street
Chicago, IL 60603
Attention: Sean M. Keyvan
E-mail: skeyvan@sidley.com
Tel: +1 (312) 853-4660

and

Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019
Attention: John H. Butler
E-mail: john.butler@sidley.com
Tel: +1 (212) 839-8513

(ii) If to the Company:

Symphony Partners, LLC

Attention: [·]
E-mail: [·]
Tel: [·]

(ii) If to MSI:

Mitsui Sumitomo Insurance Company, Limited
9, Kanda-Surugadai 3-Chome, Chiyoda-ku
Tokyo, 101-8011, Japan
Attention: Mr. Hironori Morimoto – Senior Executive Officer
Mr. Kunihisa Kawasaki – General Manager, International Business Department
E-mail: hironori.morimoto@ms-ins.com
ku-kawasaki@ms-ins.com
Tel: +81 (3) 3259-1598

with a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
66 Hudson Boulevard E
New York, NY 10001
Attention: Nicholas F. Potter
E-mail: nfpotter@debevoise.com
Tel: + 1 (212) 909-6459

(iii) If to Family Holdings:

WR Berkley & Others LLC
475 Steamboat Road
Greenwich, CT 06830

Attention: Kelly F. O'Donnell
E-mail: kodonnell@interlakencapital.com
Tel: + 1 (203) 629-4800

with a copy to (which shall not constitute notice):

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: David A. Katz
E-mail: dakatz@wlrk.com
Tel: +1 (212) 403-1309

(iv) If to any other Member, at the last known address of such Member as disclosed by the books and records of the Company, or to such other Persons or at such other addresses as may be designated by written notice served in accordance with the provisions hereof.

Section 9.3 Entire Agreement. This Agreement (including all exhibits and schedules hereto) and the Framework Agreement constitute the entire agreement, and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this Agreement.

Section 9.4 Governing Law. This Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each party irrevocably submits, for the purposes of any suit, action or other proceeding arising out of, or based upon, this Agreement or the subject matter hereof, to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, to the extent such court does not have subject matter jurisdiction, the U.S. District Court for the District of Delaware or, to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware.

Section 9.5 Negotiation; Mediation.

(a) Either party may give written notice to the other party of the existence of an unresolved item of concern, dispute, controversy or claim (a "Negotiation Notice"). After a Negotiation Notice is received, the parties shall promptly hold a meeting attended by a senior executive with decision-making authority of each party, and all other persons with expertise and decision-making authority over the subject matter of the item of concern, dispute, controversy or claim, to attempt in good faith to negotiate a resolution of the matter. Such persons shall conduct additional meetings, conduct investigations and take all

other actions as reasonably necessary to resolve the matter within thirty (30) days following the Negotiation Notice (the "Negotiation Period").

(a) As an alternative to (or concurrently with) the Negotiation Period, the parties may choose to submit an unresolved item of concern, dispute, controversy or claim to nonbinding mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The parties shall jointly appoint a mutually acceptable mediator, but the AAA shall appoint the mediator if the parties are unable to agree upon such appointment within five (5) days after the submission of the matter. The place of mediation shall be New York, New York and shall be conducted in the English language. Each party shall participate in good faith in the mediation for a period of at least thirty (30) days. Each party shall bear equally the costs of the mediation.

Section 9.6 Specific Performance. Each of the Company and each Member hereto agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, without the necessity of posting bond or any other undertaking, the parties hereto shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity. If any action is brought in equity for injunctive relief or to enforce the provisions of this Agreement, no party hereto shall allege, and each party hereto hereby waives any defense or counterclaim, that there is an adequate remedy at law.

Section 9.7 Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.7.

Section 9.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law by a court of competent jurisdiction, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or

unenforceable provision or by its severance herefrom; provided that, the parties shall cooperate to amend this Agreement to include a legal, valid and enforceable replacement provision of similar terms and effects.

Section 9.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Counterparts may be delivered via electronic mail (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 9.10 Non-Circumvention. No party shall, directly or indirectly, take, omit to take, or permit any action having a purpose of circumventing or having an effect of circumventing or rendering inapplicable, in whole or in part, the rights or obligations of any party under this Agreement. Pursuant to Section 5.13, nothing in this Section 9.10 shall apply to any actions taken by any Person in his or her capacity as a director or officer of Berkley in furtherance of fiduciary duties owed to Berkley and its stockholders.

Section 9.11 No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and their heirs, representatives, successors and permitted assigns, and the Directors and other indemnitees, who are intended third party beneficiaries of this Article IX, any legal or equitable rights hereunder, except that Berkley shall be an intended third party beneficiary with respect to the provisions of this Agreement that provide specific rights to Berkley, and such provisions (and the related definitions) shall not be amended, modified, terminated or waived without the prior written consent of Berkley if such amendment, modification, termination or waiver adversely affects the rights of Berkley.

Section 9.12 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, representatives, successors and permitted assigns, including Permitted Transferees to the extent provided for in this Agreement.

Section 9.13 Termination of Agreement. This Agreement shall be terminated in its entirety: (a) upon the mutual written agreement of the Company and each Member and (b) upon completion of a dissolution and winding up of the Company in accordance with Article VIII and filing of a certificate of cancellation of the Certificate of Formation with the Secretary of State of the State of Delaware. If this Agreement is terminated pursuant to this Section 9.13, then, subject to the following two (2) sentences, this Agreement shall become null and void and of no further force and effect, and all rights and obligations of the parties hereto under this Agreement shall terminate. The rights and obligations of the

parties hereto set forth in Section 8.3 and this Article IX shall survive any such termination or expiration. Termination of this Agreement for any reason shall not release any party hereto from any liability or obligation which has already accrued prior to such termination, and shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a party hereto may have hereunder, under applicable law or otherwise or which may arise out of or in connection with such termination.

Section 9.14 Confidentiality. Each Member, for itself and on behalf of its representatives (including, for the purpose of this Section 9.14, such Member's Affiliates and its and its Affiliates' members, partners, officers, directors, employees, attorneys, accountants, consultants and other advisors, including any Person designated by such Member as a Director and secondee (together, such Member's "Representatives")) agrees to keep confidential, use solely for purposes reasonably related to its investment in the Company and Berkley, and not disclose to any Person, any information or matter relating to the Company, the other Members of the Company, or their respective affairs; provided that:

(a) any Member and its Representatives may make such disclosure to the extent such information (i) is or becomes generally available to the public other than as a result of a breach of this Section 9.14 by such Member or its Representatives, (ii) is received by, or becomes available to, such Member or its Representatives from a third party (provided that, such third party is not known by such Member or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information by a contractual, legal or fiduciary obligation of confidentiality with respect to such information), (iii) is already available to, or in the possession of, such Member or its Representatives prior to disclosure by the disclosing party (provided that, the source of such information was not known by such Member or such Representative to be (after reasonable inquiry) bound by a confidentiality agreement with respect to such information or prohibited from disclosing such information to such Member or such Representative by a contractual, legal or fiduciary obligation with respect to such information), or (iv) is independently acquired or developed by such Member or its Representatives without the use of, reliance on or reference to any confidential information received directly or indirectly from the disclosing party;

(b) nothing herein shall prohibit any Member or its Representatives from making such disclosure to the extent necessary to comply with any applicable Law, regulation or rule (including rules of self-regulatory organizations) or any court order, subpoena or other judicial or governmental process; provided that, such Member or Representative shall, to the extent legally permitted and reasonably feasible, (i) advise such regulator, Governmental Entity or other Person to whom the information is required to be disclosed of the confidential nature of the information and request that such information be treated as such, (ii) notify the disclosing party promptly and afford it an opportunity, to the

fullest extent possible and at the disclosing party's sole expense, to seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of such requested or required disclosure and (iii) if the disclosing party objects or challenges such disclosure, reasonably cooperate with the disclosing party, at the disclosing party's expense, in its efforts to resist such disclosure; provided, further, that, with respect to any disclosure of confidential information made pursuant to this Section 9.14(b), (A) the disclosing Member or such Representative shall furnish only that portion of the confidential information that it reasonably determines, in consultation with its counsel (which may be internal counsel), is legally required and (B) notwithstanding anything to the contrary (including clauses (ii) and (iii) above), neither the Member nor any of its Representatives shall be required to notify the disclosing party of the disclosure of any such information, if such disclosure is made (x) in response to an ordinary course examination of the Member's or such Representative's business by a regulator, bank examiner or self-regulatory organization not specifically directed at the disclosing party of such information or (y) pursuant to ongoing reporting requirements under the Securities Exchange Act of 1934 or under other similar applicable Laws or regulatory requirements or the requirements of any exchange;

(c) any Member may make such disclosure to its Representatives and such Member's direct or indirect investors and beneficiaries, trustees, potential investors, lenders and potential lenders and their respective advisors and Representatives who require possession or knowledge of such information in connection with such Member's investment in the Company and Berkley; provided that, such Member (i) first advises the parties listed in this Section 9.14(c) of the confidential nature of such information and the existence of this Section 9.14 and their obligation to maintain the confidentiality of such information and (ii) shall be responsible and liable for any unauthorized use or disclosure of confidential information in breach of this Section 9.14 by any of its Representatives; and

(d) any Member may make such disclosure to any *bona fide* prospective purchaser of such Member's Membership Interests or Shares (to the extent the Member is entitled to Transfer such Membership Interests or Shares to a prospective purchaser as of such time pursuant to this Agreement); provided that, such prospective purchaser shall be required to maintain the confidentiality of such disclosed information on customary terms.

Section 9.15 Successors and Assigns. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party (including by operation of law in connection with a merger or consolidation of such party) without the prior written consent of the other parties hereto. Any attempted assignment in violation of this Section 9.15 shall be void *ab initio*. To the maximum extent permitted by Law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

ARTICLE X

EXCULPATION AND INDEMNIFICATION

Section 10.1 Exculpation. No Member, Director or officer of the Company shall be liable to the Company or to any other Member for any action taken or omitted to be taken with respect to the company within the scope of such Person's authority conferred by, and in accordance with, this Agreement, except to the extent that any such act or omission was (i) attributable to the willful misconduct, fraud or gross negligence of such Person or (ii) a material violation of this Agreement by such Person. No Member shall be liable to the Company or any Member for any action taken by any other Member.

Section 10.2 Indemnification. To the fullest extent permitted by applicable law, the Members, the Directors or the officers shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Member, Director or officer by reason of any act or omission performed or omitted by such Member, Director or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Member, Director or officer by this Agreement, except that neither such Member, Director or officer shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Member, Director or officer by reason of its willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 10.2 shall be provided out of and to the extent of Company assets only, and no Member shall have personal liability on account thereof. No amendment or repeal of this Section 10.2 shall modify, limit or eliminate the limitation of liability, limitation of duties and rights provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

Section 10.3 Expenses. To the extent permitted by applicable Law, expenses (including reasonable attorneys' fees, disbursements, fines and amounts paid in settlement) incurred by an indemnified person under Section 10.2 in defending any claim, demand, action, suit or proceeding relating to or arising out of their performance of their duties on behalf of the Company may, from time to time and at the discretion of the Board, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the indemnified person to repay such amount if it shall ultimately be determined that the indemnified person is not entitled to be indemnified as authorized in Section 10.2.

Section 10.4 Period of Indemnity. No claim for indemnification or the reimbursement of expenses shall be made by any indemnitee or paid by the Company unless such indemnitee gives notice of such claim for indemnification within one year after such indemnitee received notice of the claim or proceeding.

Section 10.5 Notice by Indemnitee. Any indemnitee shall promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint,

indictment, information or other document relating to any matter which may be subject to indemnification or reimbursement of expenses covered by this Article X. As a condition to indemnification or reimbursement of expenses, any demand for payment by any indemnitee hereunder shall be in writing and shall provide an accounting of the amounts to be paid by the Company (which shall include detailed invoices and other relevant documentation).

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

By:_____
Name:
Title:

WR BERKLEY & OTHERS LLC

By:_____
Name:
Title:

SYMPHONY PARTNERS, LLC

By:_____
Name:
Title:

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT (this "Joinder Agreement") is made as of [●] by and between [●] (the "Joining Member") and Symphony Partners, LLC, a Delaware limited liability company (the "Company").

WHEREAS, the Joining Member is acquiring ***[insert number of Membership Interests]*** of the Company and, in connection therewith, the Joining Member has agreed to accept certain restrictions on the disposition of Membership Interests and certain rights and obligations with respect to the Membership Interests, upon the terms, conditions and provisions set forth in the Amended and Restated Limited Liability Company Agreement of the Company, dated as of [●], 2026, by and among the Members party thereto and the Company (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, the "Operating Agreement");

WHEREAS, the Joining Member has agreed to become a party to the Operating Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the representations and agreements set forth in this Joinder Agreement, the parties hereby agree as follows:

1. Agreement to be Bound. The Joining Member agrees that, upon the execution of this Joinder Agreement, such Joining Member will become a party to the Operating Agreement and will be fully bound by, and subject to, all of the covenants, terms and conditions of the Operating Agreement, and such Joining Member will be deemed a "Member" thereunder for all purposes.

2. Beneficial Ownership. The Joining Member hereby represents and warrants to the Company and the other Members that, as of the date of execution of this Joinder Agreement, the Joining Member is the beneficial owner of [●] Shares of Berkley free and clear of all pledges, liens, charges, encumbrances and security interests of any kind, other than restrictions on transfer under applicable securities laws, and Joining Member has the power and right to vote or direct the voting of all such Shares.

3. Notices. The address, facsimile number and email address to which notices delivered pursuant to the Operating Agreement may be sent to the Joining Member are as follows:

[_____]
[_____]
[_____]
Attention: [_____]
Email: [_____]

3. Definitions; Interpretation and Construction. Capitalized terms used and not defined in this Joinder Agreement have the meanings ascribed to such terms in the Operating Agreement. The interpretation of this Joinder Agreement shall be governed by the rules of construction set forth in Section 1.2 of the Operating Agreement.

4. Binding Effect; Benefit. This Joinder Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, representatives, successors and permitted assigns, including Permitted Transferees to the extent provided for in the Operating Agreement. This Joinder Agreement is not intended to, and shall not, confer any rights or remedies upon any Person other than the parties hereto and the parties to the Operating Agreement and their heirs, representatives, successors and permitted assigns. To the maximum extent permitted by Law, and without limitation on any other rights of the parties, this Agreement shall be binding on each party's successors and assigns.

5. Governing Law. This Joinder Agreement and any dispute arising hereunder, including with respect to the formation or validity hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Section 9.6 and Section 9.7 of the Operating Agreement shall apply, *mutatis mutandis*, to this Joinder Agreement.

6. Severability. If any provision of this Joinder Agreement is held to be illegal, invalid or unenforceable under any present or future Law by a court of competent jurisdiction, then (a) such provision shall be fully severable, (b) this Joinder Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Joinder Agreement and (c) the remaining provisions of this Joinder Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

7. Counterparts. This Joinder Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Each party hereto may deliver its signed counterpart of this Joinder Agreement to the other parties by means of email or any other electronic medium utilizing image scan technology, and such delivery will have the same legal effect as hand delivery of an originally executed counterpart.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Joinder Agreement as of the date first above written.

Symphony Partners, LLC

By: _____
Name:
Title:

[●], as the Joining Member

By: _____
Name:
Title:

SCHEDULE 3.3

MEMBERSHIP SCHEDULE

As of the Closing Date

Name of Member	**Address of Member**	**Capital Contribution by such Member**	**Shares that are Owned by such Member and are Subject to this Agreement**	**Membership Percentage**
MSI	9, Kanda-Surugadai 3-Chome, Chiyoda-ku Tokyo, 101-8011, Japan	$0		[48]%
Family Holdings	475 Steamboat Road Greenwich, CT 06830	$0	67,069,033	[52]%
Total		$0		100%

SCHEDULE 5.2

DIRECTORS

As of the Closing Date

Directors	**Appointed By**
	Family Holdings
	Family Holdings
	MSI
	MSI

Schedule 5.7

Schedule of Regular Board Meetings

Date	Primary Topic	Location
[March 2026]		
[June 2026]		
[September 2026]		
[December 2026]		

SCHEDULE 6.1(B)

PERMITTED MSI TRANSFEREES

MS & AD Insurance Group Holdings, Inc. and its wholly-owned Subsidiaries; and

Mitsui Sumitomo Insurance Company, Limited and its wholly-owned Subsidiaries.

Exhibit D

Directors and Officers of Applicants

Current Directors and Officers of the Applicants

MS&AD Holdings Insurance Company, Inc.

2-27-2 Shinkawa, Chuo-ku, Tokyo, 104-0033, Japan

Name	Title
Noriyuki Hara	Chairman & Director, Chairman Executive Officer
Yasuzo Kanasugi	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer
Shinichiro Funabiki	Representative Director, President & CEO
Tetsuji Higuchi	Director, Executive Officer
Mariko Bando	Director
Atsuko Ishii	Director
Akemi Ishiwata	Director
Rochelle Kopp	Director
Tomoyuki Shimazu	Director
Yusuke Shirai	Director
Jun Suzuki	Director
Junichi Tobimatsu	Director
Satoru Tamura	Senior Executive Officer

Mitsui Sumitomo Insurance Company, Limited

9 Kanda-Surugadai 3 chome, Chiyoda-ku, Tokyo, 101-8011, Japan

Name	Title
Noriyuki Hara	Representative Director Chairman of the Board
Shinichiro Funabiki	Representative Director President, Chief Executive Officer
Shigeo Kudo	Director, Senior Executive Officer
Hironori Morimoto	Director, Senior Executive Officer
Hiroshi Umiyama	Director, Senior Executive Officer
Kuniyuki Hirano	Director, Managing Executive Officer
Naoki Iguchi	Director, Managing Executive Officer
Hideki Kawatsu	Director, Managing Executive Officer
Kazuhiro Tsuji	Director, Managing Executive Officer
Atsuko Ishii	Director
Tomonori Ito	Director
Hiroshi Kimura	Director
Chiharu Takakura	Director
Yoshihiko Samoto	Managing Executive Officer

Exhibit E

Annual Consolidated Financial Statements of MSI

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements
For the years ended March 31, 2019 and March 31, 2020

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2019 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended , and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2019 and 2020, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant



Ikuo Hirakuri
Designated Engagement Partner
Certified Public Accountant



Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 24, 2020

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2019 and March 31, 2020

	2019	2020
	(in ¥ million)	
Assets		
Assets		
Cash, deposits and savings	¥ 872,285	1,011,686
Receivables under resale agreements	6,999	-
Monetary claims bought	54,241	59,095
Money trusts	3,636	3,054
Securities	5,329,929	5,017,039
Loans	398,273	396,104
Tangible fixed assets:	229,539	246,652
Land	87,433	86,878
Buildings	122,227	117,940
Lease assets	-	19,352
Construction in progress	377	2,414
Other tangible fixed assets	19,500	20,067
Intangible fixed assets:	461,971	341,862
Software	30,210	56,744
Goodwill	185,491	122,281
Other intangible fixed assets	246,270	162,836
Other assets	949,857	1,001,549
Deferred tax assets	19,066	130,315
Customers' liabilities under acceptances and guarantees	31,000	24,000
Bad debt reserve	(7,777)	(11,437)
Total assets	¥ 8,349,024	8,219,924

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2019	2020
	(in ¥ million)	
Liabilities and Net Assets		
Liabilities		
Policy liabilities:	¥ 5,070,683	5,044,540
Outstanding claims	1,518,790	1,477,218
Underwriting reserves	3,551,892	3,567,322
Bonds issued	487,093	587,093
Other liabilities	753,300	866,679
Liabilities for pension and retirement benefits	145,550	144,392
Reserve for retirement benefits for officers	403	316
Accrued bonuses for employees	18,891	18,806
Reserve for reorganization by function	906	-
Reserves under the special laws:	76,003	19,007
Reserve for price fluctuation	76,003	19,007
Deferred tax liabilities	133,542	17,205
Acceptances and guarantees	31,000	24,000
Total liabilities	6,717,375	6,722,041
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	85,008	85,008
Retained earnings	602,225	655,872
Total shareholders' equity	826,829	880,476
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on securities	886,477	689,218
Net deferred gains/(losses) on hedges	18,492	14,448
Foreign currency translation adjustments	(124,722)	(117,682)
Accumulated actuarial gains/(losses) on retirement benefits	(5,161)	(13,873)
Total accumulated other comprehensive income/(loss)	775,086	572,110
Non-controlling interests	29,733	45,295
Total net assets	1,631,649	1,497,882
Total liabilities and net assets	¥ 8,349,024	8,219,924

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2019 and March 31, 2020

	2019	2020
	(in ¥ million)	
Ordinary income and expenses		
Ordinary income:	¥ 2,592,607	2,518,049
Underwriting income:	2,352,555	2,301,483
Net premiums written	2,160,050	2,197,801
Deposit premiums from policyholders	55,858	52,386
Investment income on deposit premiums from policyholders	32,235	30,105
Life insurance premiums	12,285	16,943
Reversal of underwriting reserves	91,956	-
Other underwriting income	169	4,246
Investment income:	227,011	203,151
Interest and dividends income	113,087	111,295
Investment gains on trading securities	17,237	55,652
Gains on sales of securities	126,373	62,851
Gains on redemption of securities	256	863
Other investment income	2,292	2,593
Transfer of investment income on deposit premiums from policyholders	(32,235)	(30,105)
Other ordinary income:	13,040	13,415
Gains on equity method investments	2,451	2,267
Other ordinary income	10,588	11,147
Ordinary expenses:	2,408,654	2,414,602
Underwriting expenses:	2,003,202	1,974,337
Net claims paid	1,297,017	1,241,775
Loss adjustment expenses	106,293	106,406
Commissions and collection expenses	394,698	403,220
Maturity refunds to policyholders	167,736	157,089
Dividends to policyholders	118	84
Life insurance claims	109	1,958
Provision for outstanding claims	36,181	32,718
Provision for underwriting reserves	-	30,088
Other underwriting expenses	1,047	996

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2019	2020
		(in ¥ million)	
Investment expenses:	¥	19,351	52,765
Investment losses on money trusts		171	566
Losses on sales of securities		7,209	5,809
Impairment losses on securities		4,763	22,546
Losses on redemption of securities		47	165
Losses on derivative transactions		3,234	13,352
Other investment expenses		3,924	10,325
Operating expenses and general and administrative expenses		374,224	370,509
Other ordinary expenses:		11,875	16,990
Interest expense		8,858	10,818
Provision for bad debt reserve		660	4,894
Losses on bad debts		93	124
Other ordinary expenses		2,264	1,153
Ordinary profit/(loss)		183,952	103,447
Extraordinary income and losses			
Extraordinary income:		12,331	71,028
Gains on sales of fixed assets		12,331	4,639
Reversal of reserves under the special laws:		-	56,996
Reversal of reserve for price fluctuation		-	56,996
Gains on step acquisitions		-	6,587
Gains on change in equity interests		-	2,804
Extraordinary losses:		8,221	178,068
Losses on sales of fixed assets		1,274	1,476
Impairment losses on fixed assets		639	173,512
Provision for reserves under the special laws:		4,190	-
Provision for reserve for price fluctuation		4,190	-
Other extraordinary losses		2,116	3,080
Income/(loss) before income taxes		188,062	(3,593)
Income taxes – current		62,432	8,981
Income taxes – deferred		(4,300)	(150,675)
Total income taxes		58,132	(141,694)
Net income/(loss)		129,929	138,101
Net income/(loss) attributable to non-controlling interests		2,156	2,667
Net income/(loss) attributable to owners of the parent	¥	127,772	135,433

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2019 and March 31, 2020

		2019	2020
		(in ¥ million)	
Net income/(loss)	¥	129,929	138,101
Other comprehensive income/(loss):			
Net unrealized gains/(losses) on securities		(145,725)	(191,614)
Net deferred gains/(losses) on hedges		(1,707)	(3,956)
Foreign currency translation adjustments		(56,369)	2,600
Actuarial gains/(losses) on retirement benefits		5,685	(8,726)
Share of other comprehensive income/(loss) of equity method investments		(7,359)	241
Total other comprehensive income/(loss)		(205,477)	(201,454)
Total comprehensive income/(loss)	¥	(75,547)	(63,353)
Allocation:			
Comprehensive income/(loss) attributable to owners of the parent	¥	(76,008)	(67,541)
Comprehensive income/(loss) attributable to non-controlling interests		460	4,188

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2019 and March 31, 2020

For the year ended March 31, 2019

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	86,104	549,750	775,450
Cumulative effects of changes in accounting policies				-
Beginning balance (Restated)	139,595	86,104	549,750	775,450
Changes for the year:				
Dividends paid			(75,297)	(75,297)
Net income/(loss) attributable to owners of the parent			127,772	127,772
Changes in equity resulting from transactions with non-controlling interests		(1,096)		(1,096)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(1,096)	52,475	51,379
Ending balance	¥ 139,595	85,008	602,225	826,829

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	¥ 1,034,215	19,835	(64,338)	(10,844)	978,867	30,387	1,784,704
Cumulative effects of changes in accounting policies					-		-
Beginning balance (Restated)	1,034,215	19,835	(64,338)	(10,844)	978,867	30,387	1,784,704
Changes for the year:							
Dividends paid							(75,297)
Net income/(loss) attributable to owners of the parent							127,772
Changes in equity resulting from transactions with non-controlling interests							(1,096)
Net changes of items other than shareholders' equity	(147,737)	(1,342)	(60,383)	5,683	(203,781)	(653)	(204,434)
Total changes for the year	(147,737)	(1,342)	(60,383)	5,683	(203,781)	(653)	(153,055)
Ending balance	¥ 886,477	18,492	(124,722)	(5,161)	775,086	29,733	1,631,649

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2020

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	602,225	826,829
Cumulative effects of changes in accounting policies			(942)	(942)
Beginning balance (Restated)	139,595	85,008	601,282	825,886
Changes for the year:				
Dividends paid			(80,843)	(80,843)
Net income/(loss) attributable to owners of the parent			135,433	135,433
Changes in equity resulting from transactions with non-controlling interests				-
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	54,590	54,590
Ending balance	¥ 139,595	85,008	655,872	880,476

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	¥ 886,477	18,492	(124,722)	(5,161)	775,086	29,733	1,631,649
Cumulative effects of changes in accounting policies					-		(942)
Beginning balance (Restated)	886,477	18,492	(124,722)	(5,161)	775,086	29,733	1,630,706
Changes for the year:							
Dividends paid							(80,843)
Net income/(loss) attributable to owners of the parent							135,433
Changes in equity resulting from transactions with non-controlling interests							-
Net changes of items other than shareholders' equity	(197,259)	(4,044)	7,040	(8,712)	(202,975)	15,561	(187,413)
Total changes for the year	(197,259)	(4,044)	7,040	(8,712)	(202,975)	15,561	(132,823)
Ending balance	¥ 689,218	14,448	(117,682)	(13,873)	572,110	45,295	1,497,882

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2019 and March 31, 2020

		2019	2020
		(in ¥ million)	
I. Cash flows from operating activities:			
Income/(loss) before income taxes	¥	188,062	(3,593)
Adjustments for:			
Depreciation		39,649	42,584
Impairment losses on fixed assets		639	173,512
Amortization of goodwill		13,002	11,107
Increase/(decrease) in outstanding claims		43,527	(37,898)
Increase/(decrease) in underwriting reserves		(92,419)	29,653
Increase/(decrease) in bad debt reserve		(199)	3,581
Increase/(decrease) in reserve for retirement benefits for officers		(113)	(86)
Increase/(decrease) in accrued bonuses for employees		469	(236)
Increase/(decrease) in reserve for reorganization by function		(1,354)	(906)
Increase/(decrease) in liabilities for pension and retirement benefits		(4,694)	(13,462)
Increase/(decrease) in reserve for price fluctuation		4,190	(56,996)
Interest and dividends income		(113,087)	(111,295)
Losses/(gains) on securities		(131,845)	(90,845)
Losses/(gains) on derivative transactions		3,234	13,352
Interest expense		8,858	10,818
Foreign exchange losses/(gains)		595	5,396
Losses/(gains) on disposal of tangible fixed assets		(11,262)	(3,313)
Losses/(gains) on equity method investments		(2,451)	(2,267)
Losses/(gains) on step acquisitions		-	(6,587)
Losses/(gains) on change in equity interests		-	(2,804)
Decrease/(increase) in other assets		(129,973)	(13,915)
Increase/(decrease) in other liabilities		40,227	40,783
Other, net		(2,741)	(25,610)
Subtotal		(147,684)	(39,032)
Interest and dividends received		133,065	129,107
Interest paid		(8,772)	(10,741)
Income taxes refunded/(paid)		(91,129)	(53,217)
Net cash provided by/(used in) operating activities (a)		(114,520)	26,116

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2019	2020
		(in ¥ million)	
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥	36,649	(6,867)
Purchase of monetary claims bought		(9,027)	(18,809)
Proceeds from sales and redemption of monetary claims bought		49,750	15,982
Purchase of money trusts		(3,741)	(13)
Proceeds from sales of money trusts		3,727	23
Purchase of securities		(2,627,822)	(2,840,082)
Proceeds from sales and redemption of securities		2,725,295	3,043,692
Investment in loans		(73,403)	(75,078)
Collection of loans		71,155	77,299
Net increase/(decrease) in payables under securities lending transactions		-	61,603
Other, net		8,789	7,316
Subtotal (b)		181,372	265,066
(a + b)		66,851	291,182
Acquisition of tangible fixed assets		(14,610)	(17,028)
Proceeds from sales of tangible fixed assets		14,195	6,435
Acquisition of intangible fixed assets		(42,085)	(47,569)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation		-	(9,715)
Other, net		(2,368)	(2,334)
Net cash provided by/(used in) investing activities		136,503	194,853
III. Cash flows from financing activities:			
Proceeds from borrowings		26,452	149,381
Repayments of borrowings		(45,386)	(167,648)
Issuance of bonds		99,527	99,786
Dividends paid to shareholders		(75,297)	(80,843)
Dividends paid to non-controlling interests		(1,066)	(1,688)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation		(1,615)	-
Other, net		(850)	(4,963)
Net cash provided by/(used in) financing activities		1,763	(5,975)
IV. Effect of exchange rate changes on cash and cash equivalents		(11,806)	(864)
V. Net increase/(decrease) in cash and cash equivalents		11,940	214,130
VI. Cash and cash equivalents at beginning of year		715,793	727,733
VII. Decrease in cash and cash equivalents due to the transfer of third sector long-term contracts		-	(72,975)
VIII. Cash and cash equivalents at end of year	¥	727,733	868,888

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2019 and March 31, 2020

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Rules of Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Rules of Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Rules of Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

60 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

PT. Asuransi Jiwa Sinarmas MSIG Tbk and 1 other company have been included in the scope of consolidation since the year ended March 31, 2020 as they have become the Company's subsidiaries due to the acquisition of shares.

As RaetsAsia P&I Services Pte Ltd and 4 other companies ceased to be subsidiaries due to the completion of liquidation and other reasons, they have been excluded from the scope of consolidation during the year ended March 31, 2020.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

10 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Company Limited

Changes in scope of application of equity method

As PT. Asuransi Jiwa Sinarmas MSIG Tbk changed from associate to subsidiary due to the acquisition of shares, it has been excluded from the scope of application of the equity method during the year ended March 31, 2020.

As Air Centurion Insurance Services, Inc. ceased to be associate due to the sale of shares, it has been excluded from the scope of application of the equity method during the year ended March 31, 2020.

(2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), are stated at cost as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 59 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the

Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts those held for trading purposes or held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefits plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses on the hedged items attributable to the risks being hedged.

In addition, for certain derivative instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on

foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign exchange risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 15 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Change in accounting policy

From the year ended March 31, 2020, International Financial Reporting Standard ("IFRS") 16 "Leases" has been adopted by overseas consolidated subsidiaries that apply IFRS. As a result, lessees generally recognize right-of-use assets and lease liabilities for all leases at the lease commencement date.

In accordance with the transitional measures of IFRS 16, the Company has adjusted retained earnings for cumulative effects of the adoption at the beginning of the year ended March 31, 2020.

The effects of this adjustment on ordinary income and income before income taxes for the year ended March 31, 2020 were immaterial. The effects of the changes on the beginning balance of the year ended March 31, 2020 were an increase in lease assets of ¥21,799 million and a decrease in other tangible fixed assets of ¥653 million among tangible fixed assets, an increase in other liabilities of ¥22,088 million and a decrease in retained earnings of ¥942 million. As for the items of Consolidated Statements of Cash Flows, net cash used in operating activities decreased by ¥4,004 million and net cash used in financing activities increased by ¥4,004 million.

8. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute

cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

9. Additional information

(Consideration of the impact of COVID-19 pandemic in accounting estimates)

At present, it remains uncertain how long the COVID-19 pandemic will continue and how it will impact on the global economy. In this situation, accounting estimates, including the recoverability of deferred tax assets and the valuation of goodwill, incorporate certain assumptions with the scenario that the impact of COVID-19 pandemic will continue for a certain period of time during the year ending March 31, 2021.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2019 and March 31, 2020

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Accumulated depreciation	301,980	316,637
Accelerated depreciation	13,985	13,593

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2019 and March 31, 2020 were ¥13,985 million and ¥13,593 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Securities (Domestic stocks)	17,944	20,308
Securities (Foreign securities)	129,940	87,373
Securities (Other securities)	13,578	17,212
Total	161,463	124,894

Notes to Consolidated Balance Sheets (Continued)

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Loans to borrowers in bankruptcy	-	19
Overdue loans	22	78
Loans overdue for three months or more	206	190
Restructured loans	402	314
Total	631	603

(Note) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as "Loans not accruing interest") and which meet the conditions prescribed in Article 96, Section 1-3 or 1-4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No.97, 1965).

Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors' operational restructuring or financial recovery.

Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.

Restructured loans represent those that have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Pledged assets:		
Cash, deposits and savings	3,442	2,877
Securities	358,293	438,569
Total	361,736	441,446

(Note) The amounts in the above table primarily consist of collateral assets required for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)	
March 31, 2019	March 31, 2020
206,394	252,295

6. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥115,078 million and ¥112,259 million, respectively in a negative liability position as of March 31, 2019 and March 31, 2020. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

7. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)	
March 31, 2019	March 31, 2020
4,593	7,259

8. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Company and its consolidated subsidiaries ("the Group") apply Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Company undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity index options, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At the Company, the risk management department is segregated from the trading and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. In addition, the risk management department assesses, analyzes, and manages risks by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following tables summarize the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2019 and March 31, 2020 together with their differences. The following tables exclude financial instruments in which the fair values are not practically determinable (see Note 2).

March 31, 2019

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	872,285	872,443	157
(ii) Receivables under resale agreements	6,999	6,999	-
(iii) Monetary claims bought	54,241	54,241	-
(iv) Money trusts	3,636	3,636	-
(v) Securities:			
Trading securities	856,261	856,261	-
Held-to-maturity securities	-	-	-
Investments in associates	3,170	4,013	842
Available-for-sale securities	4,208,119	4,208,119	-
(vi) Loans	398,273		
Bad debt reserve (*1)	(1)		
	398,272	403,286	5,014
Total assets	6,402,987	6,409,002	6,015
Bonds issued	487,093	500,809	13,715
Total liabilities	487,093	500,809	13,715
Derivative transactions (*2):			
Hedge accounting not applied	17,376	17,376	-
Hedge accounting applied	516	516	-
Total derivative transactions	17,893	17,893	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2020

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,011,686	1,011,869	182
(ii) Receivables under resale agreements	-	-	-
(iii) Monetary claims bought	59,095	59,095	-
(iv) Money trusts	3,054	3,054	-
(v) Securities:			
Trading securities	872,595	872,595	-
Held-to-maturity securities	4,003	4,066	62
Investments in associates	3,616	3,088	(527)
Available-for-sale securities	3,888,658	3,888,658	-
(vi) Loans	396,104		
Bad debt reserve (*1)	(12)		
	396,092	398,557	2,465
Total assets	6,238,804	6,240,986	2,182
Bonds issued	587,093	579,264	(7,829)
Total liabilities	587,093	579,264	(7,829)
Derivative transactions (*2):			
Hedge accounting not applied	27,322	27,322	-
Hedge accounting applied	(288)	(288)	-
Total derivative transactions	27,034	27,034	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

(Note 1)Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without maturities and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled within a short period.

(iii) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled within a short period.

With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Securities

The fair value of equity securities is determined based on the quoted market price, while the fair value of bonds is determined based on the price quoted by exchanges, independent price venders or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association or prices quoted by counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, prices quoted by counterparty financial institutions, etc.

(Note 2)The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in "(v) Securities" above, are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	158,293	121,278
Other unlisted stocks	24,445	28,032
Unlisted investment trusts	51,250	71,097
Partnership investments comprising unlisted stocks	28,389	27,756
Total	262,377	248,165

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability or difficulties in reasonably estimating future cash flows.

9. The Company and certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Carrying amount	42,110	41,522
Fair value	113,852	120,517

(Notes)
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

10. Business combination

(1) Transaction under common control

(Transfer of third sector long-term contracts)

Based on the Agreement on Reorganization by Function concluded on September 27, 2013 between the Company and its parent company MS&AD Insurance Group Holdings, Inc., Aioi Nissay Dowa Insurance Company, Limited ("ADI") and Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL"), the Company and MSAL as well as ADI and MSAL concluded the Absorption-type Company Split Agreement on June 28, 2018 and completed the Simple Absorption-type Company Split on April 1, 2019. The purpose of the agreement is to transfer the long-term contracts of the third sector insurance market held by the Company and ADI to MSAL.

(i) Overview of the transaction

(a) Name and description of the subject business

Business related to the long-term contracts of the third sector insurance market held by the Company

(b) Date of business combination

April 1, 2019

(c) Legal form of business combination

Simple absorption-type company split where the Company is designated as the splitting company and MSAL as the successor company

(d) Acquiring company name after business combination

Mitsui Sumitomo Aioi Life Insurance Company, Limited

(e) Other items regarding overview of the transaction

By centralizing the product supply function in MSAL, MS&AD Insurance Group aims to realize efficient operation through further improvement of level of customer support and concentration of management resources, demonstrate MS&AD Insurance Group's comprehensive strength, and enhance customer satisfaction, its ability to grow and generate profits.

(ii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

(2) Business combination through acquisition

The Company acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary.

(i) Overview of the transaction

(a) Name and description of business of the acquired company

Name: PT. Asuransi Jiwa Sinarmas MSIG Tbk
Description of the business: Life insurance business

(b) Main reasons for business combination

Indonesia's life insurance market is expected to grow further in the future therefore the Company acknowledges Sinarmas as a strategic business base and intends to expand its business in cooperation with the Sinarmas Group, which is a strategic partner as well as a shareholder of Sinarmas.

(c) Date of business combination

July 8, 2019 (deemed acquisition date: July 1, 2019)

(d) Legal form of business combination

Acquisition of shares

(e) Company name after the business combination

PT. Asuransi Jiwa Sinarmas MSIG Tbk

(f) Ratio of acquired voting rights

Ratio of voting rights owned by the Company immediately before the acquisition:	50%
Ratio of voting rights acquired additionally by the Company on the date of business combination:	30%
Ratio of voting rights after the acquisition:	80%

(g) Grounds for deciding on the acquiring company

As a result of the acquisition of additional shares, the Company has gained substantial control of the acquired company.

(ii) Period of the acquired company's financial result included in the consolidated financial statements of the Company

The fiscal year end of the acquired company is December 31, which is different from that of the Company. The Company uses the financial statements as of the acquired company's latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end. Financial results from January 1, 2019 to June 30, 2019 were recorded as gains on equity method investments.

(iii) Acquisition cost and consideration of the acquired company

Fair value on the date of business combination of shares held by the Company immediately before the business combination	6.3 trillion rupiah
Consideration (Cash) for shares additionally acquired by MSI	3.8 trillion rupiah
Acquisition cost	10.1 trillion rupiah

(iv) Difference between acquisition cost and total acquisition cost of each transaction
Gains on step acquisitions ¥6,587 million

(v) Amount of goodwill, reason for recognizing goodwill, amortization method and the period
(a) Amount of goodwill

3.2 trillion rupiah

(b) Reason for recognizing goodwill

The amount of investments under the Share Acquisition Agreement exceeded the net amount of assets acquired and liabilities assumed.

(c) Amortization method and the period

Amortized on a straight-line basis over 15 years

(vi) Amount of assets acquired and liabilities assumed, together with major components, on the date of the business combination

	unit: trillion rupiah
Total assets	17.3
(Securities	11.8)
(Intangible fixed assets	2.1)
Total liabilities	8.7
(Policy liabilities	7.2)

(3) Transaction under common control

(Reorganization of international business)

On January 1, 2020, the Company reorganized its international business ("international business reorganization") and transformed to a structure whereby international subsidiaries are placed under the Company's direct management, along with the termination of the regional holding company framework.

(i) Overview of international business reorganization

The Company designates 15 overseas subsidiaries as directly owned subsidiaries by acquiring subsidiaries' shares held by the regional holding companies through in-kind dividends. The Company completed the acquisition of shares of 9 companies for the year ended March 31, 2020 and plans to acquire shares of remaining 6 companies in the following years, subject to approval by relevant authorities.

Major subsidiaries for which the Company completed the acquisition are as follows:

Name of company acquired	Description of business	Date of acquisition
MS Amlin Corporate Member Limited	Non-life insurance business	January 1, 2020
MS Amlin AG	Non-life insurance business	January 1, 2020
MS Amlin Insurance SE	Non-life insurance business	January 1, 2020
MSIG Insurance (Singapore) Pte. Ltd.	Non-life insurance business	February 28, 2020

(ii) Purpose of international business reorganization

The purpose of the reorganization is to establish a system to further utilize skills and networks each group company has across regions and to accelerate decision-making speed for speedy business operations so that the Company can build future growth base and robust governance system as called for in the Medium-term Business Plan "Vision 2021" in light of environmental changes and challenges surrounding the international business.

(iii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

11. The amounts of net assets per share are as follows:

	March 31, 2019	March 31, 2020
Net assets per share (in ¥)	1,140.63	1,034.30
Non-controlling interests deducted from net assets (in ¥ million)	29,733	45,295
Outstanding common shares (in thousands)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Income

For the years ended March 31, 2019 and March 31, 2020

1. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Commission expenses	386,335	400,090
Salaries	175,650	172,927

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

2. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2019

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale and others	Land,buildings and Other tangible fixed assets	20 properties, including a company residence in Nara	639	Land Buildings Other tangible fixed assets	203 294 141

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

As the idle real estate and real estate for sale in the above table were to be disposed in the near future, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices.

Notes to Consolidated Statements of Income (Continued)

For the year ended March 31, 2020

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	8 properties, including an office building in Kagawa	499	Land Buildings	41 457
Others	Software	Software related to the insurance business held by overseas consolidated subsidiaries	1,059	Software	1,059
—	Goodwill, other intangible fixed assets, etc.	Lloyd's business conducted by MS Amlin plc through the affiliated company	159,233	Buildings Lease assets Other tangible fixed assets Software Goodwill Other intangible fixed assets	1,249 2,273 2,593 8,096 75,320 69,699
—	Goodwill, other intangible fixed assets, etc.	Europe direct insurance business conducted by MS Amlin plc through the affiliated company	12,720	Other tangible fixed assets Software Goodwill Other intangible fixed assets	136 862 2,202 9,517

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

As the idle real estate and real estate for sale in the above table were to be disposed in the near future or their demolition has been determined, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value or value in use. The net sales value is determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices while value in use is determined as zero.

For software related to the insurance business held by overseas consolidated subsidiaries, impairment loss is recognized for the portion where the effects of decrease in expense in future are no longer assured due to the revision of software development plans and other reasons.

Non-life insurance business conducted by MS Amlin plc through affiliated companies had been treated as one asset group, however along with the elimination of regional holding company and the transformation to a structure under the Company's direct management, the Lloyd's business, the European direct insurance business, and the reinsurance business were treated as individual asset groups.

As the Lloyd's business and the European direct insurance business were less profitable than expected when acquired, carrying amounts of goodwill and other intangible fixed assets were reduced to their recoverable amounts and the reduced amounts were recognized as impairment losses on fixed assets under Extraordinary losses. The recoverable amounts were measured at net sales value for buildings and lease assets, and measured at value in use of zero for other assets. The net asset value was determined based on the appraisal value provided by qualified appraisers.

MS Amlin plc changed its trade name to MS Amlin Limited as at December 3, 2019.

3. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2019

Other extraordinary losses represent additional retirement benefits due to the personnel reduction at MS Amlin plc and its subsidiaries.

For the year ended March 31, 2020

Other extraordinary losses represent expenses related to reorganization of international business.

4. The Company has decided to dispose of shares in MS Amlin plc after acquiring subsidiaries' shares held by MS Amlin plc (currently MS Amlin Limited) and MSIG Holdings(Asia) Pte. Ltd. through in-kind dividends, and a part of the acquisitions has been completed.

As a result, income taxes decreased by ¥166,737 million due to the decrease in taxable income and recognition of deferred tax assets for deductible temporary differences arising on investments in subsidiaries.

5. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2020
Net income/(loss) attributable to owners of the parent per share (in ¥)	90.98	96.43

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2019 and 2020, diluted net income/(loss) per share is not presented.
2. The basis of calculation is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2020
Net income/(loss) attributable to owners of the parent (in ¥ million)	127,772	135,433
Average outstanding common stock during the year (in thousands of shares)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2019 and March 31, 2020

1. Reclassification adjustments and income tax effects of other comprehensive income/(loss)

	2019	2020
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(83,163)	(231,817)
Reclassification adjustments	(117,522)	(35,801)
Before income tax effect adjustments	(200,685)	(267,619)
Income tax effects	54,960	76,005
Net unrealized gains/(losses) on securities	(145,725)	(191,614)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	2,172	(256)
Reclassification adjustments	(4,895)	(5,138)
Before income tax effect adjustments	(2,723)	(5,394)
Income tax effects	1,015	1,437
Net deferred gains/(losses) on hedges	(1,707)	(3,956)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	(56,369)	2,600
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	4,265	(12,491)
Reclassification adjustments	2,916	260
Before income tax effect adjustments	7,181	(12,231)
Income tax effects	(1,496)	3,505
Actuarial gains/(losses) on retirement benefits	5,685	(8,726)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(5,783)	(7,887)
Reclassification adjustments	(1,576)	8,129
Share of other comprehensive income/(loss) of equity method investments	(7,359)	241
Total other comprehensive income/(loss)	(205,477)	(201,454)

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2019 and March 31, 2020

For the year ended March 31, 2019

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 16, 2018	Common stock	53,280	37.93	March 31, 2018	May 25, 2018
Board meeting held on November 15, 2018	Common stock	22,016	15.67	-	November 22, 2018

(2) Dividends declared effective after March 31, 2019 for which the date of record is in the year ended March 31, 2019

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 17, 2019	Common stock	61,817	Retained earnings	44.01	March 31, 2019	May 27, 2019

For the year ended March 31, 2020

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 17, 2019	Common stock	61,817	44.01	March 31, 2019	May 27, 2019
Board meeting held on November 15, 2019	Common stock	19,026	13.54	-	November 22, 2019

(2) Dividends declared effective after March 31, 2020 for which the date of record is in the year ended March 31, 2020

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2020	Common stock	51,800	Retained earnings	36.88	March 31, 2020	May 25, 2020

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2019 and March 31, 2020

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	2019	2020
Cash, deposits and savings	872,285	1,011,686
Receivables under resale agreements	6,999	-
Monetary claims bought	54,241	59,095
Securities	5,329,929	5,017,039
Time deposits with original maturities of more than three months	(165,535)	(169,189)
Monetary claims bought other than cash equivalents	(49,238)	(52,132)
Securities other than cash equivalents	(5,320,949)	(4,997,612)
Cash and cash equivalents	727,733	868,888

2. Assets and liabilities decreased due to the transfer of third sector long-term contracts

For the year ended March 31, 2020

The details of assets and liabilities decreased due to the transfer of third sector long-term contracts to Mitsui Sumitomo Aioi Life Insurance Company, Limited are as follows:

	(in ¥ million)
Assets	73,352
Cash, deposits and savings	72,975
Liabilities	(73,352)
Policy liabilities	(73,352)

Cash and cash equivalents included in assets of ¥72,975 million are recognized in decrease in cash and cash equivalents due to the transfer of third sector long-term contracts.

3. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2020

The Company acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary of the Company. The following summarizes the recognized amount of assets acquired and liabilities assumed, and the relationship between the acquisition cost of shares and the expenditure for the acquisition (net) at the acquisition date:

	(in ¥ million)
Securities	91,036
Intangible fixed assets	16,623
Other assets	25,657
	133,316
Goodwill	25,370
Policy liabilities	(55,916)
Other liabilities	(11,285)
Total liabilities	(67,201)
Foreign currency translation adjustments	(962)
Non-controlling interests	(13,222)
Investments accounted for using the equity method prior to the acquisition of shares	(41,725)
Gains on step acquisitions	(6,587)
Acquisition cost of Sinarmas's shares	28,987
Less: Cash and cash equivalents held at Sinarmas	19,272
Net consideration paid for acquisition of Sinarmas	9,715

4. Cash flows from investing activities include those from investments made as part of the insurance business.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements

For the years ended March 31, 2020 and March 31, 2021

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"). which comprise the consolidated balance sheets as of March 31, 2020 and 2021, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as of March 31, 2021, outstanding claims of ¥1,553,595 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG"). As described in Note 7, "Accounting estimates (2) Outstanding claims," to the consolidated financial	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls

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statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate is dependent upon the selection of actuarial estimation methods and data used for estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, as well as the consideration of whether calibration of the historical data used were necessary, and the selection of methods to apply calibrations all required a high degree of professional judgement by management. Furthermore, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in recent years, and as payment obligations have been growing overseas for certain business interruption claims due to the spread of COVID-19. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the reasonableness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results. ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information. ● For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters occurred in the previous years. ● For AUL and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses due to COVID-19 considering the historical experiences up to the time of estimate, insurance contract terms and conditions, and legal judgments on their responsibility for claim payments.

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Appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2021, goodwill of ¥107,945 million was recognized. In addition, the amount representing goodwill related to equity-method affiliates of ¥38,843 million was included in securities. As described in Note 7, "Accounting estimates (1) Impairment losses on goodwill," to the consolidated financial statements, a test needs to be performed to determine whether an impairment loss should be recognized whenever there is an indication that goodwill may be impaired. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses, to which goodwill has been allocated, have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is an indication that goodwill may be impaired. In this assessment, we focused our testing on controls to prevent and/or detect determinations on whether there is any impairment indicator, which are not made on reasonable grounds. **(2) Assessment of the appropriateness of the judgment concerning the identification of an impairment indicator** The primary procedures we performed to assess the appropriateness of management's judgment concerning the identification of an impairment indicator, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgement as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment.

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Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 25, 2021

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2020 and March 31, 2021

	2020	2021
	(in ¥ million)	
Assets		
Assets		
Cash, deposits and savings	¥ 1,011,686	906,910
Receivables under resale agreements	-	1,999
Monetary claims bought	59,095	74,747
Money trusts	3,054	4,878
Securities	5,017,039	5,653,060
Loans	396,104	404,410
Tangible fixed assets:	246,652	246,041
Land	86,878	86,082
Buildings	117,940	115,376
Lease assets	19,352	18,831
Construction in progress	2,414	5,638
Other tangible fixed assets	20,067	20,113
Intangible fixed assets:	341,862	320,389
Software	56,744	65,147
Goodwill	122,281	107,945
Other intangible fixed assets	162,836	147,296
Other assets	1,001,549	910,090
Deferred tax assets	130,315	22,762
Customers' liabilities under acceptances and guarantees	24,000	18,000
Bad debt reserve	(11,437)	(12,014)
Total assets	¥ 8,219,924	8,551,276

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

Liabilities and Net Assets	2020	2021
	(in ¥ million)	
Liabilities		
Policy liabilities:	¥ 5,044,540	5,022,124
Outstanding claims	1,477,218	1,553,595
Underwriting reserves	3,567,322	3,468,528
Bonds issued	587,093	587,093
Other liabilities	866,679	940,870
Liabilities for pension and retirement benefits	144,392	122,231
Reserve for retirement benefits for officers	316	234
Accrued bonuses for employees	18,806	17,890
Reserves under the special laws:	19,007	23,138
Reserve for price fluctuation	19,007	23,138
Deferred tax liabilities	17,205	90,563
Acceptances and guarantees	24,000	18,000
Total liabilities	6,722,041	6,822,145
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	85,008	85,008
Retained earnings	655,872	537,111
Total shareholders' equity	880,476	761,715
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on securities	689,218	1,075,373
Net deferred gains/(losses) on hedges	14,448	11,290
Foreign currency translation adjustments	(117,682)	(161,403)
Accumulated actuarial gains/(losses) on retirement benefits	(13,873)	(3,089)
Total accumulated other comprehensive income/(loss)	572,110	922,171
Non-controlling interests	45,295	45,244
Total net assets	1,497,882	1,729,131
Total liabilities and net assets	¥ 8,219,924	8,551,276

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2020 and March 31, 2021

	2020	2021
	(in ¥ million)	
Ordinary income and expenses		
Ordinary income:	¥ 2,518,049	2,501,627
Underwriting income:	2,301,483	2,299,556
Net premiums written	2,197,801	2,117,562
Deposit premiums from policyholders	52,386	52,851
Investment income on deposit premiums from policyholders	30,105	28,033
Life insurance premiums	16,943	11,517
Reversal of underwriting reserves	-	88,194
Other underwriting income	4,246	1,396
Investment income:	203,151	188,931
Interest and dividends income	111,295	106,703
Investment gains on money trusts	-	1,839
Investment gains on trading securities	55,652	35,606
Gains on sales of securities	62,851	60,482
Gains on redemption of securities	863	422
Other investment income	2,593	11,909
Transfer of investment income on deposit premiums from policyholders	(30,105)	(28,033)
Other ordinary income:	13,415	13,138
Gains on equity method investments	2,267	-
Other ordinary income	11,147	13,138
Ordinary expenses:	2,414,602	2,395,282
Underwriting expenses:	1,974,337	1,956,851
Net claims paid	1,241,775	1,170,855
Loss adjustment expenses	106,406	112,298
Commissions and collection expenses	403,220	404,788
Maturity refunds to policyholders	157,089	160,980
Dividends to policyholders	84	61
Life insurance claims	1,958	3,381
Provision for outstanding claims	32,718	102,176
Provision for underwriting reserves	30,088	-
Other underwriting expenses	996	2,309

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2020	2021
		(in ¥ million)	
Investment expenses:	¥	52,765	58,762
Investment losses on money trusts		566	-
Losses on sales of securities		5,809	4,215
Impairment losses on securities		22,546	5,162
Losses on redemption of securities		165	487
Losses on derivative transactions		13,352	44,211
Other investment expenses		10,325	4,685
Operating expenses and general and administrative expenses		370,509	364,117
Other ordinary expenses:		16,990	15,551
Interest expense		10,818	11,831
Provision for bad debt reserve		4,894	1,047
Losses on bad debts		124	95
Losses on equity method investments		-	1,467
Other ordinary expenses		1,153	1,107
Ordinary profit/(loss)		103,447	106,344
Extraordinary income and losses			
Extraordinary income:		71,028	7,269
Gains on sales of fixed assets		4,639	7,179
Reversal of reserves under the special laws:		56,996	-
Reversal of reserve for price fluctuation		56,996	-
Gains on step acquisitions		6,587	-
Gains on change in equity interests		2,804	89
Extraordinary losses:		178,068	9,834
Losses on sales of fixed assets		1,476	1,589
Impairment losses on fixed assets		173,512	230
Provision for reserves under the special laws:		-	4,131
Provision for reserve for price fluctuation		-	4,131
Losses on change in equity interests		-	450
Other extraordinary losses		3,080	3,432
Income/(loss) before income taxes		(3,593)	103,779
Income taxes – current		8,981	13,808
Income taxes – deferred		(150,675)	32,863
Total income taxes		(141,694)	46,672
Net income/(loss)		138,101	57,107
Net income/(loss) attributable to non-controlling interests		2,667	3,353
Net income/(loss) attributable to owners of the parent	¥	135,433	53,753

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and March 31, 2021

		2020	2021
		(in ¥ million)	
Net income/(loss)	¥	138,101	57,107
Other comprehensive income/(loss):			
Net unrealized gains/(losses) on securities		(191,614)	380,576
Net deferred gains/(losses) on hedges		(3,956)	(3,432)
Foreign currency translation adjustments		2,600	(46,576)
Actuarial gains/(losses) on retirement benefits		(8,726)	10,803
Share of other comprehensive income/(loss) of equity method investments		241	7,309
Total other comprehensive income/(loss)		(201,454)	348,681
Total comprehensive income/(loss)	¥	(63,353)	405,788
Allocation:			
Comprehensive income/(loss) attributable to owners of the parent	¥	(67,541)	403,814
Comprehensive income/(loss) attributable to non-controlling interests		4,188	1,974

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2020 and March 31, 2021

For the year ended March 31, 2020

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	602,225	826,829
Cumulative effects of changes in accounting policies			(942)	(942)
Beginning balance (Restated)	139,595	85,008	601,282	825,886
Changes for the year:				
Dividends paid			(80,843)	(80,843)
Net income/(loss) attributable to owners of the parent			135,433	135,433
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	54,590	54,590
Ending balance	¥ 139,595	85,008	655,872	880,476

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	¥ 886,477	18,492	(124,722)	(5,161)	775,086	29,733	1,631,649
Cumulative effects of changes in accounting policies					-		(942)
Beginning balance (Restated)	886,477	18,492	(124,722)	(5,161)	775,086	29,733	1,630,706
Changes for the year:							
Dividends paid							(80,843)
Net income/(loss) attributable to owners of the parent							135,433
Net changes of items other than shareholders' equity	(197,259)	(4,044)	7,040	(8,712)	(202,975)	15,561	(187,413)
Total changes for the year	(197,259)	(4,044)	7,040	(8,712)	(202,975)	15,561	(132,823)
Ending balance	¥ 689,218	14,448	(117,682)	(13,873)	572,110	45,295	1,497,882

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2021

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	655,872	880,476
Cumulative effects of changes in accounting policies				-
Beginning balance (Restated)	139,595	85,008	655,872	880,476
Changes for the year:				
Dividends paid			(172,514)	(172,514)
Net income/(loss) attributable to owners of the parent			53,753	53,753
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(118,760)	(118,760)
Ending balance	¥ 139,595	85,008	537,111	761,715

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	¥ 689,218	14,448	(117,682)	(13,873)	572,110	45,295	1,497,882
Cumulative effects of changes in accounting policies					-		-
Beginning balance (Restated)	689,218	14,448	(117,682)	(13,873)	572,110	45,295	1,497,882
Changes for the year:							
Dividends paid							(172,514)
Net income/(loss) attributable to owners of the parent							53,753
Net changes of items other than shareholders' equity	386,154	(3,157)	(43,720)	10,784	350,060	(51)	350,009
Total changes for the year	386,154	(3,157)	(43,720)	10,784	350,060	(51)	231,248
Ending balance	¥1,075,373	11,290	(161,403)	(3,089)	922,171	45,244	1,729,131

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and March 31, 2021

		2020	2021
		(in ¥ million)	
I. Cash flows from operating activities:			
Income/(loss) before income taxes	¥	(3,593)	103,779
Adjustments for:			
Depreciation		42,584	44,805
Impairment losses on fixed assets		173,512	230
Amortization of goodwill		11,107	10,081
Increase/(decrease) in outstanding claims		(37,898)	92,135
Increase/(decrease) in underwriting reserves		29,653	(88,566)
Increase/(decrease) in bad debt reserve		3,581	702
Increase/(decrease) in reserve for retirement benefits for officers		(86)	(82)
Increase/(decrease) in accrued bonuses for employees		(236)	(658)
Increase/(decrease) in reserve for reorganization by function		(906)	-
Increase/(decrease) in liabilities for pension and retirement benefits		(13,462)	(6,819)
Increase/(decrease) in reserve for price fluctuation		(56,996)	4,131
Interest and dividends income		(111,295)	(106,703)
Losses/(gains) on securities		(90,845)	(86,646)
Losses/(gains) on derivative transactions		13,352	44,211
Interest expense		10,818	11,831
Foreign exchange losses/(gains)		5,396	(8,521)
Losses/(gains) on disposal of tangible fixed assets		(3,313)	(5,524)
Losses/(gains) on equity method investments		(2,267)	1,467
Losses/(gains) on step acquisitions		(6,587)	-
Losses/(gains) on change in equity interests		(2,804)	361
Decrease/(increase) in other assets		(13,915)	45,671
Increase/(decrease) in other liabilities		40,783	9,639
Other, net		(25,610)	(33,280)
Subtotal		(39,032)	32,245
Interest and dividends received		129,107	116,053
Interest paid		(10,741)	(11,793)
Income taxes refunded/(paid)		(53,217)	12,152
Net cash provided by/(used in) operating activities (a)		26,116	148,658

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2020	2021
		(in ¥ million)	
II.	Cash flows from investing activities:		
	Net decrease/(increase) in deposits and savings	¥ (6,867)	(2,911)
	Purchase of monetary claims bought	(18,809)	(19,828)
	Proceeds from sales and redemption of monetary claims bought	15,982	2,127
	Purchase of money trusts	(13)	(33)
	Proceeds from sales of money trusts	23	16
	Purchase of securities	(2,840,082)	(2,864,668)
	Proceeds from sales and redemption of securities	3,043,692	2,794,628
	Investment in loans	(75,078)	(77,890)
	Collection of loans	77,299	69,439
	Net increase/(decrease) in payables under securities lending transactions	61,603	77,948
	Other, net	7,316	1,885
	Subtotal (b)	265,066	(19,288)
	(a + b)	291,182	129,369
	Acquisition of tangible fixed assets	(17,028)	(15,717)
	Proceeds from sales of tangible fixed assets	6,435	9,434
	Acquisition of intangible fixed assets	(47,569)	(28,928)
	Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(9,715)	-
	Other, net	(2,334)	(2,908)
	Net cash provided by/(used in) investing activities	194,853	(57,409)
III.	Cash flows from financing activities:		
	Proceeds from borrowings	149,381	-
	Repayments of borrowings	(167,648)	-
	Issuance of bonds	99,786	99,321
	Redemption of bonds	-	(100,000)
	Dividends paid to shareholders	(80,843)	(172,514)
	Dividends paid to non-controlling interests	(1,688)	(2,034)
	Other, net	(4,963)	(5,227)
	Net cash provided by/(used in) financing activities	(5,975)	(180,455)
IV.	Effect of exchange rate changes on cash and cash equivalents	(864)	(12,475)
V.	Net increase/(decrease) in cash and cash equivalents	214,130	(101,681)
VI.	Cash and cash equivalents at beginning of year	727,733	868,888
VII.	Decrease in cash and cash equivalents due to the transfer of third sector long-term contracts	(72,975)	-
VIII.	Cash and cash equivalents at end of year	¥ 868,888	767,207

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2020 and March 31, 2021

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Rules of Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Rules of Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Rules of Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

57 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Leadenhall Capital Partners GP Limited has been included in the scope of consolidation since the year ended March 31, 2021 as they have become the Company's subsidiaries due to the acquisition of shares.

As AUA Insolvency Risk Services and three other companies ceased to be subsidiaries due to the sales of shares and other reasons, they have been excluded from the scope of consolidation during the year ended March 31, 2021.

Significant Accounting Policies (Continued)

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

11 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Company Limited

Changes in scope of application of equity method

As Max Financial Services Limited and one other company became associates due to the acquisition of shares, they have been included in the scope of application of the equity method during the year ended March 31, 2021.

Bellarmine Ltd has been excluded from the scope of application of the equity method during the year ended March 31, 2021 due to the completion of liquidation.

(2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), are stated at cost as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 56 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts those held for trading purposes or held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is

provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefits plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses on the hedged items attributable to the risks being hedged.

In addition, for certain derivative instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on

foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign exchange risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(9) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (ASBJ Practical Issues Task Force ("PITF") No. 18 revised on June 28, 2019).

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 15 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements for the year ended March 31, 2021

In the consolidated balance sheet of the Company for the current year, goodwill of ¥107,945 million was recognized. In addition, goodwill related to equity-method affiliates of ¥38,843 million was included in securities therein.

(ii) Details of accounting estimates

(a) Measurement approach
For goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (Collectively "the Group") determine whether an impairment loss should be recognized by comparing total undiscounted future cash flows with the carrying amount for the business concerned. When it is determined that an impairment loss should be recognized, the carrying amount of goodwill is reduced to its recoverable amount and an impairment loss is recognized for the amount by which goodwill is reduced.

The recoverable amount represents present value of future cash flows expected to be derived from continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections.

(b) Effects on the consolidated financial statements for the next year
An impairment loss may be incurred if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment of the business concerned.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements for the year ended March 31, 2021

In the consolidated balance sheet of the Company for the current year, outstanding claims of ¥1,553,595 million were recognized. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach
The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.
For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year
The amounts of insurance claim payments and outstanding claims may differ from

their current estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Specifically, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in the recent years, and payment obligations have been growing overseas for certain business interruption claims due to the spread of COVID-19.

8. Change in accounting policy

From the year ended March 31, 2020, International Financial Reporting Standard ("IFRS") 16 "Leases" has been adopted by overseas consolidated subsidiaries that apply IFRS. As a result, lessees generally recognize right-of-use assets and lease liabilities for all leases at the lease commencement date.

In accordance with the transitional measures of IFRS 16, the Company has adjusted retained earnings for cumulative effects of the adoption at the beginning of the year ended March 31, 2020.

The effects of this adjustment on ordinary income and income before income taxes for the year ended March 31, 2020 were immaterial. The effects of the changes on the beginning balance of the year ended March 31, 2020 were an increase in lease assets of ¥21,799 million and a decrease in other tangible fixed assets of ¥653 million among tangible fixed assets, an increase in other liabilities of ¥22,088 million and a decrease in retained earnings of ¥942 million. As for the items of Consolidated Statements of Cash Flows for the year ended March 31, 2020, net cash used in operating activities decreased by ¥4,004 million and net cash used in financing activities increased by ¥4,004 million.

9. Change in presentation

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the year ended March 31, 2021 and notes related to significant accounting estimates are included in the consolidated financial statements.
The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

10. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

11. Additional information

(Accounting treatments related to the adoption of the consolidated tax return filling system)

The Company and certain domestic consolidated subsidiaries have decided to adopt the consolidated tax return filling system, with MS&AD Insurance Group Holdings, Inc. being a

parent company for tax payment purposes, from the year ending March 31, 2022. Accordingly, from the year ended March 2021, the Company and certain domestic consolidated subsidiaries applied an accounting treatment based on the adoption of a consolidated tax return filling system in accordance with "Practical Solution on Tentative Treatment of Tax Effect Accounting under the Consolidated Taxation System (Part 1)" (ASBJ PITF No. 5, January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting under the Consolidated Taxation System (Part 2)" (ASBJ PITF No.7, January 16, 2015).

There was no effect of this change on the consolidated financial statements.

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Notes to Consolidated Balance Sheets

As of March 31, 2020 and March 31, 2021

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Accumulated depreciation	316,637	314,265
Accelerated depreciation	13,593	13,410

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2020 and March 31, 2021 were ¥13,593 million and ¥13,410 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Securities (Domestic stocks)	20,308	15,561
Securities (Foreign securities)	87,373	107,203
Securities (Other securities)	17,212	19,426
Total	124,894	142,191

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Loans to borrowers in bankruptcy	19	-
Overdue loans	78	24
Loans overdue for three months or more	190	123
Restructured loans	314	310
Total	603	459

(Note) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as "Loans not accruing interest") and which meet the conditions prescribed in Article 96, Section 1-3 or 1-4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No.97, 1965).

Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors' operational restructuring or financial recovery.

Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.

Restructured loans represent those that have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Pledged assets:		
Cash, deposits and savings	2,877	3,480
Securities	438,569	394,757
Total	441,446	398,238

(Note) The amounts in the above table primarily consist of collateral assets required for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

Notes to Consolidated Balance Sheets (Continued)

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)	
March 31, 2020	March 31, 2021
252,295	335,529

6. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥112,259 million and ¥65,565 million, respectively in a negative liability position as of March 31, 2020 and March 31, 2021. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

7. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)	
March 31, 2020	March 31, 2021
7,259	12,670

8. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Company undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity index options, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At the Company, the risk management department is segregated from the trading and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. In addition, the risk management department assesses, analyzes, and manages risks by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following tables summarize the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2020 and March 31, 2021 together with their differences. The following tables exclude financial instruments in which the fair values are not practically determinable (see Note 2).

March 31, 2020

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,011,686	1,011,869	182
(ii) Receivables under resale agreements	-	-	-
(iii) Monetary claims bought	59,095	59,095	-
(iv) Money trusts	3,054	3,054	-
(v) Securities:			
Trading securities	872,595	872,595	-
Held-to-maturity securities	4,003	4,066	62
Investments in associates	3,616	3,088	(527)
Available-for-sale securities	3,888,658	3,888,658	-
(vi) Loans	396,104		
Bad debt reserve (*1)	(12)		
	396,092	398,557	2,465
Total assets	6,238,804	6,240,986	2,182
Bonds issued	587,093	579,264	(7,829)
Total liabilities	587,093	579,264	(7,829)
Derivative transactions (*2):			
Hedge accounting not applied	27,322	27,322	-
Hedge accounting applied	(288)	(288)	-
Total derivative transactions	27,034	27,034	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	906,910	907,117	207
(ii) Receivables under resale agreements	1,999	1,999	-
(iii) Monetary claims bought	74,747	74,747	-
(iv) Money trusts	4,878	4,878	-
(v) Securities:			
Trading securities	848,186	848,186	-
Held-to-maturity securities	3,738	4,073	334
Investments in associates	35,427	102,082	66,654
Available-for-sale securities	4,469,664	4,469,664	-
(vi) Loans	404,410		
Bad debt reserve (*1)	(2)		
	404,408	406,371	1,963
Total assets	6,749,961	6,819,120	69,159
Bonds issued	587,093	595,455	8,362
Total liabilities	587,093	595,455	8,362
Derivative transactions (*2):			
Hedge accounting not applied	12,244	12,244	-
Hedge accounting applied	(6,560)	(6,560)	-
Total derivative transactions	5,683	5,683	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

(Note 1)Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without maturities and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled within a short period.

(iii) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled within a short period.

With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Securities

The fair value of equity securities is determined based on the quoted market price, while the fair value of bonds is determined based on the price quoted by exchanges, independent price venders or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association or prices quoted by counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, prices quoted by counterparty financial institutions, etc.

(Note 2)The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in "(v) Securities" above, are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	121,278	106,763
Other unlisted stocks	28,032	31,103
Unlisted investment trusts	71,097	86,084
Unlisted convertible bonds	-	39,608
Partnership investments comprising unlisted stocks	27,756	32,483
Total	248,165	296,043

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability or difficulties in reasonably estimating future cash flows.

9. The Company and certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Carrying amount	41,522	41,385
Fair value	120,517	116,080

(Notes)
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

10. Business combination

For the year ended March 31, 2020

(1) Transaction under common control
(Transfer of third sector long-term contracts)

Based on the Agreement on Reorganization by Function concluded on September 27, 2013 between the Company and its parent company MS&AD Insurance Group Holdings, Inc., Aioi Nissay Dowa Insurance Company, Limited ("ADI") and Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL"), the Company and MSAL as well as ADI and MSAL concluded the Absorption-type Company Split Agreement on June 28, 2018 and completed the Simple Absorption-type Company Split on April 1, 2019. The purpose of the agreement is to transfer the long-term contracts of the third sector insurance market held by the Company and ADI to MSAL.

(i) Overview of the transaction

(a) Name and description of the subject business

Business related to the long-term contracts of the third sector insurance market held by the Company

(b) Date of business combination

April 1, 2019

(c) Legal form of business combination

Simple absorption-type company split where the Company is designated as the splitting company and MSAL as the successor company

(d) Acquiring company name after business combination

Mitsui Sumitomo Aioi Life Insurance Company, Limited

(e) Other items regarding overview of the transaction

By centralizing the product supply function in MSAL, MS&AD Insurance Group aims to realize efficient operation through further improvement of level of customer support and concentration of management resources, demonstrate MS&AD Insurance Group's comprehensive strength, and enhance customer satisfaction, its ability to grow and generate profits.

(ii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

(2) Business combination through acquisition

The Company acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary.

(i) Overview of the transaction

(a) Name and description of business of the acquired company

Name: PT. Asuransi Jiwa Sinarmas MSIG Tbk
Description of the business: Life insurance business

(b) Main reasons for business combination

Indonesia's life insurance market is expected to grow further in the future therefore the Company acknowledges Sinarmas as a strategic business base and intends to expand its business in cooperation with the Sinarmas Group, which is a strategic partner as well as a shareholder of Sinarmas.

(c) Date of business combination

July 8, 2019 (deemed acquisition date: July 1, 2019)

(d) Legal form of business combination

Acquisition of shares

(e) Company name after the business combination

PT. Asuransi Jiwa Sinarmas MSIG Tbk

(f) Ratio of acquired voting rights

Ratio of voting rights owned by the Company immediately before the acquisition: 50%
Ratio of voting rights acquired additionally by the Company on the date of business combination: 30%
Ratio of voting rights after the acquisition: 80%

(g) Grounds for deciding on the acquiring company

As a result of the acquisition of additional shares, the Company has gained substantial control of the acquired company.

(ii) Period of the acquired company's financial result included in the consolidated financial statements of the Company

The fiscal year end of the acquired company is December 31, which is different from that of the Company. The Company uses the financial statements as of the acquired company's latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end. Financial results from January 1, 2019 to June 30, 2019 were recorded as gains on equity method investments.

(iii) Acquisition cost and consideration of the acquired company

Fair value on the date of business combination of shares held by the Company immediately before the business combination	6.3 trillion rupiah
Consideration (Cash) for shares additionally acquired by MSI	3.8 trillion rupiah
Acquisition cost	10.1 trillion rupiah

(iv) Difference between acquisition cost and total acquisition cost of each transaction
Gains on step acquisitions ¥6,587 million

(v) Amount of goodwill, reason for recognizing goodwill, amortization method and the period
(a) Amount of goodwill

3.2 trillion rupiah

(b) Reason for recognizing goodwill

The amount of investments under the Share Acquisition Agreement exceeded the net amount of assets acquired and liabilities assumed.

(c) Amortization method and the period

Amortized on a straight-line basis over 15 years

(vi) Amount of assets acquired and liabilities assumed, together with major components, on the date of the business combination

	unit: trillion rupiah
Total assets	17.3
(Securities	11.8)
(Intangible fixed assets	2.1)
Total liabilities	8.7
(Policy liabilities	7.2)

(3) Transaction under common control
(Reorganization of international business)

On January 1, 2020, the Company reorganized its international business ("international business reorganization") and transformed to a structure whereby international subsidiaries are placed under the Company's direct management, along with the termination of the regional holding company framework.

(i) Overview of international business reorganization

The Company designates 15 overseas subsidiaries as directly owned subsidiaries by acquiring subsidiaries' shares held by the regional holding companies through in-kind dividends. The Company completed the acquisition of shares of 9 companies for the year ended March 31, 2020 and plans to acquire shares of remaining 6 companies in the following years, subject to approval by relevant authorities.

Major subsidiaries for which the Company completed the acquisition are as follows:

Name of company acquired	Description of business	Date of acquisition
MS Amlin Corporate Member Limited	Non-life insurance business	January 1, 2020
MS Amlin AG	Non-life insurance business	January 1, 2020
MS Amlin Insurance SE	Non-life insurance business	January 1, 2020
MSIG Insurance (Singapore) Pte. Ltd.	Non-life insurance business	February 28, 2020

(ii) Purpose of international business reorganization

The purpose of the reorganization is to establish a system to further utilize skills and networks each group company has across regions and to accelerate decision-making speed for speedy business operations so that the Company can build future growth base and robust governance system as called for in the Medium-term Business Plan "Vision 2021" in light of environmental

changes and challenges surrounding the international business.

(iii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

11. The amounts of net assets per share are as follows:

	March 31, 2020	March 31, 2021
Net assets per share (in ¥)	1,034.30	1,199.00
Non-controlling interests deducted from net assets (in ¥ million)	45,295	45,244
Outstanding common shares (in thousands)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Income

For the years ended March 31, 2020 and March 31, 2021

1. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Commission expenses	400,090	391,910
Salaries	172,927	168,500

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

2. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2020

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	8 properties, including an office building in Kagawa	499	Land Buildings	41 457
Others	Software	Software related to the insurance business held by overseas consolidated subsidiaries	1,059	Software	1,059
—	Goodwill, other intangible fixed assets, etc.	Lloyd's business conducted by MS Amlin plc through the affiliated company	159,233	Buildings Lease assets Other tangible fixed assets Software Goodwill Other intangible fixed assets	1,249 2,273 2,593 8,096 75,320 69,699
—	Goodwill, other intangible fixed assets, etc.	Europe direct insurance business conducted by MS Amlin plc through the affiliated company	12,720	Other tangible fixed assets Software Goodwill Other intangible fixed assets	136 862 2,202 9,517

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

As the idle real estate and real estate for sale in the above table were to be disposed in the near future or their demolition has been determined, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value or value in use. The net sales value is determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices while value in use is determined as zero.

For software related to the insurance business held by overseas consolidated subsidiaries, impairment loss is recognized for the portion where the effects of decrease in expense in future are no longer assured due to the revision of software development plans and other reasons.

Non-life insurance business conducted by MS Amlin plc through affiliated companies had been treated as one asset group, however along with the elimination of regional holding company and the transformation to a structure under the Company's direct management, the Lloyd's business, the European direct insurance business, and the reinsurance business were treated as individual asset groups.

As the Lloyd's business and the European direct insurance business were less profitable than expected when acquired, carrying amounts of goodwill and other intangible fixed assets were reduced to their recoverable amounts and the reduced amounts were recognized as impairment losses on fixed assets under Extraordinary losses. The recoverable amounts were measured at net sales value for buildings and lease assets, and measured at value in use of zero for other assets. The net asset value was determined based on the appraisal value provided by qualified appraisers.

MS Amlin plc changed its trade name to MS Amlin Limited as at December 3, 2019.

For the year ended March 31, 2021

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	4 properties, including an office building in Yamaguchi	230	Land Buildings	113 117

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

3. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2020

Other extraordinary losses represent expenses related to reorganization of international business.

For the year ended March 31, 2021

Other extraordinary losses represent additional retirement benefits due to the personnel reduction at overseas consolidated subsidiaries.

4. Total Income taxes

For the year ended March 31, 2020

The Company has decided to dispose of shares in MS Amlin plc after acquiring subsidiaries' shares held by MS Amlin plc and MSIG Holdings(Asia) Pte. Ltd. through in-kind dividends, and a part of the acquisitions has been completed.

As a result, income taxes decreased by ¥166,737 million due to the decrease in taxable income and recognition of deferred tax assets for deductible temporary differences arising on investments in subsidiaries.

5. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Net income/(loss) attributable to owners of the parent per share (in ¥)	96.43	38.27

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2020 and 2021, diluted net income/(loss) per share is not presented.
2. The basis of calculation is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Net income/(loss) attributable to owners of the parent (in ¥ million)	135,433	53,753
Average outstanding common stock during the year (in thousands of shares)	1,404,402	1,404,402

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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and March 31, 2021

1 Reclassification adjustments and income tax effects of other comprehensive income/(loss)

	2020	2021
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(231,817)	580,011
Reclassification adjustments	(35,801)	(53,969)
Before income tax effect adjustments	(267,619)	526,042
Income tax effects	76,005	(145,465)
Net unrealized gains/(losses) on securities	(191,614)	380,576
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(256)	341
Reclassification adjustments	(5,138)	(5,215)
Before income tax effect adjustments	(5,394)	(4,873)
Income tax effects	1,437	1,441
Net deferred gains/(losses) on hedges	(3,956)	(3,432)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	2,600	(46,576)
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(12,491)	13,162
Reclassification adjustments	260	2,078
Before income tax effect adjustments	(12,231)	15,241
Income tax effects	3,505	(4,437)
Actuarial gains/(losses) on retirement benefits	(8,726)	10,803
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(7,887)	11,415
Reclassification adjustments	8,129	(4,106)
Share of other comprehensive income/(loss) of equity method investments	241	7,309
Total other comprehensive income/(loss)	(201,454)	348,681

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2020 and March 31, 2021

For the year ended March 31, 2020

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 17, 2019	Common stock	61,817	44.01	March 31, 2019	May 27, 2019
Board meeting held on November 15, 2019	Common stock	19,026	13.54	-	November 22, 2019

(2) Dividends declared effective after March 31, 2020 for which the date of record is in the year ended March 31, 2020

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2020	Common stock	51,800	Retained earnings	36.88	March 31, 2020	May 25, 2020

For the year ended March 31, 2021

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2020	Common stock	51,800	36.88	March 31, 2020	May 25, 2020
Board meeting held on May 18, 2020	Common stock	84,201	59.95	-	May 18, 2020
Board meeting held on November 18, 2020	Common stock	36,512	25.99	-	November 25, 2020

(2) Dividends declared effective after March 31, 2021 for which the date of record is in the year ended March 31, 2021

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 19, 2021	Common stock	35,568	Retained earnings	25.32	March 31, 2021	May 25, 2021

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and March 31, 2021

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	2020	2021
Cash, deposits and savings	1,011,686	906,910
Receivables under resale agreements	-	1,999
Monetary claims bought	59,095	74,747
Securities	5,017,039	5,653,060
Time deposits with original maturities of more than three months	(169,189)	(172,613)
Monetary claims bought other than cash equivalents	(52,132)	(68,790)
Securities other than cash equivalents	(4,997,612)	(5,628,106)
Cash and cash equivalents	868,888	767,207

2. Assets and liabilities decreased due to the transfer of third sector long-term contracts

For the year ended March 31, 2020

The details of assets and liabilities decreased due to the transfer of third sector long-term contracts to Mitsui Sumitomo Aioi Life Insurance Company, Limited are as follows:

	(in ¥ million)
Assets	73,352
Cash, deposits and savings	72,975
Liabilities	(73,352)
Policy liabilities	(73,352)

Cash and cash equivalents included in assets of ¥72,975 million are recognized in decrease in cash and cash equivalents due to the transfer of third sector long-term contracts.

3. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2020

The Company acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary of the Company. The following summarizes the recognized amount of assets acquired and liabilities assumed, and the relationship between the acquisition cost of shares and the expenditure for the acquisition (net) at the acquisition date:

	(in ¥ million)
Securities	91,036
Intangible fixed assets	16,623
Other assets	25,657
	133,316
Goodwill	25,370
Policy liabilities	(55,916)
Other liabilities	(11,285)
Total liabilities	(67,201)
Foreign currency translation adjustments	(962)
Non-controlling interests	(13,222)
Investments accounted for using the equity method prior to the acquisition of shares	(41,725)
Gains on step acquisitions	(6,587)
Acquisition cost of Sinarmas's shares	28,987
Less: Cash and cash equivalents held at Sinarmas	19,272
Net consideration paid for acquisition of Sinarmas	9,715

4. Cash flows from investing activities include those from investments made as part of the insurance business.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements

For the years ended March 31, 2021 and March 31, 2022

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2021 and 2022, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as of March 31, 2022, outstanding claims of ¥1,711,839 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG"). As described in Note 7, "Accounting estimates (2) Outstanding claims," to the consolidated financial	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls

statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, and the consideration of whether calibration of data used for the estimate were necessary, as well as the selection of methods to apply calibration all required a high degree of professional judgment by management. Furthermore, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in recent years, COVID-19 continues to spread globally, and prices have been rising. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; ● For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years; and

	● For AUL and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses due to COVID-19 considering the historical experiences up to the time of estimate, insurance contract terms and conditions, and legal judgments on their responsibility for claim payments.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2022, goodwill of ¥111,904 million was recognized. In addition, the amount representing goodwill of ¥36,514 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill," to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. An indication of impairment was identified in the current period for AAG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of AAG (consisting of tangible fixed assets of ¥1,028 million, goodwill of ¥3,769 million, and intangible fixed assets (excluding goodwill) of ¥41,635 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The Group determines whether there is any indication of impairment by comprehensively	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired and an impairment loss should be recognized. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment, as well as controls designed to prevent and/or detect the use of inappropriate assumptions in developing the business plans, which formed the basis for estimating undiscounted future cash flows. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment and an impairment loss should be recognized** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of

considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. In addition, the Group estimates the sum of the undiscounted future cash flows used to determine whether an impairment loss should be recognized based on the relevant business plans, which reflect management's expectation of the future prospects considering past actual results. The assumptions on premium income and the loss ratio underlying the business plans, in particular, involve a high degree of uncertainty as well as significant management judgment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment. In order to assess the appropriateness of management judgment as to whether an impairment loss should be recognized, we performed the following procedures, among others, particularly to assess the appropriateness of key assumptions adopted by management in developing the business plans, which formed the basis for estimating undiscounted future cash flows: ● We evaluated whether the assumptions on premium income and the loss ratio were appropriately developed considering past actual results, objective outlook of the economic environment, and the Group's management policies, by comparing them with available external information, inquiring of management, and inspecting the materials of relevant meetings; ● We assessed the reasonableness of the estimates of premium income and the loss ratio through comparison with past actual results; and ● We independently estimated undiscounted future cash flows, by reflecting a certain level of stress into the business plans considering our analysis of the achievement of the past business plans, and then assessed the effect of our own estimate on the determination as to whether an impairment loss should be recognized.

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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in

accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 24, 2022

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

		2021	2022
		(in ¥ million)	
Assets			
Assets			
Cash, deposits and savings	¥	906,910	1,239,807
Receivables under resale agreements		1,999	-
Monetary claims bought		74,747	65,494
Money trusts		4,878	576
Securities		5,653,060	5,812,547
Loans		404,410	391,893
Tangible fixed assets:		246,041	240,641
Land		86,082	86,335
Buildings		115,376	117,480
Lease assets		18,831	15,000
Construction in progress		5,638	2,275
Other tangible fixed assets		20,113	19,549
Intangible fixed assets:		320,389	324,357
Software		65,147	91,718
Goodwill		107,945	111,904
Other intangible fixed assets		147,296	120,734
Other assets		910,090	1,002,202
Deferred tax assets		22,762	28,579
Customers' liabilities under acceptances and guarantees		18,000	15,000
Bad debt reserve		(12,014)	(6,143)
Total assets	¥	8,551,276	9,114,956

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2021	2022
	(in ¥ million)	
Liabilities and Net Assets		
Liabilities		
Policy liabilities:	¥ 5,022,124	5,228,369
Outstanding claims	1,553,595	1,711,839
Underwriting reserves	3,468,528	3,516,529
Bonds issued	587,093	630,902
Other liabilities	940,870	968,587
Liabilities for pension and retirement benefits	122,231	95,189
Reserve for retirement benefits for officers	234	171
Accrued bonuses for employees	17,890	20,043
Reserves under the special laws:	23,138	27,332
Reserve for price fluctuation	23,138	27,332
Deferred tax liabilities	90,563	161,182
Acceptances and guarantees	18,000	15,000
Total liabilities	6,822,145	7,146,777
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	85,008	85,008
Retained earnings	537,111	602,068
Total shareholders' equity	761,715	826,672
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on securities	1,075,373	1,147,533
Net deferred gains/(losses) on hedges	11,290	5,473
Foreign currency translation adjustments	(161,403)	(55,237)
Accumulated actuarial gains/(losses) on retirement benefits	(3,089)	(3,858)
Total accumulated other comprehensive income	922,171	1,093,911
Non-controlling interests	45,244	47,596
Total net assets	1,729,131	1,968,179
Total liabilities and net assets	¥ 8,551,276	9,114,956

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2021 and March 31, 2022

	2021	2022
	(in ¥ million)	
Ordinary income and expenses		
Ordinary income:	¥ 2,501,627	2,567,323
Underwriting income:	2,299,556	2,299,850
Net premiums written	2,117,562	2,206,954
Deposit premiums from policyholders	52,851	38,231
Investment income on deposit premiums from policyholders	28,033	26,543
Life insurance premiums	11,517	25,118
Reversal of underwriting reserves	88,194	-
Other underwriting income	1,396	3,002
Investment income:	188,931	250,436
Interest and dividends income	106,703	121,553
Investment gains on money trusts	1,839	203
Investment gains on trading securities	35,606	31,331
Gains on sales of securities	60,482	101,841
Gains on redemption of securities	422	222
Other investment income	11,909	21,827
Transfer of investment income on deposit premiums from policyholders	(28,033)	(26,543)
Other ordinary income:	13,138	17,036
Gains on equity method investments	-	4,785
Other ordinary income	13,138	12,251
Ordinary expenses:	2,395,282	2,389,452
Underwriting expenses:	1,956,851	1,931,549
Net claims paid	1,170,855	1,195,969
Loss adjustment expenses	112,298	116,082
Commissions and collection expenses	404,788	393,652
Maturity refunds to policyholders	160,980	128,375
Dividends to policyholders	61	50
Life insurance claims	3,381	4,579
Provision for outstanding claims	102,176	78,674
Provision for underwriting reserves	-	12,491
Other underwriting expenses	2,309	1,674

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2021	2022
		(in ¥ million)	
Investment expenses:	¥	58,762	73,167
Losses on sales of securities		4,215	3,980
Impairment losses on securities		5,162	31,659
Losses on redemption of securities		487	194
Losses on derivative transactions		44,211	27,160
Other investment expenses		4,685	10,172
Operating expenses and general and administrative expenses		364,117	371,199
Other ordinary expenses:		15,551	13,535
Interest expense		11,831	12,845
Provision for bad debt reserve		1,047	-
Losses on bad debts		95	54
Losses on equity method investments		1,467	-
Other ordinary expenses		1,107	634
Ordinary profit		106,344	177,871
Extraordinary income and losses			
Extraordinary income:		7,269	14,064
Gains on sales of fixed assets		7,179	14,064
Gains on change in equity interests		89	-
Extraordinary losses:		9,834	12,451
Losses on sales of fixed assets		1,589	2,024
Impairment losses on fixed assets		230	1,156
Provision for reserves under the special laws:		4,131	4,193
Provision for reserve for price fluctuation		4,131	4,193
Losses on change in equity interests		450	-
Other extraordinary losses		3,432	5,076
Income before income taxes		103,779	179,484
Income taxes – current		13,808	12,383
Income taxes – deferred		32,863	39,007
Total income taxes		46,672	51,391
Net income		57,107	128,093
Net income attributable to non-controlling interests		3,353	3,407
Net income attributable to owners of the parent	¥	53,753	124,686

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2021 and March 31, 2022

		2021	2022
		(in ¥ million)	
Net income	¥	57,107	128,093
Other comprehensive income:			
Net unrealized gains/(losses) on securities		380,576	72,216
Net deferred gains/(losses) on hedges		(3,432)	(5,230)
Foreign currency translation adjustments		(46,576)	103,250
Actuarial gains/(losses) on retirement benefits		10,803	(777)
Share of other comprehensive income/(loss) of equity method investments		7,309	5,117
Total other comprehensive income		348,681	174,577
Total comprehensive income	¥	405,788	302,670
Allocation:			
Comprehensive income attributable to owners of the parent	¥	403,814	296,426
Comprehensive income attributable to non-controlling interests		1,974	6,244

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2021 and March 31, 2022

For the year ended March 31, 2021

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	655,872	880,476
Changes for the year:				
Dividends paid			(172,514)	(172,514)
Net income attributable to owners of the parent			53,753	53,753
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(118,760)	(118,760)
Ending balance	¥ 139,595	85,008	537,111	761,715

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income		
Beginning balance	¥ 689,218	14,448	(117,682)	(13,873)	572,110	45,295	1,497,882
Changes for the year:							
Dividends paid							(172,514)
Net income attributable to owners of the parent							53,753
Net changes of items other than shareholders' equity	386,154	(3,157)	(43,720)	10,784	350,060	(51)	350,009
Total changes for the year	386,154	(3,157)	(43,720)	10,784	350,060	(51)	231,248
Ending balance	¥1,075,373	11,290	(161,403)	(3,089)	922,171	45,244	1,729,131

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2022

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	537,111	761,715
Changes for the year:				
Dividends paid			(59,729)	(59,729)
Net income attributable to owners of the parent			124,686	124,686
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	64,956	64,956
Ending balance	¥ 139,595	85,008	602,068	826,672

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income		
Beginning balance	¥1,075,373	11,290	(161,403)	(3,089)	922,171	45,244	1,729,131
Changes for the year:							
Dividends paid							(59,729)
Net income attributable to owners of the parent							124,686
Net changes of items other than shareholders' equity	72,160	(5,817)	106,165	(769)	171,739	2,352	174,091
Total changes for the year	72,160	(5,817)	106,165	(769)	171,739	2,352	239,048
Ending balance	¥1,147,533	5,473	(55,237)	(3,858)	1,093,911	47,596	1,968,179

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2021 and March 31, 2022

		2021	2022
		(in ¥ million)	
I. Cash flows from operating activities:			
Income before income taxes	¥	103,779	179,484
Adjustments for:			
Depreciation		44,805	52,876
Impairment losses on fixed assets		230	1,156
Amortization of goodwill		10,081	10,675
Increase/(decrease) in outstanding claims		92,135	78,164
Increase/(decrease) in underwriting reserves		(88,566)	12,336
Increase/(decrease) in bad debt reserve		702	(6,393)
Increase/(decrease) in reserve for retirement benefits for officers		(82)	(62)
Increase/(decrease) in accrued bonuses for employees		(658)	1,376
Increase/(decrease) in liabilities for pension and retirement benefits		(6,819)	(29,309)
Increase/(decrease) in reserve for price fluctuation		4,131	4,193
Interest and dividends income		(106,703)	(121,553)
Losses/(gains) on securities		(86,646)	(97,559)
Losses/(gains) on derivative transactions		44,211	27,160
Interest expense		11,831	12,845
Foreign exchange losses/(gains)		(8,521)	(10,185)
Losses/(gains) on disposal of tangible fixed assets		(5,524)	(12,103)
Losses/(gains) on equity method investments		1,467	(4,785)
Losses/(gains) on change in equity interests		361	-
Decrease/(increase) in other assets		45,671	(30,113)
Increase/(decrease) in other liabilities		9,639	(18,881)
Other, net		(33,280)	(28,641)
Subtotal		32,245	20,680
Interest and dividends received		116,053	135,988
Interest paid		(11,793)	(12,944)
Income taxes refunded/(paid)		12,152	(15,052)
Net cash provided by/(used in) operating activities (a)		148,658	128,672

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2021	2022
		(in ¥ million)	
II.	Cash flows from investing activities:		
	Net decrease/(increase) in deposits and savings	¥ (2,911)	5,867
	Purchase of monetary claims bought	(19,828)	-
	Proceeds from sales and redemption of monetary claims bought	2,127	10,577
	Purchase of money trusts	(33)	(301)
	Proceeds from sales of money trusts	16	4,803
	Purchase of securities	(2,864,668)	(2,569,212)
	Proceeds from sales and redemption of securities	2,794,628	2,751,001
	Investment in loans	(77,890)	(63,096)
	Collection of loans	69,439	75,787
	Net increase/(decrease) in payables under securities lending transactions	77,948	22,279
	Other, net	1,885	(18,543)
	Subtotal (b)	(19,288)	219,161
	(a + b)	129,369	347,834
	Acquisition of tangible fixed assets	(15,717)	(16,905)
	Proceeds from sales of tangible fixed assets	9,434	18,349
	Acquisition of intangible fixed assets	(28,928)	(26,280)
	Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	-	(9,952)
	Other, net	(2,908)	(2,279)
	Net cash provided by/(used in) investing activities	(57,409)	182,091
III.	Cash flows from financing activities:		
	Issuance of bonds	99,321	149,685
	Redemption of bonds	(100,000)	(106,191)
	Dividends paid to shareholders	(172,514)	(59,699)
	Dividends paid to non-controlling interests	(2,034)	(3,880)
	Other, net	(5,227)	(5,729)
	Net cash provided by/(used in) financing activities	(180,455)	(25,815)
IV.	Effect of exchange rate changes on cash and cash equivalents	(12,475)	34,588
V.	Net increase/(decrease) in cash and cash equivalents	(101,681)	319,537
VI.	Cash and cash equivalents at beginning of year	868,888	767,207
VII.	Cash and cash equivalents at end of year	¥ 767,207	1,086,744

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2021 and March 31, 2022

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

59 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

International Transportation & Marine Office, LLC and four other companies have been included in the scope of consolidation since the year ended March 31, 2022 as they have become the Company's subsidiaries due to the acquisition of shares and other reasons.

Old Company 17 Ltd and two other companies ceased to be subsidiaries due to the sale of shares. As a result, these companies have been excluded from the scope of consolidation since the year ended March 31, 2022.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

9 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Company Limited

Changes in scope of application of the equity method

As PT. Auto Management Services and one other company ceased to be associates due to the completion of liquidation and other reasons, these companies have been excluded from the scope of application of the equity method since the year ended March 31, 2022.

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 58 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of

sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts those held for trading purposes or held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefits plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in

earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses on the hedged items attributable to the risks being hedged.

In addition, for certain derivative instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign exchange risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(9) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (ASBJ Practical Issues Task Force ("PITF") No. 18 revised on June 28, 2019).

(10) Application of consolidated tax return filing system

The Company and its domestic consolidated subsidiaries have applied the consolidated tax return filing system, with MS&AD Insurance Group Holdings, Inc. being a parent company for tax payment purposes.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2021 and March 31, 2022

In the consolidated balance sheet of the Company as of March 31, 2021 and March 31, 2022, goodwill of ¥107,945 million and ¥111,904 million were recognized, respectively. In addition, goodwill of ¥38,843 million and ¥36,514 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥1,028 million, goodwill of ¥3,769 million, and intangible fixed assets (excluding goodwill) of ¥41,635 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2021 and March 31, 2022

In the consolidated balance sheet of the Company as of March 31, 2021 and March 31, 2022, outstanding claims of ¥1,553,595 million and ¥1,711,839 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese

Insurance Business Act, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach
The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.
For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year
The amounts of insurance claim payments and outstanding claims may differ from their current estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Specifically, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in the recent years, COVID-19 continues to spread globally, and prices have been rising.

8. Change in accounting policy

(Application of "Accounting Standard for Fair Value Measurement" and Others)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement," Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement," the Group has applied new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 8 "Information on financial instruments" of Notes to Consolidated Balance Sheets. However, in these notes, in accordance with transitional measures set forth in Article 5, Paragraph 2 of Supplementary Provision of "Cabinet Office Ordinance for Partial Revision of Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 9, March 6, 2020), the details related to the year ended March 31, 2021 are not included in these notes.

9. Change in presentation

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the year ended March 31, 2021 and notes related to significant accounting estimates are included in the consolidated financial statements.

10. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Accumulated depreciation	314,265	320,215
Accelerated depreciation	13,410	12,144

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2021 and March 31, 2022 were ¥13,410 million and ¥12,144 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Securities (Domestic stocks)	15,561	16,088
Securities (Foreign securities)	107,203	115,729
Securities (Other securities)	19,426	24,604
Total	142,191	156,422

Notes to Consolidated Balance Sheets (Continued)

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Bankrupt and quasi-bankrupt loans	-	3
Doubtful loans	24	18
Loans overdue for three months or more	124	79
Restructured loans	310	263
Total	460	364

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are is not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the "Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc." (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of "risk-monitoring loans" based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Assets pledged as collateral:		
Cash, deposits and savings	3,480	18,746
Securities	394,757	437,160
Total	398,238	455,906

(Note) The amounts in the above table primarily consist of collateral assets required for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)	
March 31, 2021	March 31, 2022
335,529	288,556

6. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥65,565 million and ¥64,113 million, respectively in a negative liability position as of March 31, 2021 and March 31, 2022. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

7. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)	
March 31, 2021	March 31, 2022
12,670	11,988

8. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Company undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At the Company, the risk management department is segregated from the trading and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. In addition, the risk management department assesses, analyzes, and manages risks by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. (as of March 31, 2021, financial instruments in which the fair values are not practically determinable) are not included in the following table (see Note 3 and Note 4).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(a) Monetary claims bought	67,396	67,396	-
(b) Money trusts	4,878	4,878	-
(c) Securities:			
Trading securities	848,186	848,186	-
Available-for-sale securities	4,469,664	4,469,664	-
Total assets	5,390,125	5,390,125	-
Derivative transactions (*1):			
Hedge accounting not applied	12,244	12,244	-
Hedge accounting applied	(6,560)	(6,560)	-
Total derivative transactions	5,683	5,683	-

(*1) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2022

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	48,331	4,368	52,699
(b) Money trusts	-	576	-	576
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	-	39,752
Domestic stocks	8,923	-	-	8,923
Foreign securities	418,245	345,549	100,330	864,125
Available-for-sale securities				
Domestic bonds	701,440	652,413	-	1,353,853
Domestic stocks	1,929,621	-	-	1,929,621
Foreign securities	410,230	741,010	176,453	1,327,693
Others	3,532	32,819	11,438	47,790
Derivative transactions (*1):				
Currency	122	13,064	-	13,186
Interest rate	74	21,196	-	21,271
Equity	-	1,391	-	1,391
Bond	4,185	-	-	4,185
Credit	-	848	-	848
Others	-	-	379	379
Total assets	3,511,262	1,862,067	292,969	5,666,300
Derivative transactions (*1):				
Currency	70	25,647	-	25,717
Interest rate	99	7,791	-	7,891
Equity	6,042	418	-	6,461
Bond	1,250	-	-	1,250
Credit	-	2,498	-	2,498
Others	-	-	696	696
Total liabilities	7,462	36,357	696	44,515

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥1,535 million as an asset and ¥8,730 million as a liability.

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(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings, and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(a) Monetary claims bought	7,350	7,350	-
(c) Securities:			
Held-to-maturity securities	3,738	4,073	334
Investments in associates	35,427	102,082	66,654
(d) Loans	404,410		
Bad debt reserve (*1)	(2)		
	404,408	406,371	1,963
Total assets	450,925	519,877	68,952
Bonds issued	587,093	595,455	8,362
Total liabilities	587,093	595,455	8,362

(*1) Bad debt reserve for loans is deducted from the carrying amount.

March 31, 2022

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	12,794	-	12,794	12,794	-
(c) Securities:						
Held-to-maturity securities						
Foreign securities	-	3,852	-	3,852	3,875	(22)
Investments in associates	92,727	2,829	-	95,556	37,966	57,589
(d) Loans					391,893	
Bad debt reserve (*1)					(7)	
	-	-	392,305	392,305	391,885	419
Total assets	92,727	19,476	392,305	504,509	446,522	57,986
Bonds issued	-	530,891	101,319	632,210	630,902	1,307
Total liabilities	-	530,891	101,319	632,210	630,902	1,307

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1)Determination of fair value of financial instruments

Assets

(a) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled within a short period. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are categorized within Level 3.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2022

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value (*3)(*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	5,927	0	(113)	(1,445)	-	4,368	-
Securities:							
Trading securities	75,527	8,886	8,340	7,575	-	100,330	4,946
Available-for-sale securities	126,540	8,190	69,521	(15,360)	(1,000)	187,892	-
Total assets	207,994	17,077	77,749	(9,231)	(1,000)	292,590	4,946
Derivative transactions (*5)	(131)	506	-	(691)	-	(316)	183

(*1) Mainly included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.
(*5) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by

suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of financial instruments as of March 31, 2021 in which the fair values are not practically determinable, which are not included in "(c) Securities" above, are as follows:

(in ¥ million)

	March 31, 2021
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	106,763
Other unlisted stocks	31,103
Unlisted investment trusts	86,084
Unlisted convertible bonds	39,608
Investments in partnerships comprising unlisted stocks	32,483
Total	296,043

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability or difficulties in reasonably estimating future cash flows.

(Note 4) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2022
Stocks and other securities without market prices (*1)	157,420
Investments in partnerships etc. (*2)	41,522
Total	198,943

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

Notes to Consolidated Balance Sheets (Continued)

9. The Company and certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Carrying amount	41,385	40,075
Fair value	116,080	118,683

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

10. The amounts of net assets per share are as follows:

	March 31, 2021	March 31, 2022
Net assets per share (in ¥)	1,199.00	1,367.54
Non-controlling interests deducted from net assets (in ¥ million)	45,244	47,596
Outstanding common stock (in thousands of shares)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Income

For the years ended March 31, 2021 and March 31, 2022

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Premium income	37,656	38,758
Surrender benefits and ceding reinsurance premiums paid	(26,138)	(13,639)
Life insurance premiums	11,517	25,118

2. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Commission expenses	391,910	405,522
Salaries	168,500	168,278

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

3. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2021

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	4 properties, including an office building in Yamaguchi	230	Land Buildings	113 117

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future or other reasons, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2022

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	5 properties, including an office building in Ishikawa	1,156	Land Buildings	293 862

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future or other reasons, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

4. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2021

Other extraordinary losses represent additional retirement benefits due to the personnel reduction at overseas consolidated subsidiaries.

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of ¥4,721 million in relation to the outside career change support program of the Company and additional retirement benefits of ¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

5. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net income attributable to owners of the parent per share (in ¥)	38.27	88.78

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2021 and 2022, diluted net income per share is not presented.
2. The basis of calculation is as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net income attributable to owners of the parent (in ¥ million)	53,753	124,686
Average outstanding common stock during the year (in thousands of shares)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2021 and March 31, 2022

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2021	For the year ended March 31, 2022
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	580,011	168,973
Reclassification adjustments	(53,969)	(69,982)
Before income tax effect adjustments	526,042	98,990
Income tax effects	(145,465)	(26,773)
Net unrealized gains/(losses) on securities	380,576	72,216
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	341	(1,557)
Reclassification adjustments	(5,215)	(5,219)
Before income tax effect adjustments	(4,873)	(6,777)
Income tax effects	1,441	1,547
Net deferred gains/(losses) on hedges	(3,432)	(5,230)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	(46,576)	103,250
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	13,162	(1,080)
Reclassification adjustments	2,078	(211)
Before income tax effect adjustments	15,241	(1,292)
Income tax effects	(4,437)	515
Actuarial gains/(losses) on retirement benefits	10,803	(777)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	11,415	10,575
Reclassification adjustments	(4,106)	(5,457)
Share of other comprehensive income/(loss) of equity method investments	7,309	5,117
Total other comprehensive income	348,681	174,577

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2021 and March 31, 2022

For the year ended March 31, 2021

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2020	Common stock	51,800	36.88	March 31, 2020	May 25, 2020
Board meeting held on May 18, 2020	Common stock	84,201	59.95	-	May 18, 2020
Board meeting held on November 18, 2020	Common stock	36,512	25.99	-	November 25, 2020

(2) Dividends declared effective after March 31, 2021 for which the date of record is in the year ended March 31, 2021

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 19, 2021	Common stock	35,568	Retained earnings	25.32	March 31, 2021	May 25, 2021

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 19, 2021	Common stock	35,568	25.32	March 31, 2021	May 25, 2021
Board meeting held on November 18, 2021	Common stock	24,131	17.18	-	November 25, 2021

Resolution	Type of shares	Type of asset distributed as dividends and carrying amount (in ¥ million)		Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on December 24, 2021	Common stock	Common stock of MSK Marine Service Company, Limited	30	0.02	-	January 15, 2022

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	71,086	Retained earnings	50.61	March 31, 2022	May 25, 2022

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2021 and March 31, 2022

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash, deposits and savings	906,910	1,239,807
Receivables under resale agreements	1,999	-
Monetary claims bought	74,747	65,494
Securities	5,653,060	5,812,547
Time deposits with original maturities of more than three months	(172,613)	(183,647)
Monetary claims bought other than cash equivalents	(68,790)	(52,699)
Securities other than cash equivalents	(5,628,106)	(5,794,758)
Cash and cash equivalents	767,207	1,086,744

2. Cash flows from investing activities include those from investments made as part of the insurance business.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements

For the years ended March 31, 2022 and March 31, 2023

(With Independent Auditor's Report Thereon)

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KPMG

Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2023, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as of March 31, 2023, outstanding claims of ¥1,910,351 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG"). As described in Note 7, "Accounting estimates, (2) Outstanding claims" to the consolidated	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls

financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, and the consideration of whether calibration of data used for the estimate were necessary, as well as the selection of methods to apply calibration all required a high degree of professional judgment by management. Furthermore, uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; ● For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years; and ● For AUL, in particular, we assessed the reasonableness of the estimated ultimate

	losses related to the Russian invasion into Ukraine, considering the circumstances of the insured assets as identified up to the time of estimate and insurance contract terms and conditions.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2023, goodwill of ¥131,835 million was recognized. In addition, the amount representing goodwill of ¥31,139 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. An indication of impairment was identified in the current period for AAG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of AAG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired and an impairment loss should be recognized. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment, as well as controls designed to prevent and/or detect the use of inappropriate assumptions in developing the business plans, which formed the basis for estimating undiscounted future cash flows. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment and an impairment loss should be recognized** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment included the following: ● In order to assess whether the business environment of the business, to which goodwill has been allocated, has deteriorated, we performed the following procedures, among others: • We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether

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and/or their business environments have significantly deteriorated. This determination involves significant management judgment, particularly from the following viewpoints: ● When a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment; and ● When the acquisition costs allocated to goodwill and other intangible fixed assets are relatively large, as in the case of the acquisition of Transverse Insurance Group, LLC, whether the goodwill and other intangible fixed assets have been overstated due to an overvaluation of the acquired business. As described in Note 10, "Business combinations" to the consolidated financial statements, goodwill of US$138 million and intangible fixed assets excluding goodwill of US$240 million, are newly recognized for the current period for the acquisition of Transverse Insurance Group, LLC. In addition, the Group estimates the sum of the undiscounted future cash flows used to determine whether an impairment loss should be recognized based on the relevant business plans, which reflect management's expectation of the future prospects considering past actual results. The assumptions on premium income and the loss ratio underlying the business plans, in particular, involve a high degree of uncertainty as well as significant management judgment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	there was any business whose results have deteriorated or failed to achieve its business plan; and • For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment. ● In order to assess whether goodwill and other intangible fixed assets have been overstated due to an overvaluation of the acquired businesses, we performed the following procedures, among others; • We assessed the appropriateness of management's judgment that there was no indication of impairment due to the overvaluation of the acquired businesses, by assessing the appropriateness of the method used for the valuation of the acquired businesses and the assumptions in developing the business plans, which formed the basis for the valuation. • In assessing the appropriateness of the assumptions in developing the business plans, we assessed their consistency with available external data and recent performance of the underwriting of insurance contracts, based on our understanding as to how the accuracy of the estimate would affect the financial statements. In order to assess the appropriateness of management judgment as to whether an impairment loss should be recognized, we performed the following procedures, among others, particularly to assess the appropriateness of key assumptions adopted by management in developing the business plans, which formed the basis for estimating undiscounted future cash flows: ● We evaluated whether the assumptions on premium income and the loss ratio were appropriately developed considering past

	actual results, objective outlook of the economic environment, and the Group's management policies, by comparing them with available external information, inquiring of management, and inspecting the materials of relevant meetings; ● We assessed the reasonableness of the estimates of premium income and the loss ratio through comparison with past actual results; and ● We independently estimated undiscounted future cash flows, by reflecting a certain level of stress into the business plans considering our analysis of the achievement of the past business plans, and then assessed the effect of our own estimate on the determination as to whether an impairment loss should be recognized.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 23, 2023

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2022 and March 31, 2023

		2022	2023
		(in ¥ million)	
Assets			
Assets			
Cash, deposits and savings	¥	1,239,807	1,239,050
Monetary claims bought		65,494	67,979
Money trusts		576	609
Securities		5,812,547	5,622,663
Loans		391,893	383,290
Tangible fixed assets:		240,641	232,910
Land		86,335	80,855
Buildings		117,480	113,363
Lease assets		15,000	19,084
Construction in progress		2,275	1,239
Other tangible fixed assets		19,549	18,365
Intangible fixed assets:		324,357	373,203
Software		91,718	79,059
Goodwill		111,904	131,835
Other intangible fixed assets		120,734	162,309
Other assets		1,002,202	1,185,736
Assets for retirement benefits		-	10,368
Deferred tax assets		28,579	43,308
Customers' liabilities under acceptances and guarantees		15,000	17,524
Bad debt reserve		(6,143)	(6,948)
Total assets	¥	9,114,956	9,169,697

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2022	2023
	(in ¥ million)	
Liabilities and Net Assets		
Liabilities		
Policy liabilities:	¥ 5,228,369	5,521,244
Outstanding claims	1,711,839	1,910,351
Underwriting reserves	3,516,529	3,610,892
Bonds issued	630,902	584,743
Other liabilities	968,587	857,489
Liabilities for pension and retirement benefits	95,189	95,065
Reserve for retirement benefits for officers	171	130
Accrued bonuses for employees	20,043	19,219
Reserve for share delivery	-	478
Reserves under the special laws:	27,332	31,590
Reserve for price fluctuation	27,332	31,590
Deferred tax liabilities	161,182	139,723
Acceptances and guarantees	15,000	17,524
Total liabilities	7,146,777	7,267,208
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	85,008	85,008
Retained earnings	602,068	593,930
Total shareholders' equity	826,672	818,533
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on securities	1,147,533	971,512
Net deferred gains/(losses) on hedges	5,473	1,431
Foreign currency translation adjustments	(55,237)	69,482
Accumulated actuarial gains/(losses) on retirement benefits	(3,858)	(9,256)
Total accumulated other comprehensive income	1,093,911	1,033,170
Non-controlling interests	47,596	50,785
Total net assets	1,968,179	1,902,488
Total liabilities and net assets	¥ 9,114,956	9,169,697

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2022 and March 31, 2023

	2022	2023
	(in ¥ million)	
Ordinary income and expenses		
Ordinary income:	¥ 2,567,323	2,858,011
Underwriting income:	2,299,850	2,537,685
Net premiums written	2,206,954	2,470,293
Deposit premiums from policyholders	38,231	31,397
Investment income on deposit premiums from policyholders	26,543	25,531
Life insurance premiums	25,118	9,148
Other underwriting income	3,002	1,316
Investment income:	250,436	302,779
Interest and dividends income	121,553	141,380
Investment gains on money trusts	203	20
Investment gains on trading securities	31,331	-
Gains on sales of securities	101,841	125,512
Gains on redemption of securities	222	1,867
Gains on derivative transactions	-	58,007
Other investment income	21,827	1,522
Transfer of investment income on deposit premiums from policyholders	(26,543)	(25,531)
Other ordinary income:	17,036	17,546
Gains on equity method investments	4,785	5,502
Other ordinary income	12,251	12,043
Ordinary expenses:	2,389,452	2,736,216
Underwriting expenses:	1,931,549	2,212,172
Net claims paid	1,195,969	1,365,993
Loss adjustment expenses	116,082	121,434
Commissions and collection expenses	393,652	437,973
Maturity refunds to policyholders	128,375	112,220
Dividends to policyholders	50	47
Life insurance claims	4,579	4,880
Provision for outstanding claims	78,674	111,410
Provision for underwriting reserves	12,491	44,758
Other underwriting expenses	1,674	13,452

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2022	2023
		(in ¥ million)	
Investment expenses:	¥	73,167	107,005
Investment losses on trading securities		-	19,512
Losses on sales of securities		3,980	27,469
Impairment losses on securities		31,659	20,369
Losses on redemption of securities		194	138
Losses on derivative transactions		27,160	-
Other investment expenses		10,172	39,514
Operating expenses and general and administrative expenses		371,199	406,004
Other ordinary expenses:		13,535	11,033
Interest expense		12,845	8,447
Provision for bad debt reserve		-	1,510
Losses on bad debts		54	224
Other ordinary expenses		634	851
Ordinary profit		177,871	121,795
Extraordinary income and losses			
Extraordinary income:		14,064	34,200
Gains on sales of fixed assets		14,064	34,200
Extraordinary losses:		12,451	14,071
Losses on sales of fixed assets		2,024	2,708
Impairment losses on fixed assets		1,156	466
Provision for reserves under the special laws:		4,193	4,258
Provision for reserve for price fluctuation		4,193	4,258
Other extraordinary losses		5,076	6,637
Income before income taxes		179,484	141,925
Income taxes – current		12,383	21,036
Income taxes – deferred		39,007	22,095
Total income taxes		51,391	43,132
Net income		128,093	98,793
Net income attributable to non-controlling interests		3,407	3,733
Net income attributable to owners of the parent	¥	124,686	95,059

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2022 and March 31, 2023

		2022	2023
		(in ¥ million)	
Net income	¥	128,093	98,793
Other comprehensive income:			
Net unrealized gains/(losses) on securities		72,216	(175,797)
Net deferred gains/(losses) on hedges		(5,230)	(4,422)
Foreign currency translation adjustments		103,250	126,510
Actuarial gains/(losses) on retirement benefits		(777)	(5,425)
Share of other comprehensive income/(loss) of equity method investments		5,117	72
Total other comprehensive income		174,577	(59,062)
Total comprehensive income	¥	302,670	39,730
Allocation:			
Comprehensive income attributable to owners of the parent	¥	296,426	34,318
Comprehensive income attributable to non-controlling interests		6,244	5,412

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2022 and March 31, 2023

For the year ended March 31, 2022

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	537,111	761,715
Changes for the year:				
Dividends paid			(59,729)	(59,729)
Net income attributable to owners of the parent			124,686	124,686
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	64,956	64,956
Ending balance	¥ 139,595	85,008	602,068	826,672

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income		
Beginning balance	¥1,075,373	11,290	(161,403)	(3,089)	922,171	45,244	1,729,131
Changes for the year:							
Dividends paid							(59,729)
Net income attributable to owners of the parent							124,686
Net changes of items other than shareholders' equity	72,160	(5,817)	106,165	(769)	171,739	2,352	174,091
Total changes for the year	72,160	(5,817)	106,165	(769)	171,739	2,352	239,048
Ending balance	¥1,147,533	5,473	(55,237)	(3,858)	1,093,911	47,596	1,968,179

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2023

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	602,068	826,672
Changes for the year:				
Dividends paid			(103,197)	(103,197)
Net income attributable to owners of the parent			95,059	95,059
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(8,138)	(8,138)
Ending balance	¥ 139,595	85,008	593,930	818,533

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income		
Beginning balance	¥1,147,533	5,473	(55,237)	(3,858)	1,093,911	47,596	1,968,179
Changes for the year:							
Dividends paid							(103,197)
Net income attributable to owners of the parent							95,059
Net changes of items other than shareholders' equity	(176,021)	(4,041)	124,720	(5,398)	(60,741)	3,188	(57,552)
Total changes for the year	(176,021)	(4,041)	124,720	(5,398)	(60,741)	3,188	(65,690)
Ending balance	¥ 971,512	1,431	69,482	(9,256)	1,033,170	50,785	1,902,488

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2022 and March 31, 2023

		2022	2023
		(in ¥ million)	
I. Cash flows from operating activities:			
Income before income taxes	¥	179,484	141,925
Adjustments for:			
Depreciation		52,876	57,487
Impairment losses on fixed assets		1,156	466
Amortization of goodwill		10,675	12,257
Increase/(decrease) in outstanding claims		78,164	116,172
Increase/(decrease) in underwriting reserves		12,336	45,463
Increase/(decrease) in bad debt reserve		(6,393)	554
Increase/(decrease) in reserve for retirement benefits for officers		(62)	(41)
Increase/(decrease) in accrued bonuses for employees		1,376	(2,065)
Increase/(decrease) in reserve for share delivery		-	478
Decrease /(increase) in assets for retirement benefits		-	(19,911)
Increase/(decrease) in liabilities for pension and retirement benefits		(29,309)	352
Increase/(decrease) in reserve for price fluctuation		4,193	4,258
Interest and dividends income		(121,553)	(141,380)
Losses/(gains) on securities		(97,559)	(59,889)
Losses/(gains) on derivative transactions		27,160	(58,007)
Interest expense		12,845	8,447
Foreign exchange losses/(gains)		(10,185)	(7,504)
Losses/(gains) on disposal of tangible fixed assets		(12,103)	(31,596)
Losses/(gains) on equity method investments		(4,785)	(5,502)
Decrease/(increase) in other assets		(30,113)	(118,751)
Increase/(decrease) in other liabilities		(18,881)	63,762
Other, net		(28,641)	42,478
Subtotal		20,680	49,453
Interest and dividends received		135,988	151,777
Interest paid		(12,944)	(8,553)
Income taxes refunded/(paid)		(15,052)	(14,887)
Net cash provided by/(used in) operating activities (a)		128,672	177,789

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2022	2023
	(in ¥ million)	
II. Cash flows from investing activities:		
Net decrease/(increase) in deposits and savings	¥ 5,867	(26,723)
Purchase of monetary claims bought	-	(4,812)
Proceeds from sales and redemption of monetary claims bought	10,577	12,135
Purchase of money trusts	(301)	-
Proceeds from sales of money trusts	4,803	3
Purchase of securities	(2,569,212)	(2,547,992)
Proceeds from sales and redemption of securities	2,751,001	2,773,393
Investment in loans	(63,096)	(71,572)
Collection of loans	75,787	80,459
Net increase/(decrease) in payables under securities lending transactions	22,279	(89,631)
Other, net	(18,543)	(36,488)
Subtotal (b)	219,161	88,772
(a + b)	347,834	266,562
Acquisition of tangible fixed assets	(16,905)	(15,417)
Proceeds from sales of tangible fixed assets	18,349	47,424
Acquisition of intangible fixed assets	(26,280)	(27,856)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(9,952)	(45,002)
Other, net	(2,279)	(2,844)
Net cash provided by/(used in) investing activities	182,091	45,076
III. Cash flows from financing activities:		
Repayments of borrowings	-	(98,381)
Issuance of bonds	149,685	-
Redemption of bonds	(106,191)	(50,000)
Dividends paid to shareholders	(59,699)	(103,197)
Dividends paid to non-controlling interests	(3,880)	(2,704)
Other, net	(5,729)	(4,599)
Net cash provided by/(used in) financing activities	(25,815)	(258,882)
IV. Effect of exchange rate changes on cash and cash equivalents	34,588	32,273
V. Net increase/(decrease) in cash and cash equivalents	319,537	(3,742)
VI. Cash and cash equivalents at beginning of year	767,207	1,086,744
VII. Cash and cash equivalents at end of year	¥ 1,086,744	1,083,001

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2022 and March 31, 2023

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

69 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Transverse Insurance Group, LLC ("Transverse") and ten other companies have been included in the scope of consolidation since the year ended March 31, 2023 as they have become the Company's subsidiaries due to the acquisition of shares and other reasons.

As Phoenix Underwriters Limited is no longer a subsidiary due to completion of liquidation, it has been excluded from the scope of consolidation since the year ended March 31, 2023.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

9 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Company Limited

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 68 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts those held for trading purposes or held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.
For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by

independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefits plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for share delivery

To provide for the delivery of shares of a parent company, MS&AD Insurance Group Holdings, Inc., in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the end of the year ended March 31, 2023.

(v) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated

subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses on the hedged items attributable to the risks being hedged.

In addition, for certain derivative instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign exchange risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (ASBJ Practical Issues Task Force ("PITF") No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of consolidated tax return filing system

The Company and its domestic consolidated subsidiaries applied the consolidated tax return filing system, with MS&AD Insurance Group Holdings, Inc. being a parent company for tax payment purposes for the year ended March 31, 2022.

(iv) Application of the group tax sharing system

The Company and its domestic consolidated subsidiaries applied the group tax sharing system, with MS&AD Insurance Group Holdings, Inc. being a parent company under the system for the year ended March 31, 2023.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, goodwill of ¥111,904 million and ¥131,835 million were recognized, respectively. In addition, goodwill of ¥36,514 million and ¥31,139 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, outstanding claims of ¥1,711,839 million and ¥1,910,351 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach
The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.
For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year
The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation.

8. Change in accounting policy

(Application of "Accounting Standard for Fair Value Measurement" and Others)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement," Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement," the Group has applied new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values

were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 8 "Information on financial instruments" of Notes to Consolidated Balance Sheets.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

10. Additional information

(Application of the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System")

Effective from the year ended March 31, 2023, the Company and its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Balance Sheets

As of March 31, 2022 and March 31, 2023

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Accumulated depreciation	320,215	325,154
Accelerated depreciation	12,144	11,615

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2022 and March 31, 2023 were ¥12,144 million and ¥11,615 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Securities (Domestic stocks)	16,088	16,108
Securities (Foreign securities)	115,729	125,069
Securities (Other securities)	24,604	28,113
Total	156,422	169,291

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Bankrupt and quasi-bankrupt loans	3	3
Doubtful loans	18	642
Loans overdue for three months or more	79	54
Restructured loans	263	188
Total	364	889

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are is not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the "Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc." (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of "risk-monitoring loans" based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Assets pledged as collateral:		
Cash, deposits and savings	18,746	26,799
Securities	437,160	439,027
Total	455,906	465,827

(Note) The amounts in the above table primarily consist of collateral assets required for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of securities loaned under securities lending agreements are as follows:

	(in ¥ million)
March 31, 2022	March 31, 2023
288,556	129,989

6. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥64,113 million and ¥29,682 million, respectively in a negative liability position as of March 31, 2022 and March 31, 2023. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

7. The unutilized balances of commitment lines to third parties are as follows:

	(in ¥ million)
March 31, 2022	March 31, 2023
11,988	10,521

8. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies asset and liability management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Company undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At the Company, the risk management department is segregated from the trading and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. In addition, the risk management department assesses, analyzes, and manages risks by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

Notes to Consolidated Balance Sheets (Continued)

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2022

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	48,331	4,368	52,699
(b) Money trusts	-	576	-	576
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	-	39,752
Domestic stocks	8,923	-	-	8,923
Foreign securities	418,245	345,549	100,330	864,125
Available-for-sale securities				
Domestic bonds	701,440	652,413	-	1,353,853
Domestic stocks	1,929,621	-	-	1,929,621
Foreign securities	410,230	741,010	176,453	1,327,693
Others	3,532	32,819	11,438	47,790
Derivative transactions (*1):				
Currency	122	13,064	-	13,186
Interest rate	74	21,196	-	21,271
Equity	-	1,391	-	1,391
Bond	4,185	-	-	4,185
Credit	-	848	-	848
Others	-	-	379	379
Total assets	3,511,262	1,862,067	292,969	5,666,300
Derivative transactions (*1):				
Currency	70	25,647	-	25,717
Interest rate	99	7,791	-	7,891
Equity	6,042	418	-	6,461
Bond	1,250	-	-	1,250
Credit	-	2,498	-	2,498
Others	-	-	696	696
Total liabilities	7,462	36,357	696	44,515

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥1,535 million as an asset and ¥8,730 million as a liability.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	41,566	3,091	44,658
(b) Money trusts	-	609	-	609
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	7,662	-	-	7,662
Foreign securities	446,094	380,295	122,621	949,012
Available-for-sale securities				
Domestic bonds	605,721	613,589	-	1,219,311
Domestic stocks	1,747,591	-	-	1,747,591
Foreign securities	280,030	839,889	214,821	1,334,742
Others	14,308	31,012	14,725	60,045
Derivative transactions (*1):				
Currency	-	21,619	-	21,619
Interest rate	519	27,423	-	27,942
Equity	3,457	-	-	3,457
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	3,154,612	1,959,396	356,063	5,470,073
Derivative transactions (*1):				
Currency	-	21,479	-	21,479
Interest rate	507	23,037	-	23,544
Equity	1,198	-	-	1,198
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	45,272	691	56,360

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥115 million as an asset and ¥1,699 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2022

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	12,794	-	12,794	12,794	-
(c) Securities:						
Held-to-maturity securities						
Foreign securities	-	3,852	-	3,852	3,875	(22)
Investments in associates	92,727	2,829	-	95,556	37,966	57,589
(d) Loans					391,893	
Bad debt reserve (*1)					(7)	
	-	-	392,305	392,305	391,885	419
Total assets	92,727	19,476	392,305	504,509	446,522	57,986
Bonds issued	-	530,891	101,319	632,210	630,902	1,307
Total liabilities	-	530,891	101,319	632,210	630,902	1,307

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(c) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,375	-	4,375	4,262	113
Investments in associates	78,582	4,128	-	82,710	35,659	47,050
(d) Loans					383,290	
Bad debt reserve (*1)					(745)	
	-	-	380,812	380,812	382,545	(1,732)
Total assets	78,582	31,825	380,812	491,219	445,788	45,431
Bonds issued	-	476,785	96,280	573,066	584,743	(11,676)
Total liabilities	-	476,785	96,280	573,066	584,743	(11,676)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

(Note 1) Determination of fair value of financial instruments

Assets

(a) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled within a short period. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are categorized within Level 3.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

Notes to Consolidated Balance Sheets (Continued)

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2022

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value (*3)(*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	5,927	0	(113)	(1,445)	-	4,368	-
Securities:							
Trading securities	75,527	8,886	8,340	7,575	-	100,330	4,946
Available-for-sale securities	126,540	8,190	69,521	(15,360)	(1,000)	187,892	-
Total assets	207,994	17,077	77,749	(9,231)	(1,000)	292,590	4,946
Derivative transactions (*5)	(131)	506	-	(691)	-	(316)	183

(*1) Mainly included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments".

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.

(*5) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	187,892	10,349	18,775	11,809	720	229,546	-
Total assets	292,590	26,917	28,897	6,133	720	355,259	13,195
Derivative transactions (*4)	(316)	1,009	-	(580)	-	112	752

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments".

(*3) Includes increase due to business combination.

(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

Notes to Consolidated Balance Sheets (Continued)

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022 and March 31, 2023, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Stocks and other securities without market prices (*1)(*3)	157,420	167,521
Investments in partnerships etc. (*2)(*4)	41,522	51,576
Total	198,943	219,098

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2022 and March 31, 2023 were ¥362 million and ¥6,105 million, respectively.

(*4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2022 and March 31, 2023 were ¥0 million and nil, respectively.

9. The Company and certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Carrying amount	40,075	38,460
Fair value	118,683	103,980

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

10. Business combination

(Business combination through acquisition)

The Company, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S., and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company

Name of the acquired company:	Transverse Insurance Group, LLC
Description of the business:	Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of the Company's strong financial base.

(iii) Date of business combination

January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

The Company acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized

US$138 million

(ii) Reason for recognition

The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period

Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	(in US$ million)
Total assets	974
(of which, policy liabilities)	473
(of which, intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration

The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed

In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

11. The amounts of net assets per share are as follows:

	March 31, 2022	March 31, 2023
Net assets per share (in ¥)	1,367.54	1,318.49
Non-controlling interests deducted from net assets (in ¥ million)	47,596	50,785
Outstanding common stock (in thousands of shares)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Income

For the years ended March 31, 2022 and March 31, 2023

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Premium income	38,758	32,008
Surrender benefits and ceding reinsurance premiums paid	(13,639)	(22,860)
Life insurance premiums	25,118	9,148

2. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2022	For the year ended March 31, 2023
20,470	(33,770)

3. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Commission expenses	405,522	437,085
Salaries	168,278	173,628

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

4. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2022

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	5 properties, including an office building in Ishikawa	1,156	Land Buildings	293 862

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future or other reasons, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2023

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	5 properties, including a dormitory in Tokyo	466	Land Buildings	1 464

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

5. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of¥4,721 million in relation to the outside career change support program of the Company and additional retirement benefits of¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program of the Company.

6. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income attributable to owners of the parent per share (in ¥)	88.78	67.68

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2022 and 2023, diluted net income per share is not presented.
2. The basis of calculation is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income attributable to owners of the parent (in ¥ million)	124,686	95,059
Average outstanding common stock during the year (in thousands of shares)	1,404,402	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2022 and March 31, 2023

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2022	For the year ended March 31, 2023
		(in ¥ million)
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	168,973	(149,305)
Reclassification adjustments	(69,982)	(85,623)
Before income tax effect adjustments	98,990	(234,928)
Income tax effects	(26,773)	59,131
Net unrealized gains/(losses) on securities	72,216	(175,797)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(1,557)	(798)
Reclassification adjustments	(5,219)	(5,188)
Before income tax effect adjustments	(6,777)	(5,987)
Income tax effects	1,547	1,564
Net deferred gains/(losses) on hedges	(5,230)	(4,422)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	103,250	126,510
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(1,080)	(7,763)
Reclassification adjustments	(211)	64
Before income tax effect adjustments	(1,292)	(7,699)
Income tax effects	515	2,273
Actuarial gains/(losses) on retirement benefits	(777)	(5,425)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	10,575	1,997
Reclassification adjustments	(5,457)	(1,924)
Share of other comprehensive income/(loss) of equity method investments	5,117	72
Total other comprehensive income	174,577	(59,062)

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2022 and March 31, 2023

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 19, 2021	Common stock	35,568	25.32	March 31, 2021	May 25, 2021
Board meeting held on November 18, 2021	Common stock	24,131	17.18	-	November 25, 2021

Resolution	Type of shares	Type of asset distributed as dividends and carrying amount (in ¥ million)		Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on December 24, 2021	Common stock	Common stock of MSK Marine Service Company, Limited	30	0.02	-	January 15, 2022

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	71,086	Retained earnings	50.61	March 31, 2022	May 25, 2022

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	71,086	50.61	March 31, 2022	May 25, 2022
Board meeting held on November 16, 2022	Common stock	32,111	22.86	-	November 25, 2022

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	Retained earnings	44.35	March 31, 2023	May 24, 2023

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2022 and March 31, 2023

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash, deposits and savings	1,239,807	1,239,050
Monetary claims bought	65,494	67,979
Securities	5,812,547	5,622,663
Time deposits with original maturities of more than three months	(183,647)	(223,364)
Monetary claims bought other than cash equivalents	(52,699)	(49,408)
Securities other than cash equivalents	(5,794,758)	(5,573,918)
Cash and cash equivalents	1,086,744	1,083,001

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

	(in ¥ million)
Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements

For the years ended March 31, 2023 and March 31, 2024

(With Independent Auditor's Report Thereon)

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KPMG

Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2023 and 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as of March 31, 2024, outstanding claims of ¥ 1,994,888 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG").	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding

As described in Note 7, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses.

The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involve a high degree of uncertainty, because of the above characteristics in estimating ultimate losses.

We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.

claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

(2) Assessment of the reasonableness of the estimated ultimate losses

The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following:

- We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results;
- We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information;
- For MSI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and
- For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2024, goodwill of ¥131,665 million was recognized. In addition, the amount representing goodwill of ¥30,176 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment.

KPMG

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to Mitsui Sumitomo Insurance Company, Limited and its subsidiaries for the current year are 1,430 million yen and 222 million yen, respectively. Such fees for the previous year are 1,204 million yen and 109 million yen, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masako Kanno
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 21, 2024

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2023 and March 31, 2024

	2023	2024
	(in ¥ million)	
Assets		
Assets		
Cash, deposits and savings	¥ 1,239,050	1,460,565
Monetary claims bought	67,979	114,204
Money trusts	609	750
Securities	5,636,558	6,632,802
Loans	383,271	371,168
Tangible fixed assets:	232,910	225,517
Land	80,855	77,992
Buildings	113,363	107,625
Lease assets	19,084	19,563
Construction in progress	1,239	2,438
Other tangible fixed assets	18,365	17,897
Intangible fixed assets:	373,203	360,505
Software	79,059	81,320
Goodwill	131,835	131,665
Other intangible fixed assets	162,309	147,519
Other assets	594,154	582,619
Assets for retirement benefits	10,368	68,064
Deferred tax assets	25,952	42,878
Customers' liabilities under acceptances and guarantees	17,524	12,848
Bad debt reserve	(4,232)	(5,662)
Total assets	¥ 8,577,350	9,866,262

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2023	2024
	(in ¥ million)	
Liabilities and Net Assets		
Liabilities		
Policy liabilities:	¥ 5,032,949	5,003,298
Outstanding claims	1,814,658	1,994,888
Underwriting reserves	3,218,290	3,008,409
Bonds issued	584,743	585,045
Other liabilities	643,756	697,588
Liabilities for pension and retirement benefits	95,065	88,086
Reserve for retirement benefits for officers	130	86
Accrued bonuses for employees	19,219	24,685
Reserve for share delivery	478	956
Reserves under the special laws:	31,590	35,971
Reserve for price fluctuation	31,590	35,971
Deferred tax liabilities	146,559	412,798
Acceptances and guarantees	17,524	12,848
Total liabilities	6,572,016	6,861,364
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	85,008	84,425
Retained earnings	685,527	859,344
Total shareholders' equity	910,130	1,083,364
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on securities	971,512	1,644,414
Net deferred gains/(losses) on hedges	1,431	(3,140)
Foreign currency translation adjustments	70,677	199,680
Accumulated actuarial gains/(losses) on retirement benefits	(9,256)	30,320
Net unrealized gains/(losses) on policy liabilities of foreign subsidiaries	7,415	4,395
Total accumulated other comprehensive income	1,041,781	1,875,670
Non-controlling interests	53,422	45,863
Total net assets	2,005,334	3,004,898
Total liabilities and net assets	¥ 8,557,350	9,866,262

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2023 and March 31, 2024

	2023	2024
	(in ¥ million)	
Ordinary income and expenses		
Ordinary income:	¥ 2,859,790	3,251,429
Underwriting income:	2,541,300	2,880,741
Net premiums written	2,469,055	2,753,874
Deposit premiums from policyholders	31,397	23,364
Investment income on deposit premiums from policyholders	25,531	25,353
Life insurance premiums	14,000	23,504
Reversal of underwriting reserves	-	42,906
Other underwriting income	1,316	11,737
Investment income:	301,061	337,951
Interest and dividends income	141,380	174,152
Investment gains on money trusts	20	76
Investment gains on trading securities	-	59,940
Gains on sales of securities	123,793	112,605
Gains on redemption of securities	1,867	2,080
Gains on derivative transactions	58,007	-
Other investment income	1,522	14,499
Transfer of investment income on deposit premiums from policyholders	(25,531)	(25,353)
Other ordinary income:	17,429	32,736
Gains on equity method investments	5,385	13,499
Other ordinary income	12,043	19,237
Ordinary expenses:	2,671,586	2,917,701
Underwriting expenses:	2,155,618	2,385,124
Net claims paid	1,367,296	1,383,529
Loss adjustment expenses	123,269	138,261
Commissions and collection expenses	430,487	488,854
Maturity refunds to policyholders	112,220	106,913
Dividends to policyholders	47	46
Life insurance claims	4,448	5,957
Provision for outstanding claims	50,852	258,749
Provision for underwriting reserves	54,203	-
Other underwriting expenses	12,793	2,811

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2023	2024
		(in ¥ million)	
Investment expenses:	¥	107,005	55,473
Investment losses on trading securities		19,512	-
Losses on sales of securities		27,469	11,300
Impairment losses on securities		20,369	1,989
Losses on redemption of securities		138	6
Losses on derivative transactions		-	32,322
Other investment expenses		39,514	9,855
Operating expenses and general and administrative expenses		395,578	454,485
Other ordinary expenses:		13,383	22,618
Interest expense		8,447	8,956
Provision for bad debt reserve		1,535	834
Losses on bad debts		224	606
Other ordinary expenses		3,176	12,221
Ordinary profit		188,204	333,727
Extraordinary income and losses			
Extraordinary income:		34,200	16,458
Gains on sales of fixed assets		34,200	16,458
Extraordinary losses:		14,071	17,638
Losses on sales of fixed assets		2,708	2,320
Impairment losses on fixed assets		466	10,936
Provision for reserves under the special laws:		4,258	4,380
Provision for reserve for price fluctuation		4,258	4,380
Other extraordinary losses		6,637	-
Income before income taxes		208,334	332,548
Income taxes – current		21,032	74,108
Income taxes – deferred		33,550	(19,179)
Total income taxes		54,583	54,929
Net income		153,750	277,619
Net income attributable to non-controlling interests		3,874	2,973
Net income attributable to owners of the parent	¥	149,875	274,645

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and March 31, 2024

		2023	2024
		(in ¥ million)	
Net income	¥	153,750	277,619
Other comprehensive income:			
Net unrealized gains/(losses) on securities		(175,797)	665,510
Net deferred gains/(losses) on hedges		(4,422)	(6,318)
Foreign currency translation adjustments		127,490	120,076
Actuarial gains/(losses) on retirement benefits		(5,425)	39,566
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries		9,606	(3,166)
Share of other comprehensive income/(loss) of equity method investments		444	20,782
Total other comprehensive income		(48,103)	836,450
Total comprehensive income	¥	105,647	1,114,069
Allocation:			
Comprehensive income attributable to owners of the parent	¥	99,340	1,108,251
Comprehensive income attributable to non-controlling interests		6,306	5,818

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and March 31, 2024

For the year ended March 31, 2023

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	602,068	826,672
Cumulative effects of changes in accounting policies			36,780	36,780
Restated balance	139,595	85,008	638,848	863,452
Changes for the year:				
Dividends paid			(103,197)	(103,197)
Net income attributable to owners of the parent			149,875	149,875
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	46,678	46,678
Ending balance	¥ 139,595	85,008	685,527	910,130

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income		
Beginning balance	¥ 1,147,533	5,473	(55,237)	(3,858)	-	1,093,911	47,596	1,968,179
Cumulative effects of changes in accounting policies					(1,594)	(1,594)	1,742	36,928
Restated balance	1,147,533	5,473	(55,237)	(3.858)	(1,594)	1,092,316	49,339	2,005,108
Changes for the year:								
Dividends paid								(103,197)
Net income attributable to owners of the parent								149,875
Net changes of items other than shareholders' equity	(176,021)	(4,041)	125,915	(5,398)	9,010	(50,535)	4,083	(46,451)
Total changes for the year	(176,021)	(4,041)	125,915	(5,398)	9,010	(50,535)	4,083	226
Ending balance	¥ 971,512	1,431	70,677	(9,256)	7,415	1,041,781	53,422	2,005,334

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2024

(in ¥ million)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	685,527	910,130
Cumulative effects of changes in accounting policies			(1,824)	(1,814)
Restated balance	139,595	85,008	683,703	908,306
Changes for the year:				
Dividends paid			(99,004)	(99,004)
Net income attributable to owners of the parent			274,645	274,645
Changes in equity resulting from transactions with non-controlling interests		(582)		(582)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(582)	175,641	175,058
Ending balance	¥ 139,595	84,425	859,344	1,083,364

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income		
Beginning balance	¥ 971,512	1,431	70,677	(9,256)	7,415	1,041,781	53,422	2,005,334
Cumulative effects of changes in accounting policies	254					254		(1,569)
Restated balance	971,767	1,431	70,677	(9,256)	7,415	1,042,035	53,422	2,003,765
Changes for the year:								
Dividends paid								(99,004)
Net income attributable to owners of the parent								274,645
Changes in ownership interest of parent due to transactions with non-controlling interests								(582)
Net changes of items other than shareholders' equity	672,646	(4,571)	129,002	39,577	(3,020)	833,634	(7,559)	826,074
Total changes for the year	672,646	(4,571)	129,002	39,577	(3,020)	833,634	(7,559)	1,001,133
Ending balance	¥ 1,644,414	(3,140)	199,680	30,320	4,395	1,875,670	45,863	3,004,898

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and March 31, 2024

		2023	2024
		(in ¥ million)	
I. Cash flows from operating activities:			
Income before income taxes	¥	208,334	332,548
Adjustments for:			
Depreciation		57,487	64,496
Impairment losses on fixed assets		466	10,936
Amortization of goodwill		12,257	16,196
Increase/(decrease) in outstanding claims		71,342	78,482
Increase/(decrease) in underwriting reserves		(49,109)	(227,332)
Increase/(decrease) in bad debt reserve		(1,287)	1,254
Increase/(decrease) in reserve for retirement benefits for officers		(41)	(43)
Increase/(decrease) in accrued bonuses for employees		(2,065)	4,426
Increase/(decrease) in reserve for share delivery		478	478
Decrease /(increase) in assets for retirement benefits		(19,911)	(7,455)
Increase/(decrease) in liabilities for pension and retirement benefits		352	(2,046)
Increase/(decrease) in reserve for price fluctuation		4,258	4,380
Interest and dividends income		(141,380)	(174,152)
Losses/(gains) on securities		(58,170)	(161,330)
Losses/(gains) on derivative transactions		(58,007)	32,322
Interest expense		8,447	8,956
Foreign exchange losses/(gains)		(7,504)	(14,790)
Losses/(gains) on disposal of tangible fixed assets		(31,596)	(14,089)
Losses/(gains) on equity method investments		(5,385)	(13,499)
Decrease/(increase) in other assets		(12,960)	41,122
Increase/(decrease) in other liabilities		30,972	59,300
Other, net		42,478	45,652
Subtotal		49,453	85,814
Interest and dividends received		151,777	178,459
Interest paid		(8,553)	(8,908)
Income taxes refunded/(paid)		(14,887)	(24,160)
Net cash provided by operating activities (a)		177,789	231,205

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2023	2024
		(in ¥ million)	
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥	(26,723)	(77,806)
Purchase of monetary claims bought		(4,812)	(13,670)
Proceeds from sales and redemption of monetary claims bought		12,135	6,208
Purchase of money trusts		-	(29)
Proceeds from sales of money trusts		3	-
Purchase of securities		(2,547,992)	(2,292,495)
Proceeds from sales and redemption of securities		2,773,393	2,511,047
Investment in loans		(71,572)	(61,820)
Collection of loans		80,459	73,479
Net increase/(decrease) in payables under securities lending transactions		(89,631)	(843)
Other, net		(36,488)	(17,159)
Subtotal (b)		88,772	126,911
(a + b)		266,562	358,116
Acquisition of tangible fixed assets		(15,417)	(13,871)
Proceeds from sales of tangible fixed assets		47,424	20,929
Acquisition of intangible fixed assets		(27,856)	(26,258)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation		(45,002)	-
Other, net		(2,844)	(647)
Net cash provided by investing activities		45,076	107,063
III. Cash flows from financing activities:			
Repayments of borrowings		(98,381)	(100,000)
Redemption of bonds		(50,000)	-
Dividends paid to shareholders		(103,197)	(99,004)
Dividends paid to non-controlling interests		(2,704)	(3,600)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation		-	(10,223)
Other, net		(4,599)	(6,482)
Net cash used in financing activities		(258,882)	(219,309)
IV. Effect of exchange rate changes on cash and cash equivalents		32,273	49,278
V. Net increase/(decrease) in cash and cash equivalents		(3,742)	168,236
VI. Cash and cash equivalents at beginning of year		1,086,744	1,083,001
VII. Cash and cash equivalents at end of year	¥	1,083,001	1,251,238

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2023 and March 31, 2024

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

71 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Launch Underwriters, LLC and two other companies have been included in the scope of consolidation from the current fiscal year as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

MSIG Insurance (Lao) Co., Ltd. has been excluded from the scope of consolidation from the current fiscal year as it was merged with Sokxay Insurance Sole Company Limited.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

10 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Company Limited

Sokxay Insurance Sole Company Limited has been included in the scope of application of the equity method from the current fiscal year as it was merged with MSIG Insurance (Lao) Co., Ltd. and became an associate company (current company name: MSIG Sokxay Insurance Co., Ltd.).

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 70 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts those held for trading purposes or held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.
For loans other than those described above, bad debt reserve is calculated by multiplying

the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, Bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for share delivery

To provide for the delivery of shares of a parent company, MS&AD Insurance Group Holdings, Inc., in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the year-end.

(v) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan’s benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses on the hedged items attributable to the risks being hedged.

In addition, for certain derivative instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are

accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign exchange risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (ASBJ Practical Issues Task Force ("PITF") No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and its domestic consolidated subsidiaries have applied the group tax sharing system, with MS&AD Insurance Group Holdings, Inc. being a parent company under the system.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheet of the Company as of March 31, 2023 and March 31, 2024, goodwill of ¥131,835 million and ¥131,665 million were recognized, respectively. In addition, goodwill of ¥31,139 million and ¥30,176 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

During the fiscal year ended March 31, 2023 An indication of impairment was identified for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and Intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheet of the Company as of March 31, 2023 and March 31, 2024, outstanding claims of ¥1,814,658 million and ¥1,994,888 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach
The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.
For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year
The amounts of Insurance claim payments and Outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations, as well as inflation and changes in foreign exchange rates.

8. Change in accounting policy

(Application of IFRS 9 "Financial Instruments")

From the beginning of the year ended March 31, 2024, IFRS 9 “Financial Instruments” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company changed classification and measurement of financial instruments.

In accordance with the transitional measures of IFRS 9, cumulative effects of the adoption were adjusted on the beginning balance of Retained earnings and Accumulated other comprehensive income at the beginning of the year ended March 31, 2024.

As a result, the beginning balance of Retained earnings decreased by ¥1,824 million while Net unrealized gains/(losses) on securities increased by ¥254 million. In addition, Ordinary profit and income before income taxes increased by ¥4,170 million.

(Application of IFRS 17 "Insurance Contracts")

From the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company adjusted Policy liabilities to reflect the time value of money, financial risks of the cash flows that arise from insurance contracts, and the effect of uncertainty in the cash flows that arise from insurance contracts.

The change in accounting policy has been applied retrospectively to the consolidated financial statements for the year ended March 31, 2023, and related effects were reflected in the following items:

Ordinary income and income before income taxes for the previous fiscal year increased by ¥66,408 million mainly due to a decrease in outstanding claims of ¥60,558 million.

The effects of the accounting policy change on the previous year's accounts also include a decrease in other assets of ¥591,582 million, a decrease in deferred tax assets of ¥17,356 million, a decrease in policy liabilities of ¥488,295 million, a decrease in other liabilities of ¥213,732 million, an increase in securities (investments in associates) of ¥13,895 million, and an increase in deferred tax liabilities of ¥6,836 million.

As the cumulative effects of the adoption were adjusted to the net assets for the previous fiscal year, beginning balance of retained earnings increased by ¥36,780 million, non-controlling interests increased by ¥1,742 million, and accumulated other comprehensive income (net unrealized gains/(losses) on policy liabilities for foreign subsidiaries) decreased by ¥1,594 million.
The effect on per share information is presented in the relevant section.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

10. Additional information

(Application of the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System”)

Effective from the year ended March 31, 2023, the Company and its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2023 and March 31, 2024

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Accumulated depreciation	325,154	327,539
Accelerated depreciation	11,615	11,507

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2023 and March 31, 2024 were ¥11,615 million and ¥11,507 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	16,108	24,603
Securities (Foreign securities)	138,965	169,309
Securities (Other securities)	28,113	31,090
Total	183,187	225,003

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	3	-
Doubtful loans	642	-
Loans overdue for three months or more	54	42
Restructured loans	188	65
Total	889	107

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Assets pledged as collateral:		
Cash, deposits and savings	26,799	51,668
Securities	439,027	441,323
Total	465,827	492,991

(Note) The amounts in the above table primarily consist of collateral assets required for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2023	March 31, 2024
129,989	197,670

6. Guarantees on transactions conducted by a limited partnership entity are as follows:

   The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥29,682 million and ¥41,148 million, respectively in a negative liability position as of March 31, 2023 and March 31, 2024. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

7. The unutilized balances of commitment lines to third parties are as follows:

	(in ¥ million)
March 31, 2023	March 31, 2024
10,521	9,401

8. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies ALM (asset and liability management) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Company undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At the Company, the risk management department is segregated from the trading and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. In addition, the risk management department assesses, analyzes, and manages risks by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

Notes to Consolidated Balance Sheets (Continued)

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2023

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	41,566	3,091	44,658
(b) Money trusts	-	609	-	609
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	7,662	-	-	7,662
Foreign securities	446,094	380,295	122,621	949,012
Available-for-sale securities				
Domestic bonds	605,721	613,589	-	1,219,311
Domestic stocks	1,747,591	-	-	1,747,591
Foreign securities	280,030	839,889	214,821	1,334,742
Others	14,308	31,012	14,725	60,045
Derivative transactions (*1):				
Currency	-	21,619	-	21,619
Interest rate	519	27,423	-	27,942
Equity	3,457	-	-	3,457
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	3,154,612	1,959,396	356,063	5,470,073
Derivative transactions (*1):				
Currency	-	21,479	-	21,479
Interest rate	507	23,037	-	23,544
Equity	1,198	-	-	1,198
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	45,272	691	56,360

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥115 million as an asset and ¥1,699 million as a liability.

March 31, 2024

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(d) Monetary claims bought	-	95,293	2,121	97,415
(e) Money trusts	-	750	-	750
(f) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	-	25,207
Domestic stocks	2,904	-	-	2,904
Foreign securities	413,060	337,745	127,916	878,721
Available-for-sale securities				
Domestic bonds	573,288	603,788	-	1,177,076
Domestic stocks	2,552,132	-	-	2,552,132
Foreign securities	314,423	976,895	287,777	1,579,095
Others	35,940	32,516	15,171	83,627
Derivative transactions (*1):				
Currency	-	12,154	-	12,154
Interest rate	103	24,248	277	24,629
Equity	132	-	-	132
Bond	6,807	-	-	6,807
Credit	-	533	842	1,376
Others	-	-	686	686
Total assets	3,922,228	2,085,697	434,792	6,442,718
Derivative transactions (*1):				
Currency	-	23,425	-	23,425
Interest rate	99	28,428	266	28,793
Equity	2,842	-	-	2,842
Bond	4,474	-	-	4,474
Credit	-	2,556	842	3,398
Others	-	-	752	752
Total liabilities	7,416	54,409	1,861	63,688

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥61 million as an asset and ¥6,704 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2023

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(c) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,375	-	4,375	4,262	113
Investments in associates	78,582	4,128	-	82,710	35,659	47,050
(d) Loans					383,271	
Bad debt reserve (*1)					(745)	
	-	-	380,793	380,793	382,525	(1,732)
Total assets	78,582	31,825	380,793	491,200	445,769	45,431
Bonds issued	-	476,785	96,280	573,066	584,743	(11,676)
Total liabilities	-	476,785	96,280	573,066	584,743	(11,676)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2024

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(b) Monetary claims bought	-	16,788	-	16,788	16,788	-
(d) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,735	-	4,735	4,593	142
Investments in associates	137,635	5,020	-	142,656	36,930	105,725
(e) Loans					371,168	
Bad debt reserve (*1)					(314)	
	-	53	368,047	368,101	370,854	(2,752)
Total assets	137,635	26,598	368,047	532,282	429,167	103,115
Bonds issued	-	483,626	98,288	581,914	585,045	(3,130)
Total liabilities	-	483,626	98,288	581,914	584,045	(3,130)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Determination of fair value of financial instruments

Assets

(a) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled within a short period. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

Notes to Consolidated Balance Sheets (Continued)

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2023

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	187,892	10,349	18,775	11,809	720	229,546	-
Total assets	292,590	26,917	28,897	6,133	720	355,259	13,195
Derivative transactions (*4)	(316)	1,009	-	(580)	-	112	752

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.

(*3) Includes increase due to business combination.

(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2024

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Transfer from Level 3 to Level 2 (*3) (*5)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	3,091	0	(47)	(922)	-	-	2,121	-
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	-	-	127,916	10,077
Available-for-sale securities	229,546	8,605	37,292	28,848	1,000	(2,344)	302,948	-
Total assets	355,259	2,688	48,953	27,429	1,000	(2,344)	432,986	10,077
Derivative transactions (*6)	112	1,042	0	(1,209)	-	-	(55)	260

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.
(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments".
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 2 to Level 3 due to that observable inputs for domestic corporate bonds are no longer available.
(*5) Transfer from Level 3 to Level 2 due to that observable inputs for domestic and foreign corporate bonds became available.
(*6) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and

comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31,2023 and March 31, 2024, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Stocks and other securities without market prices (*1)(*3)	181,417	227,082
Investments in partnerships etc. (*2)(*4)	51,576	65,429
Total	232,993	292,512

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥6,105 million and ¥1,000 million, respectively.

(*4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2023 and March 31, 2024 were nil and ¥405 million, respectively.

9. The Company and certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Carrying amount	38,460	37,368
Fair value	103,980	100,950

(Notes)
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

10. Business combination

(Business combination through acquisition)

The Company, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S. and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company

Name of the acquired company:	Transverse Insurance Group, LLC
Description of the business:	Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of the Company's strong financial base.

(iii) Date of business combination

January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

The Company acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized

US$138 million

(ii) Reason for recognition

The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period

Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	(in US$ million)
Total assets	974
(of which, policy liabilities)	473
(of which, Intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to Intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration

The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed

In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

(Additional Information)

On December 28, 2017, the Company acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company's insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the current fiscal year, the consideration is additionally recognized as acquisition cost and goodwill is additionally recognized and calculated on the assumption that it was recognized at the date of the business combination.

(1) Acquisition cost additionally recognized: ¥12,171 million

(2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:
Amount of goodwill additionally recognized: ¥12,171 million
Amount of amortization: ¥3,428 million
Amortization method and period: Amortized on a straight-line basis over a period of twenty (20) years

11. The amounts of net assets per share are as follows:

	March 31, 2023	March 31, 2024
Net assets per share (in ¥)	1,389.85	2,106.97
Non-controlling interests deducted from net assets (in ¥ million)	53,422	45,863
Outstanding common stock (in thousands of shares)	1,404,402	1,404,402

(Notes)
As stated in the “Change in accounting policy”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, net assets per share as of March 31, 2023 has increased by 71.36 yen as compared to the amount prior to the retrospective application.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Income

For the years ended March 31, 2023 and March 31, 2024

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Premium income	15,615	26,147
Surrender benefits and ceding reinsurance premiums paid	(1,614)	(2,643)
Life insurance premiums	14,000	23,504

2. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2023	For the year ended March 31, 2024
(33,770)	5,629

3. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Commission expenses	437,085	468,152
Salaries	173,628	187,797

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

4. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2023

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	5 properties, including a dormitory in Tokyo	466	Land Buildings	1 464

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under “Extraordinary losses”.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2024

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	10 properties, including an office building in Okayama	2,637	Land Buildings	1,042 1,595
—	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
—	Goodwill and Other intangible fixed assets	The MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill Other intangible fixed assets	3,967 1,762

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of idle real estate and real estate for sale the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under “Extraordinary losses”.

The recoverable amounts of assets to be disposed represent their net sales value, which are

determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under “Extraordinary losses”.

For goodwill related to the MGA business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses". The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

5. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program of the Company.

6. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net income attributable to owners of the parent per share (in ¥)	106.71	195.56

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2023 and 2024, diluted net income per share is not presented.

2. The basis of calculation is as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net income attributable to owners of the parent (in ¥ million)	149,875	274,645
Average outstanding common stock during the year (in thousands of shares)	1,404,402	1,404,402

3. As stated in the “Change in accounting policy”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, net income attributable to owners of the parent per share for the previous period has increased by 39.03 yen as compared to the amount prior to the retrospective application.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and March 31, 2024

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2023 (in ¥ million)	For the year ended March 31, 2024 (in ¥ million)
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(149,305)	1,017,024
Reclassification adjustments	(85,623)	(107,073)
Before income tax effect adjustments	(234,928)	909,951
Income tax effects	59,131	(244,440)
Net unrealized gains/(losses) on securities	(175,797)	665,510
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(798)	(2,994)
Reclassification adjustments	(5,188)	(5,130)
Before income tax effect adjustments	(5,987)	(8,125)
Income tax effects	1,564	1,806
Net deferred gains/(losses) on hedges	(4,422)	(6,318)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	127,490	120,104
Reclassification adjustments	-	(28)
Foreign currency translation adjustments	127,490	120,076
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(7,763)	53,831
Reclassification adjustments	64	2,106
Before income tax effect adjustments	(7,699)	55,938
Income tax effects	2,273	(16,371)
Actuarial gains/(losses) on retirement benefits	(5,425)	39,566
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains/(losses) arising during the period	12,744	(4,171)
Before income tax effect adjustments	12,744	(4,171)
Income tax effects	(3,137)	1,005
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,606	(3,166)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	2,541	24,993
Reclassification adjustments	(2,096)	(4,210)
Share of other comprehensive income/(loss) of equity method investments	444	20,782
Total other comprehensive income	(48,103)	836,450

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and March 31, 2024

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	71,086	50.61	March 31, 2022	May 25, 2022
Board meeting held on November 16, 2022	Common stock	32,111	22.86	-	November 25, 2022

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	Retained earnings	44.35	March 31, 2023	May 24, 2023

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable to treasury stock

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	44.35	March 31, 2023	May 24, 2023
Board meeting held on November 16, 2023	Common stock	36,706	26.13	-	November 22, 2023

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	181,632	Retained earnings	129.33	March 31, 2024	May 23, 2024

Resolution	Type of shares	Type of asset distributed as dividends and carrying amount (in ¥ million)		Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	Class shares of MS&AD InterRisk Research & Consulting, Inc.	1,707	Retained earnings	1.21	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	Class shares of MS&AD Business Support Company, Limited	2,377	Retained earnings	1.69	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	Class shares of MS&AD grand-assistance Company, Limited	326	Retained earnings	0.23	March 31, 2024	June 20, 2024

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and March 31, 2024

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Cash, deposits and savings	1,239,050	1,460,565
Monetary claims bought	67,979	114,204
Securities	5,636,558	6,632,802
Time deposits exceeding three months and deposits pledged as collateral	(223,364)	(321,167)
Monetary claims bought other than cash equivalents	(49,408)	(63,215)
Securities other than cash equivalents	(5,587,814)	(6,571,951)
Cash and cash equivalents	1,083,001	1,251,238

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

	(in ¥ million)
Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
Total Assets	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

Exhibit F

Annual Reports of Applicant Group

MS&AD Holdings
MS&AD INSURANCE GROUP

MS&AD

INTEGRATED REPORT

Integrated Report 2023



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About the Front Cover



This front cover imagines that the preservation and restoration of natural capital and biodiversity (Planetary Health), achieved by contributing to solving social issues such as climate change, will lead to the well-being of diverse people.

Editorial Policy

The MS&AD Group publishes an Integrated Report to provide customers, shareholders, investors, and all other stakeholders with a deeper understanding of our initiatives aimed at solving social issues and increasing corporate value throughout our business. To edit this report, we refer to the "International Integrated Reporting Framework" recommended by the IFRS Foundation and the "Guidance for Collaborative Value Creation" provided by the Ministry of Economy, Trade, and Industry, and explain our business model–based story of value creation and our creation of shared value with society (CSV initiatives) in an easy-to-understand manner. In addition to the message of the CEO, MS&AD Integrated Report 2023 explains our aspirations for 2030, an overview of the first year of the Medium-Term Management Plan (2022–25), and the three materialities of sustainability. Furthermore, one of our aspirations, "as a platform provider of risk solutions, we will grow together with society" is a key message, and initiatives to achieve this are introduced through the Special Feature. For more detailed information, please visit the official corporate website.

Environment
Social
Governance
Guidance for Collaborative Value Creation

MS&AD Disclosure Framework

For further detailed information on the MS&AD Insurance Group, please refer to the information on the Company's official website.



MS&AD Integrated Report

- Introduction
- Management's Message
- MS&AD's Value Creation
- Strategy and Performance
- Corporate Governance
- Appendix / Data Section



MS&AD Official Website

https://www.ms-ad-hd.com/en/group.html

Who We Are https://www.ms-ad-hd.com/en/group/about.html
- ▸ Company Information
- ▸ Our Strengths

What We Do https://www.ms-ad-hd.com/en/group/what.html
- ▸ Management Plans and Policies
- ▸ MS&AD's Story of Value Creation

Our Platform https://www.ms-ad-hd.com/en/group/value.html
- ▸ Risk Management
  - ○ERM and Risk Management
    https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html
  - ○Compliance
    https://www.ms-ad-hd.com/en/group/value/risk_management/compliance.html
  - ○Information Management
    https://www.ms-ad-hd.com/en/group/value/risk_management/information.html
- ▸ Corporate Governance
  https://www.ms-ad-hd.com/en/group/value/corporate.html
- ▸ Internal Control
  https://www.ms-ad-hd.com/en/group/value/group.html
- ▸ Disclosure and Information
  https://www.ms-ad-hd.com/en/group/value/dialogue.html
- ▸ Human Resource Strategy
  https://www.ms-ad-hd.com/en/group/value/diversity_inclusion.html
  - ○DE&I Promotion Report
    https://www.ms-ad-hd.com/en/group/value/diversity_inclusion/main/03/teaserItems2/0/link/diversitybook2022_e.pdf

Sustainability
https://www.ms-ad-hd.com/en/csr.html
- ○Sustainability Report
  https://www.ms-ad-hd.com/en/csr/report.html

Basic Knowledge about the Insurance Industry (in Japanese only)
https://www.ms-ad-hd.com/ja/basic_knowledge.html
- ○Glossary
  https://www.ms-ad-hd.com/ja/word_point/by50.html

Investors
https://www.ms-ad-hd.com/en/ir.html
- ○Management's Message
  https://www.ms-ad-hd.com/en/ir/message.html
- ○Securities Report (in Japanese only)
  https://www.ms-ad-hd.com/ja/ir/library/securities.html

Quick introductory video to MS&AD

Mirai (in Japanese only)
https://www.msad-mirai.co.jp/
Toward a better future

From emerging risks to disaster prevention and mitigation, this website presents our accumulated knowledge alongside the latest information with the aim of being a "link to the future."

World-leading insurance and financial services group

Consolidated net assets

Approx. ¥3 trillion

ESR (Economic Solvency Ratio)*

228% (2023 As of March-end)

Sustained investment for growth and stable shareholder returns backed by a strong financial base

*An indicator of whether the company is adequately capitalized for risk

Rating information

Standard & Poor's	A+
Moody's	A1
Rating and Investment Information, Inc. (R&I)	AA

Received high credit ratings from the rating agencies

Aiming to maintain financial soundness equivalent to an AA rating

➡See page 129 for details.

EPS growth rate*

8%

EPS (earnings per share) for the past 10 years has grown steadily and market capitalization has expanded

*Average annual growth rate from FY2012 to FY2022

1893 Osaka Insurance 1897 Otaru Cargo
1907 Kobe Marine & Fire 1910 Naniwa Fire
1917 Fuso Marine 1918 Taisho Marine
1919 Settsu Marine
1920 Shin Nihon Fire & Marine
1944 Osaka Sumitomo Marine
1944 The Dowa Fire & Marine
1991 Mitsui Marine & Fire
1996 Nissay General
1996 Sumitomo Marine Fire & Fire Life
2001 Aioi Insurance

Mitsui Sumitomo Insurance

Aioi Nissay Dowa Insurance

Mitsui Direct General Insurance

1897 Yokohama Fire & Marine 1906 Kyodo Fire & Marine
1911 Nisshin Fire & Marine 1913 Chiyoda Fire
1918 Tokyo Movable Property 1918 Asahi Marine & Fire
1920 Toshin Fire
1920 Chitose Fire & Marine Re
1943 Okura Fire
1944 The Daitokyo Fire
1996 Dai-Tokyo Shiawase Life

Mitsui Sumitomo Aioi Life Insurance

Mitsui Sumitomo Primary Life Insurance

Market share

No.1

market share in the domestic non-life insurance market and the ASEAN market

The non-life insurance group most chosen by customers in Japan.
Strong presence in the 10 ASEAN countries; No. 1 in terms of (non-life) gross written premiums in the region

➡ See pages 127 and 128 for details.

Growth foundation

Approximately 40,000 employees in 48 countries and regions

Ratio of global employees is 23.8%

Diverse human assets of Group companies, including overseas human assets and digital human assets

ESG Evaluation

MSCI ESG Rating AA

DJSI Asia Pacific Selected

Continuously achieving high evaluations as a leading ESG company

Five Business Domains Comprising the Group

Domestic Non-Life Insurance Business	MS&AD Mitsui Sumitomo Insurance; MS&AD Aioi Nissay Dowa Insurance; MS&AD Mitsui Direct General Insurance
Domestic Life Insurance Business	MS&AD Mitsui Sumitomo Aioi Life Insurance; MS&AD Mitsui Sumitomo Primary Life Insurance
International Business	MSIG; MS Amlin; MS First Capital; MS&AD Aioi Nissay Dowa Europe
Financial Services Business	MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.; MS&AD MS&AD VENTURES; MSI GuaranteedWeather
Digital/Risk-Related Services Business	MS&AD MS&AD InterRisk Research & Consulting, Inc.

Our Mission

Contribute to
the development
of a vibrant society
and help secure
a sound future
for the planet

Our Mission

The Group's Raison d'être

To contribute to the development of a vibrant society
and help secure a sound future for the planet by enabling safety
and peace of mind through the global insurance
and financial services business

Our Vision

The Group's aspirations for the medium term

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

Our Values

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

CUSTOMER FOCUS
Striving to provide security and satisfaction to our customers

INTEGRITY
Being sincere, kind, and fair in our dealings with people

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

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

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

Future Together with Stakeholders

Evolving as a platform provider of risk solutions, to create value for a better future with you.



Securing a sustainable future for people and the planet.

This is our ambition of the MS&AD Group.

We will go above and beyond the traditional insurance framework and provide products and services seamlessly, including before and after coverage and protection.

We envision a future filled with prosperity, and create the solutions to help achieve it. We combine our Group's diverse network of expertise with advanced digital technology, and work with partners who share the same ambitions, enabling safety and peace of mind for all.

The wealth of knowledge accumulated on our platform will power us forward in the face of coming challenges.

To strive for a better future, we continue to pursue the possibilities of today.

See Platform provider of risk solutions on page 51.









Customers

Environment

Shareholders

As a platform provider of risk solutions

Contribute to solving social issues such as climate change and grow together with society

CSV

(Creating Shared Value with Society)

Local Communities/ International Society

Agents

Employees

Business Partners

Aspiration for 2030

A corporate group supporting a resilient and sustainable society

Resilient

The ability to minimize damage from unforeseen events, adapt to new environments, and return to growth

Sustainable

The ability to maintain a balance among the economy, the environment, and society, and to ensure that the global environment and social systems will remain in place throughout future generations



Noriyuki Hara
Representative Director
President & Group CEO

As a platform provider of risk solutions, we will grow together with society.

Introduction

Thoughts on Being a Platform Provider of Risk Solutions

The country is now coexisting with COVID-19, its status under the Infectious Diseases Control Law has been moved to Category 5, and economic activity is normalizing and regaining its vitality. On the other hand, in 2022, many events had a profound impact on people's lives and business activities worldwide, including Russia's military invasion of Ukraine, the hailstorms in June centered on the Kanto region, Typhoons No. 14 and 15, and Hurricane Ian that hit North America. The market environment also remained unstable, with rising interest rates worldwide and financial instability in Europe and the United States, and the global economy experienced significant turbulence, including concerns about inflation and an economic slowdown.

The pandemic and the intensification of natural catastrophes due to climate change seriously affect people's lives and business activities. As various risks are materializing, our role should be to compensate for economic losses and provide solutions to risks, prevent risks from materializing, and reduce the economic burden when risks become real.

The current Medium-Term Management Plan, which started in FY2022, describes this role as a "platform provider of risk solutions." This reflects our desire to grow together with society by contributing to addressing various social issues through data, digital technology, and knowledge and know-how from within and outside the Group. In times of uncertainty, we will fulfill our mission as an insurance and financial group that supports society by demonstrating our true nature as a platform provider of risk solutions.

Insurance has adapted to risk over time and continues to change. We view the various environmental changes as a major turning point in the Group's business. We will work with a sense of speed to address social issues, reform our profit structure, and improve our corporate value.

Vision of Medium-Term Management Plan (2022–2025)

The Medium-Term Management Plan has two primary goals.

The first is our goal of becoming a corporate group that supports a resilient and sustainable society. As a platform provider of risk solutions, we will develop and provide optimal solutions and contribute to addressing various social issues, including climate change, toward realizing a "corporate group that supports a resilient and sustainable society."

The second goal is to secure high profitability with International Financial Reporting Standards (IFRS) net income of ¥470 billion–¥500 billion and an adjusted ROE of 10% or more on a stable basis in FY2025.

To realize the Group's vision, the Medium-Term Management Plan defines three basic strategies: "Value" (value creation), "Transformation" (business reforms), and "Synergy" (demonstration of Group synergies). With these basic strategies as the pillars of our Medium-Term Management Plan, we will provide products and services that offer new value before and after insurance coverage, enhance the sophistication of our risk consulting services using data and digital technology (Value), create new businesses (Transformation), and further improve operational efficiency and quality (Synergy).

⇒P27 Medium-Term Management Plan (2022–2025): Vision, Basic Strategies, and Foundations

Summary of the first year of the Medium-Term Management Plan (2022–2025)

Three Basic Strategies: Value, Transformation and Synergy

The three basic strategies produced many results in the last fiscal year, the plan's first year, some of which we would like to introduce.

1 Value (Value creation)

The Group promoted the "MS&AD Value Strategy." It strengthened the earnings foundation by building a system for developing and selling products and services before and after insurance coverage that leads to addressing social issues through "CSV × DX."

The "Accident Risk AI Assessment" jointly developed by Mitsui Sumitomo Insurance and MS&AD InterRisk Research & Consulting, which identifies potentially dangerous points and prevents accidents from occurring, is also being sold by Aioi Nissay Dowa Insurance and is being developed as a joint effort of the three companies.

Mitsui Sumitomo Aioi Life Insurance has started developing "MSA Care," a healthcare service for preventing illness, early detection, and addressing severe disease and recurrence. In the future, we will make this service available to non-life insurance customers as a Group-wide service. Thus, the lineup of products and services before and after insurance coverage is steadily expanding, creating a new source of revenue for the Group.

In addition, MS&AD InterRisk Research & Consulting has been positioned as the Group's core company for risk management and has provided risk management services utilizing data and digital technology. Today, the company is making steady progress in creating new value for society, with sales from its non-Group businesses exceeding those of its businesses contracted by the Group's internal operating companies.

2 Transformation (Business reforms)

We are transforming our business, product, and risk portfolios. In addition, we are expanding our international and domestic life insurance businesses to transform our business portfolio from its reliance on domestic non-life insurance.

In the international business, MS Amlin's profitability, a long-standing concern, has improved and is expected to contribute to the Group's profits. In the United States, we strengthened our business structure by investing in companies such as Transverse Insurance Group, LLC, a **fronting company** in the **MGA** market.

In the domestic life insurance business, diversification of sales channels progressed, including developing the corporate market in cooperation with Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and developing regional banks and shinkin banks for over-the-counter sales.

To transform our risk portfolio, we have been reducing strategic equity holdings: In FY2022, we decreased strategic equity holdings by ¥206.6 billion, well above the ¥100 billion planned at the beginning of the year. After reducing strategic equity holdings by ¥600 billion in the current Medium-Term Management Plan, we will further reduce them by ¥600 billion in the next Medium-Term Management Plan, aiming to halve the amount of strategic equity holdings compared with the end of September 2022.

3 Synergy (Demonstration of group synergies)

To maximize Group synergies, we have promoted the "One Platform Strategy." While retaining each company's strengths, we standardized, collaborated, and integrated other areas without exception. At the same time, we focused on pursuing synergies in the life and non-life insurance business and globally.

In claims service, we promoted the standardization of business operations. In addition, from FY2023, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will start operating together at sites where claims are paid, aiming at standardizing operations toward FY2025 when Aioi Nissay Dowa Insurance will start using the **BRIDGE**.

To improve the efficiency of head office functions, we will promote integrated management, such as holding posts concurrently at Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and integration of operations into the holding company, expansion of business process outsourcing (BPO), and operating together at the same bases. From FY2023, we will hold posts concurrently to deal with industry and crisis management and consolidate employee training and cybersecurity into the holding company. We will also consider expanding BPO in various areas, including human resources, general affairs, real estate, accounting, and sales administration.

Efforts to cross-sell life and non-life insurance products and to generate synergies among life insurance companies are making steady progress. The cross-selling ratio of non-life insurance agents increased from the previous year to 20.1%. Mitsui Sumitomo Primary Life Insurance product sales by Mitsui Sumitomo Aioi Life Insurance have also progressed steadily. Mitsui Sumitomo Aioi Life Insurance has grown to be fourth overall among Mitsui Sumitomo Primary Life Insurance sales channels. From April this year, we further strengthened our cooperation by starting sales of Mitsui Sumitomo Primary Life Insurance's new product for Mitsui Sumitomo Aioi Life Insurance's commissioned agents.

⇒P30 Basic Strategies 1. Value
⇒P31 Basic Strategies 2. Transformation
⇒P32 Basic Strategies 3. Synergy

Three Materialities of Sustainability (Priority Issues)

In the current Medium-Term Management Plan, we have set forth three materialities for Sustainability, which is the foundation of our basic strategies: Planetary Health (Symbiosis with the Global Environment), Resilience (Safe and secure society), and Well-being (the happiness of a diverse people).

1 Planetary Health (Symbiosis with the global environment)

The major directions of our efforts are Carbon Neutral (decarbonization and a response to climate change) and Nature Positive (improvement of the sustainability of natural capital).

Following the adoption of the Paris Agreement of the United Nations Framework Convention on Climate Change in 2015, governments worldwide have agreed to pursue efforts to limit the global average temperature increase to 1.5°C. To realize the agreement, it is necessary to peak out global greenhouse gas emissions as soon as possible and to achieve a balance between greenhouse gas emissions and absorption by forests and other resources in the second half of the 21st century.

Our Group has set a goal of reducing its greenhouse gas emissions to net zero by FY2050 and implementing initiatives to reduce its environmental impact. As a specific initiative, through the **MS&AD Green Earth Project**, the Group's unique environmental management system, we are actively promoting initiatives to reduce the environmental impact of our business activities, including efforts to reduce greenhouse gas emissions.

Furthermore, through insurance and consulting services, we will continue to support the development of a sustainable society by providing countermeasures against the impact of extreme weather events caused by climate change on business activities and developing products and services that contribute to the transition to a decarbonized society.

We are also working to improve the sustainability of natural capital in conjunction with climate change responses. A stock of natural capital supports nature's bounty. The resilient and sustainable society that our Group aims to achieve as a "corporate group supporting a resilient and sustainable society" can only be realized with a sound global environmental foundation and a business model that considers the sustainability of natural capital as supporting the sustainability of society as a whole, including corporations.

The Taskforce on Nature-related Financial Disclosures (TNFD) was established in June 2021 to create an information disclosure framework and guide global financial flows toward positive outcomes for nature. We also lead as the convener of the TNFD Japan Council. By providing solutions and products that help improve the sustainability of natural capital, the Group will build a sustainable relationship between natural capital and business activities and contribute to living in a global environment.

2 Resilience (Safe and secure society)

In addition to accident prevention and mitigation, we are promoting initiatives to address new risks with the aim that our activities will lead to regional revitalization (building resilient and inclusive local communities).

Industry and society are rapidly digitizing, and the platforms that facilitate these changes, such as interacting online, e-commerce, online education, and the shift to remote work, have increased and transformed our society. Preparing for the new normal, including improved digital safety, is becoming increasingly important. The Group believes that anticipating, preventing, and appropriately managing new risks associated with progress in innovation and changes in industrial structure are important for people's stable lives and active business activities. By providing products and services that address new

***MGA**
An abbreviation for managing general agent. Entrusted with the authority of an insurance company, it is responsible for performing various business activities, including underwriting, policy management, reinsurance arrangement, and insurance claims assessment.

***Fronting Company**
A form of underwriting in which a fronting insurance company issues policies at the request of another insurance company and cedes most or all of the underwritten risk to the other insurance company.

***BRIDGE**
An insurance payment system common to both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

***MS&AD Green Earth Project**
An initiative through which the MS&AD Group is working together with others to promote the conservation and restoration of the natural environment, which contributes to the reduction of environmental impact, accident prevention and mitigation, and regional revitalization. Through this initiative, we will work together with local communities to contribute to solving issues.

risks, we will contribute to realizing a safe and secure society.

Risks are diversifying in response to changes in the environment, such as technological advances, the effects of climate change, and the aging of the population. To prepare for new risks, it is essential to evaluate risks using reliable risk models and control risks based on them. The Group provides solutions to prepare for risks through consulting by MS&AD InterRisk Research & Consulting, which has advanced research and study functions and practical consulting capabilities. In addition, to support preparing for automobile accidents, natural catastrophes, large-scale earthquakes, and infectious diseases, such as the novel coronavirus, we will visualize risks through data analysis and AI and provide problem-solving tools, thereby contributing to realizing a safe and secure society.

Furthermore, to build such a society, we will conduct joint research with government agencies and universities on accident prevention and mitigation, and provide new services as a result of our research.

❸ Well-being (Happiness of diverse people)

As we move forward to address a healthy and longevity society in which people live in a 100-year life span era and promote respect for human rights, we will focus on ensuring all people involved, including employees, realize solutions to social issues while feeling motivated, rewarding, and happy.

The total population is declining in Japan due to the falling birthrate and aging population. With the increase in the elderly population, there is a need for an environment where older people can feel comfortable living their lives. An urban structure that allows easy mobility, access to health and preventive medicine information, and a residential environment that considers physical functions that decline with age and nursing care are necessary. At the same time, to mitigate population decline, it is important to have an environment in which expectant mothers, children, and those with children feel safe and enjoy peace of mind to live.

The Group will offer products that support better health to realize a lifetime of working, provide asset-building measures to keep a fulfilling second life, and help the development of business activities that support a super-aging society, thereby addressing a healthy and longevity society.

The basic human rights policy covers the Group's value chain, including agents and other business partners. The Group encourages these parties to prevent or mitigate adverse human rights impacts on their business activities. Based on the UN Guiding Principles on Business and Human Rights, we aim to enhance corporate value by developing value chains and internal environments free from human rights violations by establishing and implementing a human rights due diligence system, a management system of respect for human rights.

We believe that the Group's management vision of becoming a "world-leading insurance and financial services group" can be achieved by working together as a unified group to address social issues outlined in the Medium-Term Management Plan. At the same time, all Group employees will work together to complete the Medium-Term Management Plan and realize our mission "to contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business."

⇒P21 Identifying Materiality



Human Resource Strategy

The primary fundamental initiatives of the Medium-Term Management Plan also include a human resource strategy. To simultaneously increase employee engagement and productivity, we are building an optimal human resource portfolio and creating an environment that allows employees to maximize their abilities.

We also believe that providing all employees with opportunities to grow and demonstrate their abilities through their work will enhance corporate competitiveness.

The current Medium-Term Management Plan calls for securing human assets to support the execution of strategies and creating an environment where these assets can play an active role. We will create an environment where employees can work in a rewarding, proactive, and motivated manner and foster a culture that encourages them to take on the challenge of creating new values. In addition, we will further diversify the decision-making layer and promote inclusive organizational management that draws on the knowledge, experience, and values of diverse human assets and utilizes them in corporate decision-making.

We will also fill in the gaps in human resources necessary for implementing the basic strategies of the Medium-Term Management Plan and increase employee engagement to achieve sustainable improvement in corporate value. We are expanding our training menu to enable autonomous learning to build an optimal human assets portfolio.

We are also focusing on reskilling, recurrent training, and retaining and promoting active roles of specialized human resources. For example, we are pursuing initiatives on a digital human resources development program to develop human resources to lead our CSV × DX strategy. For employees in high-level roles, we implement the Group's unique digital human resources development program in collaboration with universities and other institutions to improve their skills.

To develop human resources for international business, we are implementing global human resources development programs, aiming to develop human resources capable of managing overseas entities suitable for one of the world's leading insurance and financial groups. To improve our employees' international awareness and global business skills, we have established a system in which employees in Japan and other regions interact with each other and work hard to hone their skills.

In addition, we will expand our open recruitment system (post-challenge program), which allows employees to transfer to posts or departments of their choice and expand the scope of their activities for their career development. We are providing more opportunities for autonomous career development, such as the use of a system (free agency) that enables employees to apply the abilities and skills they have developed so far in departments they designate as an immediate asset and a scheme that will allow employees to participate in corporate initiatives autonomously beyond the boundaries of existing organizations.

DE&I, Promoting Diverse Working Styles

In our human resource strategy, to create an environment in which diverse employees can genuinely demonstrate their abilities and to create innovations and enhance corporate value, we have incorporated the perspective of "equity" into "Diversity & Inclusion (D&I)," and we are promoting it as "DE&I." For the career development of women, we will expand opportunities for women to play an active role and develop the pipeline to achieve the Group's target by the end of FY2030.

Our employees' health is essential for improving their quality of life (QOL) and realizing the Group's management philosophy. The Group promotes "working style reform" to provide a place where diverse human resources with various values can work and increase productivity while feeling at ease and rewarded in their work, as well as working to create a health- and safety-conscious workplace to maintain and improve the physical and mental health of every employee.

To promote diverse and flexible working styles, we use working from home as a routine form of work. We conduct business operations that efficiently combine working from home with working at offices and business operations, such as remote work, that enable employees to work anywhere. We will also expand opportunities to improve and utilize skills by relaxing restrictions on side and second jobs. We are also working to achieve a 100% acquisition rate and four-week duration for male employees taking paternity childcare leave.

⇒P79 Human Resource Strategy

The Future MS&AD Aims for

~ To be a corporate group that supports a resilient and sustainable society ~

What we need to do now for future growth

The environment surrounding the Group is expected to remain uncertain. Environmental changes, such as rising inflation, increasing natural catastrophes, a hardening reinsurance market, labor shortages, and uncertainty in the financial markets, have significantly affected the Group's performance and strategies compared to when the current Medium-Term Management Plan was formulated.

To achieve sustainable growth of the Group amid a changing external environment, we believe it is necessary to make a Group-wide effort to "transform our profit structure" while adapting to the changes.

In particular, the critical point is to improve the profitability of the non-life insurance business, which is affected by natural catastrophes, frequent large losses, inflation, and other factors.

The domestic non-life insurance business is the Group's core business, and the profits generated by this business are the primary source of funds for business investments and DX investments. A wide range of things need to be done to improve the profitability of the domestic non-life insurance business. More than before, we will work to optimize underwriting and further improve productivity.

Strategic system investments will be made as planned, and we will respond to rising non-personnel and personnel expenses due to inflation by steadily and boldly advancing our "One Platform Strategy."

A perspective of risk diversification to the international and life insurance businesses is also indispensable. We will expand our international business by increasing underwriting of good-performing policies in MS Amlin, for which profitability is recovering, and by disciplined business investment. In the domestic life insurance business, we will further promote life and non-life insurance cross-selling and increase profits by capturing asset formation needs.

We will strengthen our ability to generate profits from our international and domestic life insurance businesses so that 50% of the Group's profits will be generated from businesses other than the domestic non-life insurance business by FY2025. The Group's goal is to achieve stable profits for the Group as a whole, even if individual businesses experience factors that reduce profits.

Looking Ahead

The "resilient and sustainable society" that we aim to realize in 2030 refers to a society that minimizes damage from unexpected events, adapts to a new environment, and grows again, and one in which the balance between the economy, the environment, and society is maintained with both the global environment and social systems being sustained well into the future.

Based on the creating shared value (CSV) management that has been widely spread since the previous Medium-Term Management Plan, the Group will further robustly promote "CSV × DX × Global" to contribute to addressing various social issues, including climate change, and continue to grow together with society.

To realize the Group's aspiration of becoming "a corporate group supporting a resilient and sustainable society," all officers and employees of the Group will work together and fully demonstrate the Group's strengths to achieve the goals of the Medium-Term Management Plan.

We hope our stakeholders will continue to have high expectations for the Group, which will continue to "contribute to addressing social issues and grow together with society as a platform provider of risk solutions." We look forward to your continued support.



MS&AD's Value Creation Story

Contribute to the development of a vibrant society and help secure a sound future for the planet

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with the mission "to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business." To realize this mission, we need to face those social issues that impede this idea and promptly identify various risks stemming from these issues. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner. That is our value creation story.

Social Issues To Be Solved by Our Group

- Global warming
- Damage to natural capital
- Environmental pollution
- Linear economy

- Emergence of new risks
- Spread of infectious diseases
- Major earthquakes
- Decline of regional industry

- Aging population and declining birthrate
- Human rights violations
- Elimination of diversity
- Poverty and widening income disparity

Identifying Materiality from Social Issues To Be Solved







➡ Please refer to page 21 for details on identifying materiality. Note: The above refer to sustainability-related materiality.

Creating Shared Value with Society (CSV Initiatives)

We will confront diversifying social issues, create our value creation story, and engage in value co-creation together with our various stakeholders. And with the development of society, we will aim for sustainable growth of the Group and aim to enhance corporate value.







Aspiration for 2030

A corporate group supporting a resilient and sustainable society

MS&AD's Value Creation Story

Here we explain the MS&AD Insurance Group's system for value creation. We are utilizing the diverse resources of the Group's business activities together with our stakeholders as the impetus to create new value. Firmly building a system that can sustainably create value in this way leads to improvement in corporate value over the medium to long term.

Value Creation Resources

Resources supporting MS&AD

Financial Capital

▶**Sufficient and sound financial base for underwriting risk and growth investment**

Consolidated net assets	¥3,056.2billion
ESR (Economic Solvency Ratio)	228%

Human and Intellectual Capital

▶**Global and diverse human assets**

48 countries worldwide	38,584

▶**Most abundant risk data in Japan and the ASEAN region**

Number of risk surveys conducted	1,112

▶**Building a digital platform**

participants in the digital human assets development program	1,219

Social and Relationship Capital

▶**No.1 customer base and sales network in Japan**

Number of domestic customers (Two non-life insurance companies)	2.65million companies 44.95million individuals
Number of domestic non-life insurance agents	77,789
Domestic claims handling service centers	365

▶**Partnerships with top companies in other industries**

Natural Capital

▶**Resources necessary for business activities**

Paper	8,301t
Water usage	682,901㎥
Total energy consumption	784,307GJ

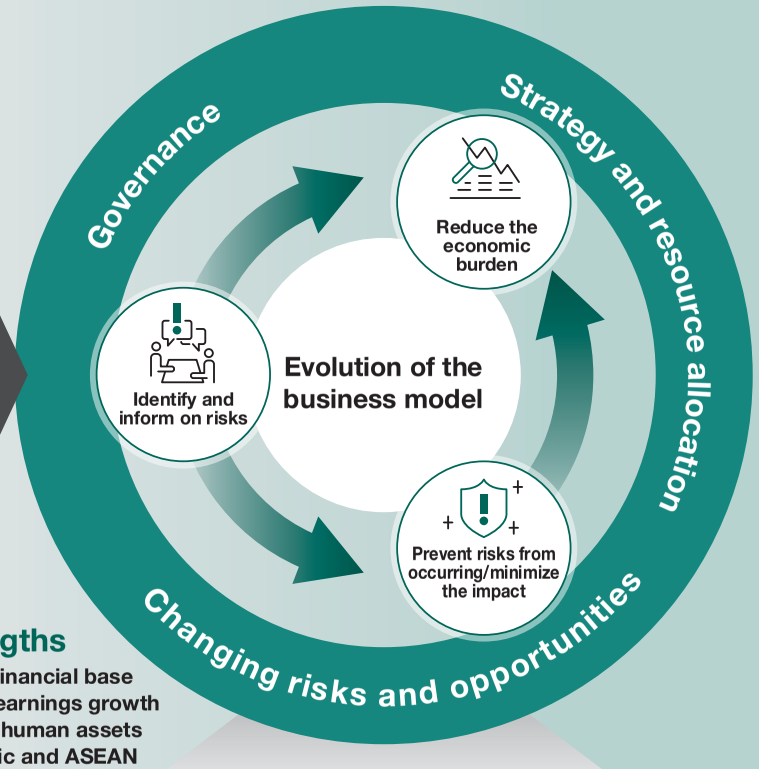
Value Creation System

Business model and value proposition

Inputs

Medium-Term Management Plan (2022–25) P.27

As a platform provider of risk solutions



Strengths

Strong financial base
Steady earnings growth
Diverse human assets
Domestic and ASEAN No. 1 share

Domestic Non-Life Insurance Business P.55

Domestic Life Insurance Business P.57

International Business P.59

Financial Services Business P.63

Digital/ Risk-Related Services Business P.64

Outputs

Products and services that solve social issues

Priority issues to be addressed P.21

(Sustainability-related materiality)



Consider materiality in relation to the social environment

Value Creation Results (outcomes)

Corporate value enhancement through Creating Shared Value (CSV)

Sustainable growth foundation
Financial Capital

▶**Pursuit of capital efficiency**

Group Adjusted Profit	¥ 172.7 billion
Group Adjusted ROE	4.8%
TSR of past five years	47.0%

▶**Continuous and stable shareholder returns**

Shareholder yield	5.8%
Dividend yield	4.9%

Innovation by diverse human assets
Human and Intellectual Capital

▶**Providing work environments that offer a sense of satisfaction**

Employee satisfaction "Pride, feeling motivated" / "Working vigorously"	4.4points／4.6points (maximum score: 6 points)

▶**Ideas born from diversity**

Percentage of mid-career employees among managerial staff (as of April 2023)	22.6%
Number of applicants for the Sustainability Contest	276
Number of applicants for the Digital Innovation Challenge Program	442
Digital human assets (as of April 2023)	approx. 3,600
Overseas human assets (as of April 2023)	approx. 1,180

Establishment of strong partnerships
Social and Relationship Capital

▶**Recovery of social losses**

Net claims paid	¥2,241.1 billion
Life insurance claims	¥531.2 billion
Number of auto accident cases received (domestic, excluding CALI)	2,319,379 cases

▶**Customer-focused business operations**

Customer satisfaction (questionnaire at time of insurance payment)	95.7%

▶**Expanded problem-solving through regional cooperation with local governments across Japan**

Instances of support for the resolution of issues faced by regional companies (e.g., consulting, seminars)	12,349 cases

Our planet's sustainability
Natural Capital

▶**Helping to create a zero-carbon society**

Greenhouse gas emission reduction rate (versus FY2019)	–26.8%
Renewable energy implementation rate	21.1%

▶**Contributing to the conservation of biodiversity**

Number of employees participating in social contribution activities	22,553

▶**Damage to natural capital**

Greenhouse gas emissions (Scope 1 + 2)	64,760t
Amount of waste discharged (final disposal)	3,262t

Value Co-Creation with Stakeholders P.19

- **Customers** — Provision of safety and peace of mind
- **Shareholders** — Long-term improvement in corporate value
- **Agents** — Mutual growth as a partner
- **Business Partners** — Value creation throughout the supply chain
- **Employees** — Human assets as a source of competitiveness
- **Local Communities/ International Society** — Cooperation and collaboration for solving issues
- **Environment** — Improvement of our planet's sustainability

Note: As of FY2022 when not otherwise stated

Value Co-Creation with Stakeholders

In co-creation with diverse stakeholders, the MS&AD Group will drive sustainable growth and corporate value enhancement by addressing a wide range of social issues while promoting environmental and social sustainability.



Customers

Quality improvement and product/ service provision that reflect customer feedback

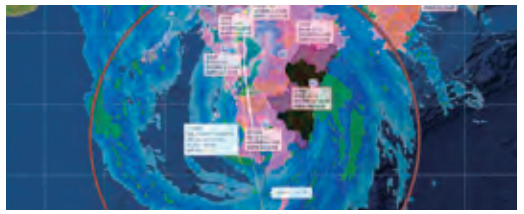
All employees implement the “Customer Focus” attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the “security and satisfaction of our customers.”

Communication channel

- Customer surveys
- Annual report on the status of “Customer Focused Management Policy” initiatives
- Contact center
- Official website
- Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
- Disaster prevention and reduction information is made available to the public, and alerts are notified via an app.

Examples of initiatives

The cmap real-time damage forecasting website and app provide information on the number of damaged buildings, disaster-related social media, alert levels, evacuation centers, and related issues.



Business Partners

Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with thorough compliance, respect for human rights, and consideration of the environment.

Communication channel

- Communication with outside vendors
- Periodic inspections of outside vendors
- Human rights risk management support, etc.

Examples of initiatives

We provided information on the MS&AD Insurance Group Basic Human Rights Policy to all vendors and encouraged them to prevent or mitigate any negative impact on human rights in their business activities.
In addition, a common Group relief counter was established to redress human rights violations by employees of vendors.



Employees

Employees’ job satisfaction and career fulfillment are a driver of the MS&AD Group’s growth

We create a working environment where employees can work with a sense of feeling motivated and job satisfaction and provide opportunities for everyone to play an active role. We foster a corporate culture that respects a diverse sense of values, thereby generating innovation.

Communication channel

- Conducting an employee awareness survey
- Speak-up system for whistleblowing and consulting on breaches of laws, company rules, and inappropriate behavior
- Based on improvement proposals, each head office department submits the results of feedback to the departments.

Examples of initiatives

Conducted awareness surveys of employees in Japan and overseas and implemented training for national staff to further disseminate and implement MS&AD’s mission, vision, and values.



Shareholders

Our Group’s sustainable growth and medium- to long-term improvement in shareholder value

We make highly transparent information disclosure, actively engage in constructive dialogue with shareholders, and reflect outcomes of these activities in managing our Group, thereby striving to create more value and improve corporate value.

Communication channel

FY2022 dialogue results
- Strategy briefings for institutional investors and analysts: 2 sessions
- Results briefing conference calls: 4 sessions
- ESG briefings: 1 session
- Thematic meetings: 2 sessions
- Briefings for individual investors: 6 sessions
- Japanese and overseas analyst/investor interviews: 237 sessions

Examples of initiatives

ESG briefing held for institutional investors and analysts in January 2023. Provision of opportunities to introduce the Group’s ESG initiatives and exchange views with Outside Directors.



Agents

Mutual growth as business partners

By communicating smoothly, and thinking and acting together with our agents, we will provide high-quality services and optimal insurance products to customers and mutually pursue the growth of agents and our Group.

Communication channel

- Agent meetings
- Agent study sessions
- Provision of “zeroboard,” a service for calculating and visualizing greenhouse gas emissions

Examples of initiatives

Presenting optimal proposals that meet the needs of each individual customer through data analysis by “MS1 Brain,” an AI-powered agent sales support system



Local Communities/ International Society

Solving social issues through collaboration with diverse partners

We work together with diverse partners such as cooperating with domestic and overseas industrial organizations and local governments and collaborating among industries, academia, and government, thereby protecting the Earth’s environment and social sustainability and contributing to developing a vibrant society.

Communication channel

- Collaboration agreements with local governments
- Collaborative research with universities and other organizations on disaster prevention and mitigation and the local environment
- Dialogue with NPOs and NGOs
- Communication/exchanges with local communities
- Holding of seminars/symposiums

Examples of initiatives

From fiscal 2022, in collaboration with universities, local NPOs, and municipal governments, the MS&AD Green Earth Project has launched initiatives for disaster prevention and reduction, decarbonization, and regional co-creation through conservation and restoration of the natural environment in the Kuma River basin (Kumamoto Prefecture), Minamisanriku Town (Miyagi Prefecture), and the Inba marshlands (Chiba Prefecture).



Environment

Improving the sustainability of the Earth

Toward achieving net zero by 2050, we will consider sustainability in all our business activities. We will demonstrate our initiative in climate change and promote the preservation of biodiversity and improvement in the sustainability of natural capital.

Communication channel

- Dialogue with experts and NPOs/NGOs
- Collaborative research with universities on climate change and natural capital
- Participation in initiatives and international conferences
- Employee participation in environmental and social contribution activities (22,553 employees)
- Holding of seminars/symposiums

Examples of initiatives

Four financial institution groups—MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan—launched the Finance Alliance for Nature Positive Solutions (FANPS) in February 2023 to support companies’ shift to nature positive in their business activities.



Identifying Materiality

Step1

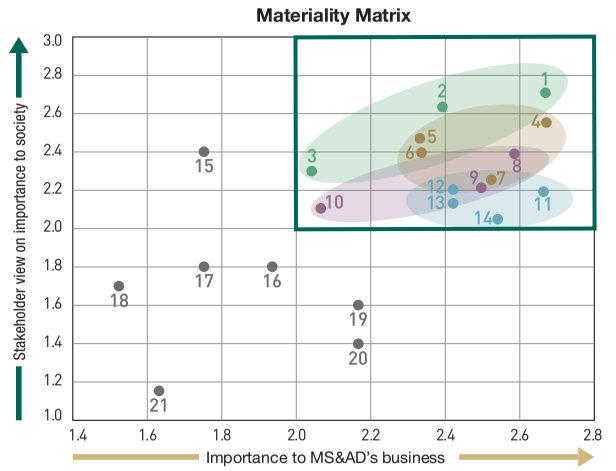
Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

1	Acceleration of global warming	8	Aging population and declining birthrate	15	Price instability
2	Damage to natural capital (ecosystem degradation and crisis)	9	Human rights violations and exclusion of diversity	16	Hunger and food crises
3	Environmental pollution and noncircular economy	10	Increasing poverty and inequality	17	Debt crises
4	Emergence of new risks	11	Customer responsibility	18	Frequent and spreading regional conflicts and terrorism
5	Spread of infections	12	Compliance	19	Disillusionment among young people
6	Large-scale earthquakes	13	Corporate governance	20	Commodity shock
7	Decline of local industry	14	Human resources	21	Immigration problems

Step2

Evaluate the selected social issues using the materiality matrix

The materiality matrix is analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us).



Step3

Organize social issues of high importance to stakeholders and us and set materiality

- Symbiosis with the global environment (Planetary Health)
- Safe and secure society (Resilience)
- Happiness of diverse people (Well-being)

Quality • Human Resources • ERM

・Quality P.78 ・Human Resources P.79 ・ERM P.39

Three Key Sustainability Issues

	Social issues		Risks and opportunities	Time axis: Short	Time axis: Medium	Time axis: Long	Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI		FY2022 Results
Symbiosis with the global environment (planetary health)	1 Acceleration of global warming	Risk	Reduction of earnings due to the inability to achieve a rapid transition to a net zero society		●	●	◎★Promotion of information disclosure and strategy in line with the TCFD recommendations ◎Implementation of business activities with sustainability in mind ◎Introduction of renewable energy	Greenhouse gas emission reduction rate (versus FY2019)	[2030] -50% [2050] Net zero	P.29
		Risk	Loss of reputation due to insufficient information disclosure and delayed response to climate change	●	●					
		Risk	Deterioration of income and expenditure due to intensification of natural catastrophes, etc., and an increase in capital costs due to increased profit volatility	●	●	●	◎Diversification of the business portfolio ◎Possession control of natural disasters in the United States			
		Opportunity	Provision of products and services that contribute to reducing greenhouse gas emissions	●	●		★Provision of products and services to support companies in decarbonization and disclosing climate-related information •Provision of greenhouse gas emission calculation and visualization services ★Provision of products and services for natural disaster preparedness •Weather derivatives •Related services to assess the impact of climate change	Renewable energy consumption rate	[2030] 60% [2050] 100%	
		Opportunity	Provision of products and services that support corporate decarbonization and climate-related information disclosure	●	●					
		Opportunity	Provision of products and services that prepare for natural disasters	●	●					
	2 Damage to natural capital (ecosystem degradation and crisis)	Risk	Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources			●	◎Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to 1) •MS&AD Green Earth Project ◎Efforts for preservation of biodiversity in Asia and Japan ◎★Efforts to develop and disseminate the TNFD disclosure framework	Insurance premium growth rate for products that contribute to the Net-Zero society and a circular economy	FY2025 Annual average 18%	
	3 Environmental pollution and noncircular economy	Risk	Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc.		●	●				
		Opportunity	Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use	●	●		★Provision of goods and services to support natural capital, preservation of biodiversity, and sustainable use ★Provision of products and services that support a circular economy ★Launching of a financial alliance to promote nature positivity			
		Opportunity	Decline in earnings due to an inability to achieve the transition to a circular economy		●					
Safe and secure society (resilience)	4 Emergence of new risks	Risk	Impact of an increase in large-scale cyberattacks on the Group	●	●		◎Building an information security management system	Growth rate of the number of policy for products that contribute to improving social resilience	FY2025 Annual average 20%	P.29
		Risk	Emergence of new risks due to the spread of IoT and in the post-digital era	●	●					
		Opportunity	Creation of new markets due to the emergence of new risks such as cyberattacks	●	●		★Provision of goods and services for new risks manifested by changes in society •Products and services that address cyber risks •Voluntary automobile insurance and accident reduction services using telematics technology			
		Opportunity	Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	●	●					
	5 Spread of infections	Risk	Impact of a new pandemic on operations	●	●	●	★Provision of products and services to infectious disease control and healthcare providers			
		Opportunity	Business opportunities related to infectious disease control and healthcare providers	●	●					
	6 Large-scale earthquakes	Risk	Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas	●	●	●	◎Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to 5)			
		Opportunity	Increased need for earthquake countermeasures	●	●		★Provision of products and services to prepare for massive earthquakes ★Provision of services that meet the needs of companies for BCP measures			
	7 Decline of local industry	Risk	Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure	●	●		★Provision of insurance and services in response to local revitalization and regional issues (also corresponding to 8) •Seminars to help local companies solve problems	Number of issues solved by local companies	FY2025 10,000 cases	
		Opportunity	Increased demand for regional and customer resilience, including expansion of regional economic cycles and support for next-generation mobility services such as CASE and MaaS	●	●					

Three Key Sustainability Issues

	Social issues		Risks and opportunities	Time axis: Short	Time axis: Medium	Time axis: Long	Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI		FY2022 Results
Happiness of diverse people (well-being)	8 Aging population and declining birthrate	Risk	Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas		●	●	◎Prediction of risk development due to market changes through monitoring	Number of policies in force of asset-building products for longevity	FY2025 100,000 cases	P.29
			Crisis of sustainability in social security systems and financial systems		●	●				
			Loss of earnings due to inability to address needs in an aging society		●	●				
		Opportunity	Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages	●	●		★Provision of products and services in line with the needs of an aging society •Products for pensions, nursing care, dementia, etc. •Financial gerontology training ★Provision of products and services that help solve health-related social issues •Health management support insurance and services •Breast, uterine, and colorectal cancer seminars	Number of policies in force that help solve health-related social issues	FY2025 2.6 million cases	
			Increased need for security systems in cooperation with local governments	●	●					
			Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society	●	●					
	9 Human rights violations and exclusion of diversity	Risk	Decrease in reputation due to actual or possible human rights violations	●	●		◎Provision of human rights training to employees and agents ◎Speak-up system (whistleblowing system) and establishment of a consultation service ◎Implementation of business activities with sustainability in mind	Number of companies supporting human rights–related measures	FY2025 1,000 cases	
		Opportunity	Increased awareness of respect for human rights and the increased need for corporate responses	●	●		★Provision of products and services that contribute to respecting human rights and promoting DE&I •Human rights risk management support consulting services			
	10 Increasing poverty and inequality	Risk	Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees	●	●		◎★Activities and active disclosure of information related to social contribution and collaborative value			
		Opportunity	Grasping of new markets through financial inclusion	●	●	●	★Provision of microinsurance			

Impact of CSV Initiatives

Based on the three priority issues identified, we are promoting CSV initiatives based on risks and opportunities. Our group's products and services solve social problems and support a resilient and sustainable society.
We are creating a positive impact both in improving corporate value and solving social issues.

Note: Figures are estimates for FY2022.

Symbiosis with the global environment (Planetary Health)

Quantitative assessment service on the climate change impact of the TCFD recommendations

6,640 bases

(Number of companies that provided quantitative assessment services for physical risks from climate change impacts)

Work with Jupiter, a climate analysis company, to provide quantitative risk assessments of climate change impacts

Real-time damage prediction website cmap.dev (cmap)

2.73 million accesses

(Number of page views per year on a site that forecasts and publishes the number of buildings affected by typhoons, heavy rains, and earthquakes in real time)

It is open to the public free of charge as an advance disaster prevention and reduction measure against natural disasters.

Safe and secure society (Resilience)

Products to cover cyber risks

20,165 companies

(Number of corporations and organizations protected from cyber risks)

Support cybersecurity countermeasures and provide coverage to hedge damage resulting from the unlikely event of a cyberattack

Telematics-based safety driving support services

2.2 million cases

(Number of automobile insurance policies for monitoring and automobile insurance for connected cars)

We offer automobile insurance that utilizes telematics-based safety driving support services.

Happiness of diverse people (Well-being)

Tontine pension plans

50,000 cases

(Number of tontine annuity contracts)

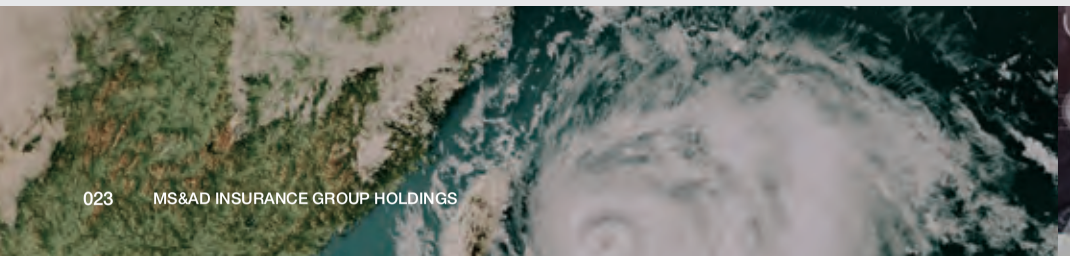
A foreign currency–denominated individual pension insurance that meets the usage needs of customers who receive a greater amount of pension the longer they live

Support for companies that address human rights issues

1,111 cases

(Number of human rights–related consultations, training, seminars, etc., conducted for companies, etc.)

We support companies in their efforts to address human rights issues and develop insurance proposals related to corporate welfare and health management.







MS&AD's Path toward Realizing Its Vision of Society

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and has made steady progress toward the realization of becoming the "world's leading insurance and financial group," which it set out to become at its inception, by maintaining its position among the top 20 non-life insurance companies in the world.

To become a corporate group that supports a resilient and sustainable society in 2030, we aim to achieve sustainable growth by creating shared value with society by providing solutions to social issues through the promotion of the CSV×DX strategy.

New Frontier 2013

Development of the Mission

The MS&AD Insurance Group was founded with the mission of "contributing to the development of a vibrant society and helping to secure a sound future for the planet."

Achievements We have made progress in the integration of group management, including the construction of a system that will serve as a common basis for the domestic non-life insurance business, and clarified the form of group management through "reorganization by function."

Issues In response to major natural disasters such as the Great East Japan Earthquake and severe flooding in Thailand, the targets of the Group core profit and ROE were ultimately not met.

Next Challenge 2017

Building of a value creation story

Evolve and develop group integration based on the value creation story that embodies our mission

Achievements We have put in place a stable earnings foundation through Group management integration via "reorganization by function." We strengthened ERM and promoted sales of strategic equity holdings and international business investment, thereby improving capital efficiency and building a growth base.

Issues As a result of hurricanes in the United States and other events in FY2017, profits from the international business declined significantly and the targets the Group set for core profit and ROE were not met.

Vision 2021

Develop management based on CSV

Set the SDGs as a guidepost, set the social vision for 2030, and promote CSV

Achievements While deepening "reorganization by function," the Group's adjusted profit of ¥347.1 billion exceeded the target and the Group's adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

Issues Due to the impact of overseas natural disasters and COVID-19 on stock market conditions, etc., the diversification of risk and business portfolios became an ongoing issue.

Medium-Term Management Plan (2022–25)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Image of society for 2030

A corporate group supporting a resilient and sustainable society

FY2025 Target Net Income (on an IFRS basis)

¥470 billion – ¥500 billion

FY2025 Target Adjusted ROE

Stable achievement of 10% or higher

Numerical Management Targets

(¥ billion)

	FY2010 Results	FY2013 Results	FY2013 Initial targets	FY2013 Revised targets	FY2014 Results	FY2017 Results	FY2017 Initial targets	FY2017 Revised targets*4
Group Core Profit*1	14.5	94.8	150.0	110.0	155.7	105.0	160.0	220.0
Domestic non-life insurance	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic life insurance	4.1	24.4	15.0	15.0	20.4	34.3	16.0	15.0
International business	1.8	18.0	30.0	30.0	38.2	-125.0	39.0	66.0
Financial services business/Risk-related services business	1.9	4.4	5.0	5.0	4.6	5.6	6.0	5.0
Group ROE*1	0.8%	4.5%	7.0%	7.0%	5.9%	3.7%	7.0%	7.5%
Consolidated net premiums written	2,541.4	2,809.5	2,700.0	2,700.0	2,940.7	3,446.9	3,100.0	3,570.0
Combined ratio (domestic non-life insurance)	-	-	-	-	96.0%	92.8%	95% or less	93% range
Annualized premiums of policies in force (life insurance)*2	278.0	333.5	330.0	330.0	-	-	-	-
Increase in EV*3 of MSI Aioi Life	-	-	-	-	59.7	41.3	more than 45.0	more than 50.0

*1 The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018.
*2 Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
*3 EV: Embedded Value (see "Glossary of Insurance Terminology" on page 107)

(¥ billion)

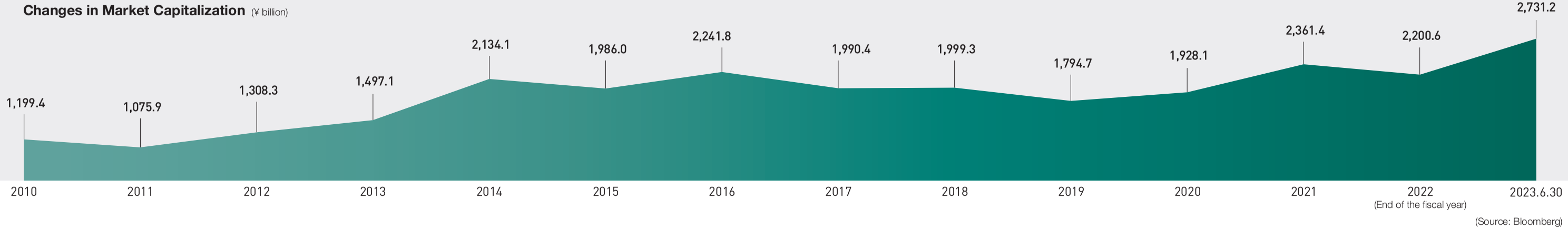
	FY2018 Results	FY2021 Results	FY2021 Initial targets	FY2021 Revised targets*6
Group Adjusted Profit	189.8	347.1	350.0	300.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic life insurance	31.6	75.7	45.0	41.0
International business	5.4	34.3	117.0	75.0
Financial services business/ Risk-related services business	5.8	6.3	6.0	7.0
Group Adjusted ROE	6.1%	9.5%	10.0%	10.0%
Consolidated net premiums written	3,500.4	3,609.0	3,710.0	3,580.0
Life insurance premiums (Gross premiums income)*5	1,599.9	1,314.4	1,600.0	1,000.0
MSI Aioi Life's EEV	819.4	923.6	1,050.0	962.0
ESR (Economic Solvency Ratio)	199%	228%	180%–220%	180%–220%

(¥ billion)

	FY2022 Results	FY2025 target
Group Adjusted Profit	172.7	467.8
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	118.0 (28.4)	257.8
Domestic life insurance	34.7	54.2
International business	17.9	145.5
Financial services business/ Digital and risk-related services business	2.0	10.3
Group Adjusted ROE	4.8%	12.2%
Consolidated net premiums written	3,934.4	4,455.3
Life insurance premiums (Gross premiums income)*5	1,707.5	1,500.0
MSI Aioi Life's EEV	908.0	-
ESR (Economic Solvency Ratio)	228%	180–250%

*4 FY2017 numerical management targets were revised higher from the initial targets in FY2016.
*5 Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
*6 FY2021 numerical management targets were revised from their initial values in FY2020 in light of Stage 1 progress.

Changes in Market Capitalization (¥ billion)



(Source: Bloomberg)

Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–25)

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.
To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergy)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

▶ Aspirations

Qualitative Targets

A corporate group supporting a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services, and risk consulting that utilize digital technologies.

Quantitative Targets

FY2025	IFRS Net income of ¥470 billion–¥500 billion	Stable achievement of 10% or higher in adjusted ROE*

*IFRS Net income/(Net assets on an IFRS basis − Net unrealized gains/losses on strategic equity holdings)
(Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.)

▶ Basic Strategies and Foundations Supporting Basic Strategies

Basic strategies

Value (value creation)
- Roll out CSV × DX globally to provide value to all stakeholders and enhance corporate value
- Enhance the profitability of our businesses, products, and services to strengthen the revenue base

Transformation (business reforms)
- Transform our business structure to adapt to changes in the business environment, including the creation of new businesses
- Transform our businesses, products, and risk portfolio to build a stable revenue base

Synergy (pursuit of Group synergy)
- Take advantage of the diversity of the Group and strengthen cooperation to achieve further growth
- Deepen standardization, collaboration, and integration in the Group to improve productivity
- Pursue synergies on a global basis

Foundation



- Initiatives to address the three priority issues

Symbiosis with the global environment (planetary health)
Safe and secure society (resilience)
Happiness of diverse people (well-being)



- A corporate group that continues to evolve based on customer feedback
- Highly transparent and effective corporate governance



- Building of an optimal portfolio of human resources
- Development of a working environment in which employees can fully demonstrate their abilities, skills, and motivation



- Improvement in earnings power and capital efficiency
- Reduction of strategic equity holdings

Numerical Management Targets (Financial)

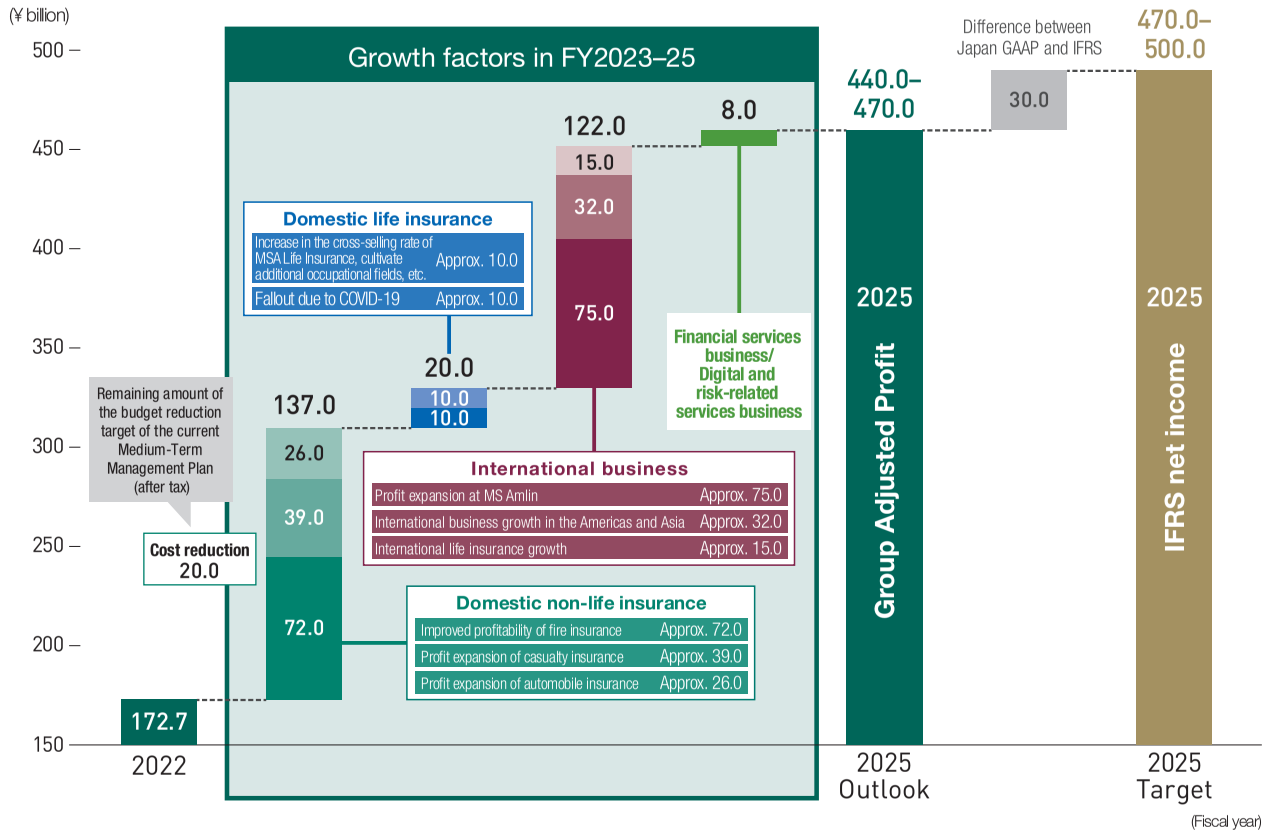
The quantitative targets (financial) of the Medium-Term Management Plan (2022–25) are to achieve ¥470 billion–¥500 billion in IFRS net income and a stable adjusted ROE of 10% or more, with the aim of achieving global peer-level profitability by FY2025. Due to changes in the business environment after the formulation of the Medium-Term Management Plan, the Group Adjusted Profit forecast for FY2023 is ¥350 billion compared with the target of ¥400 billion at the time of the formulation of the Medium-Term Management Plan. However, efforts to strengthen profitability are steadily progressing, and we are maintaining the targets of the Medium-Term Management Plan as we respond appropriately to changes in the environment. IFRS is scheduled to be applied in FY2025, and the Japanese standard will be applied until FY2024.

Structure of the FY2025 Profit Target

Group Adjusted Profit (based on Japanese standards) is expected to increase to ¥267 billion–¥297 billion over the next three years from ¥172.7 billion in FY2022. The growth factors in FY2023-25 is expected to be approximately ¥137 billion due to improved profitability in fire insurance and increased profit in casualty insurance and automobile insurance of the domestic non-life insurance business; approximately ¥20 billion due to the increase in the cross-selling rate of Mitsui Sumitomo Aioi Life Insurance in the domestic life insurance business; and approximately ¥122 billion due to the increase in profit of MS Amlin in the international business and other reasons.

(¥ billion)

	FY2022 results	FY2025 (Outlook) Group Adjusted Profit	FY2025 (Target) IFRS net income
Total	172.7	440.0–470.0	470.0–500.0
Domestic non-life insurance business	118.0	Approx. 255.0	
Domestic life insurance business	34.7	Approx. 55.0	
International business	17.9	Approx. 140.0	
Financial services business/ Digital and risk-related services business	2.0	Approx. 10.0	



Progress of numerical management targets (non-financial)

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that supports the three basic strategies of the Medium-Term Management Plan (2022–25), we have set the following numerical management targets (non-financial) for sustainability, quality, and human assets initiatives. By achieving these numerical management targets, we will support the promotion of our basic strategy to become a corporate group that supports a resilient and sustainable society.

Sustainability KPIs

Priority issue	KPI progress		Target	FY2022 Results
Symbiosis with the global environment (planetary health)	GHG emission reduction rate (versus FY2019)		FY2030: -50% FY2050: Net zero	-26.8% (Scope 1 + 2)
	Renewable energy usage rate		FY2030：60% FY2050：100%	21.1%
	FY2025	Premium growth rate for products that contribute to the decarbonization of society and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	17.9%
Safe and secure society (resilience)	FY2025	Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	29.4%
		Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	12,349 cases
Happiness of diverse people (well-being)	FY2025	Number of companies supporting human rights–related measures Example: Harassment prevention consulting	1,000 instances a year	1,111 cases
		Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	50,000 cases
		Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.6 million	2.17 million cases

Human Assets and Quality KPIs

( ): FY2022 results

Human Assets

End of FY2030 (aiming for early achievement)

- Percentage of female managers: 30%(19.5%)
- Percentage of female line managers: 15%(12.9%)

FY2025

- Digital human resources: 7,000 persons (about 3,600 persons)
- Overseas human resources: 1,200 persons (about 1,180 persons)
- Productivity improvement: 8.5%(9.2%)
- Percentage of personnel expenses: Current level (22.6%) or higher
- Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries: Current level(83.0%) or higher
- Percentage of employees who exercise regularly: Current level(26.5%) or higher
- Male childcare leave: Percentage of male employees taking childcare leave: 100%
Duration of leave: 4 weeks (92.5%, 8.1 days)
- Number of annual paid leave days taken: The same level or higher compared with the previous year (16.4 days)
- Employee awareness survey
  - Sense of feeling that our business helped create shared value
  - Constant awareness of Mission, Vision, and Values
  - Pride in work, feeling motivated
  - Playing active roles

  → The same level or higher compared with the previous year

See P.48 for employee satisfaction data

Quality

FY2025

- Customer satisfaction level (on contract procedures and the claim payment process): The same level or higher compared with the previous year

Basic Strategy 1 Value (Value Creation)

In our Basic Strategy 1, “Value,” we will roll out CSV×DX globally, provide new value to all stakeholders, and further increase our profitability to enhance our corporate value.

In the Value strategy, we will provide new value and strengthen our earnings foundation based on the Group’s strong financial base, steady profit growth, diverse human assets, etc.

Enhancing the revenue base

- Reduce project costs (increase the efficiency of personnel and system-related costs) as planned; we have already achieved 39% progress toward the Medium-Term Management Plan reduction target
- Improve the profitability of the domestic non-life insurance business by optimizing rates, strengthening underwriting, etc.
- Enhance productivity improvements by promoting the “One Platform Strategy,” etc.

MS&AD Value Strategy

- Realize the development and monetization of products and services that provide new value before and after coverage and protection
- Utilize Group-wide knowledge gained through investment in start-ups by MS&AD Ventures



CSV×DX

- Develop and expand sales of products and services that will lead to the resolution of social issues and build a sales system

Examples of initiatives

‘Mimamoru’ Automobile insurance policy (Voluntary automobile insurance with dashcam)



More than 2 million!

From post-accident insurance to accident-free insurance

Accident occurrence risk AI assessment (traffic accident occurrence risk visualization tool for local governments)



Basic Strategy 2 Transformation (Business Reforms)

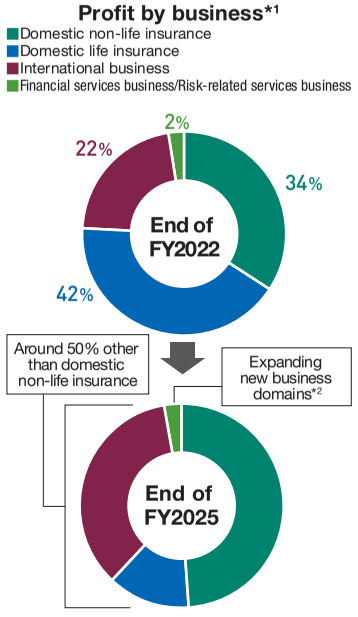
The Basic Strategy 2, "Transformation," aims to build a stable earnings foundation by implementing reforms in three portfolios: business, product, and risk. We will also transform the structure of our business, including the creation of new businesses, and adapt to changes in the business environment.

- In Business Portfolio Reform, we aim to diversify the sources of profit by expanding our international business, domestic life insurance business, and new business areas while maintaining the scale of profit in the domestic non-life insurance business. In FY2025, we aim to secure approximately 50% of our profit from businesses other than the domestic non-life insurance business, with the aim of overcoming our dependence on the domestic non-life insurance business. In FY2022, we made investments in our international business, including the acquisition of Transverse Insurance Group, LLC, a fronting company in the U.S. MGA market, and proceeded to transform our business portfolio.
- In Product Portfolio Reform, we are transforming from the current reliance on automobile insurance, which is expected to gradually decline in the future, for about 70% of its profits, to more diversified profit sources by monetizing fire insurance (making it profitable) and expanding casualty insurance (expanding sales of new products in response to new risks). In FY2022, we promoted the expansion of casualty insurance by responding to new risks and needs, such as cybersecurity, and developing markets for midsized and small businesses.
- In Risk Portfolio Reform, the reduction of strategic equity holdings, which account for the largest portion of the Group's risk volume, continues to be an issue, and we increased the sales target in the Medium-Term Management Plan (2022–25) from ¥400 billion to ¥600 billion to halve the proportion of strategic equity holdings. In FY2022, we sold ¥206.6 billion, more than double the initial sales target of ¥100 billion, and we will accelerate our efforts going forward.

Transformation of the Three Portfolios

Business

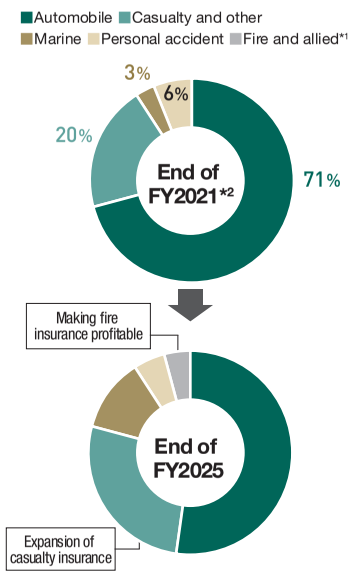
Profit by business*1



*1 Group Adjusted Profit basis (excluding gains on sales of strategic equity)
*2 Data businesses such as RisTech and consulting businesses

Product

Underwriting profit by domestic non-life insurance line

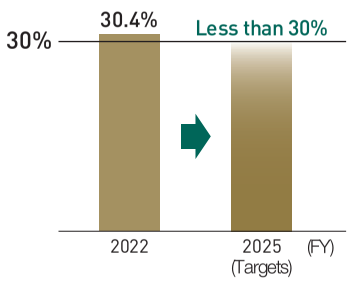


*1 For FY2021, the underwriting loss of reinsurance is shown as zero.
*2 As the end of FY2022 showed a deficit in all categories except automotive and marine insurance, this comparison is with the end of FY2021.

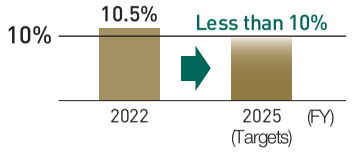
Risk

Strategic equity holdings

Percentage of the Group's risk



Percentage of consolidated total assets



Creation of new businesses

We worked to create new services and business opportunities using digital data with MS&AD InterRisk Research & Consulting at the core, and sales of non-contract business from Group non-life insurance companies at MS&AD rose 130% year on year.

Basic Strategy 3 Synergy (Demonstration of Group Synergies)

Under Basic Strategy 3, "Synergy," the MS&AD Group will leverage its strengths in diversity to drive growth, while leveraging its scale to improve productivity. We will take advantage of the economies of scale in the domestic non-life insurance business, which boasts the largest market share; boldly promote standardization, collaboration, and integration across the Group by centering on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance as the "One Platform Strategy"; and achieve greater operational efficiency and quality improvement at the same time.
We are also actively working to demonstrate synergies between domestic Group companies and global synergies.

In the "One Platform Strategy," Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will continue to operate as one, excluding strategic differences such as some large Group contracts and specialized office work and products for specific channels. We will promote the integrated management of head office functions, expand the use of BPO* for routine operations, and use shared bases to improve the efficiency of head office functions.
As a synergy between the domestic non-life insurance business and the domestic life insurance business, we will increase the ratio of non-life insurance agents who also sell life insurance from about 20% currently to 25%. As a global synergy, we will pursue synergies between Group companies and investee companies in all areas in and outside Japan, including insurance products, non-life insurance services, and DX.
*BPO: Business Process Outsourcing; the outsourcing of operations

Implementation of the "One Platform Strategy"

1 Platform
Standardization, collaboration, and integration

- Further pursue standardization, collaboration, and integration in middle- and back-office operations, achieving further business efficiency and quality improvement
- There are advantages to not standardizing specific procedures and products, etc., for some major group contracts and specific channels, and integrated operation will be implemented except where separation is retained for strategic purposes.

Progress and future initiatives (Excerpt)	Products	Start cohabitation of personnel during product development ("One Platform Development")
	Alignment of claims	Cohabitation of some non-life insurance service bases will begin in October 2023
	Administration	Reorganized MS&AD clerical services by function rather than company and expanded outsourcing to the company
	Reinsurance Business	Started the joint use of the reinsurance system
	Operation	Increased the use of MSR Capital Partners, LLC, as a common platform for foreign investment (asset management)
	Human resources	Constructed a Group-based human assets data infrastructure
Efficiency of head office functions	Start of integrated operation in FY2023	Data management, human resources (development of human assets), and risk management
		Living with a contact center base (Kansai)
	Expansion of BPO	Consider expanding the use of BPO for routine operations, mainly administrative and office work functions, in the head office departments

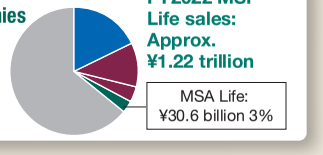
Group-wide synergies

Synergy of life insurance and non-life insurance

Cross-selling ratio	FY2022 Results	FY2025 Target
	20%	25%

Synergies between life insurance companies

Strengthening tie-up sales of Mitsui Sumitomo Primary Life Insurance (MSP Life) products via the agent network of Mitsui Sumitomo Aioi Life Insurance (MSA Life; the fourth largest financial institution handling MSP Life)



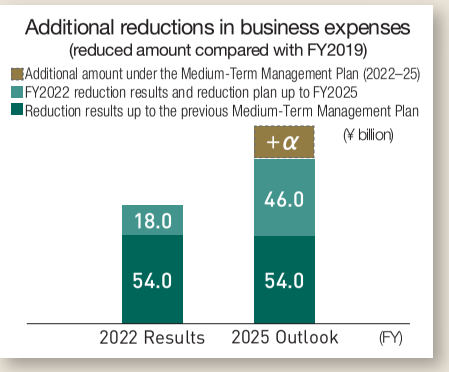
Global synergy

Sharing and mutual utilization of the expertise and skills of Group companies in Japan and overseas



Through initiatives to share and utilize products, services, and knowledge in both Japan and overseas, we are developing and expanding information exchange platforms and promoting the mutual expansion of know-how in Japan and overseas.

Additional reductions in business expenses
(reduced amount compared with FY2019)



DX strategy



CDO Message

Tomoyuki Motoyama

Group CDO (DX Promotion)

The Medium-Term Management Plan (2022–25), launched in FY2022, sets forth “Value (value creation)” as one of the Group’s three basic strategies and promotes CSV × DX initiatives centered on MS&AD InterRisk Research & Consulting. To accelerate these efforts and demonstrate synergies across the Group, we have established the “Group data linkage infrastructure” for data sharing among Group companies. In addition, to provide optimal solutions to a wider range of customers, we have begun to provide solutions through our agents.

Our Group’s human assets form the basis of these CSV × DX initiatives, and we continue to promote the development of digital human assets and digital culture, which we have been focusing on since FY2018. In November 2022, we established Aioi R&D Lab-Oxford, a joint research laboratory for research and development of cutting-edge technology and science, with Mind Foundry, an AI venture of the University of Oxford, to research cutting-edge technologies such as AI. These efforts were comprehensively evaluated, and the company was selected as a 2023 Digital Transformation Stock (DX Stock) via a program jointly implemented by the Ministry of Economy, Trade, and Industry; the Tokyo Stock Exchange; and the Information-technology Promotion Agency. As digital innovation advances, the Group will continue to work together to promote DX and contribute to solving local and social issues.

Provision of CSV × DX initiatives and new solutions with MS&AD InterRisk Research & Consulting as the core

Since FY2022, MS&AD InterRisk Research & Consulting has been at the core of our efforts to transform our business model by promoting the development and sales of solutions before and after compensation and protection using digital data.

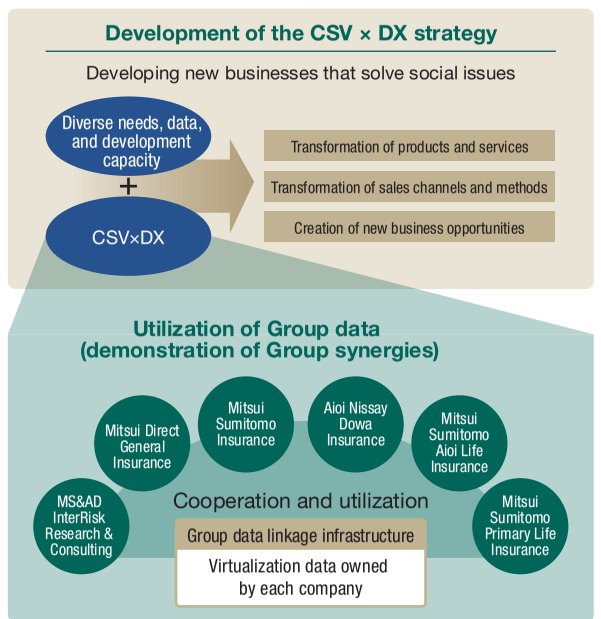
Specifically, we began providing advanced solutions that help solve social issues, such as the “accident risk AI assessment,” which uses AI technology to assess and visualize potential traffic accident risks, and the “LaRC Flood Risk Analysis Service,” which uses highly accurate, reliable, and high-resolution hazard maps to identify future flood risks. These are examples of solutions created by making the most of the data skills and knowledge held by MS&AD Group companies and are truly the result of Group synergies.

In April 2023, we began offering solutions through our agents, aiming to solve social issues by providing optimal solutions to more customers.

Development of the Group data linkage infrastructure

We have developed the Group data linkage infrastructure to share the non-life and life insurance data held by Group companies in a safe and speedy manner. We will use the data across groups to create new solutions and advance existing solutions.

Positioning of the Group data linkage infrastructure in our Group



Promotion of business development through DX and development of digital human resources

Promotion of business development through DX

We are actively promoting business development through DX by utilizing advanced digital technologies through cooperation with start-up companies.

MS&AD Garage Program

Employees from Group companies meet and work to solve problems through DX.

65people from 32 entities

- Domestic non-life insurance: 47
- Domestic life insurance: 6
- Overseas entities: 12

Multiple business alliance ideas are born each time (PoC)

MS&AD Innovation Factory

This base for business development, without being bound by existing frameworks, proposes problems that will be faced in the future and refines future businesses and creates new businesses to address those problems.

- Enhancing existing businesses
- Creating new businesses

Developing digital human resources

Focusing on our Group’s unique programs through cooperation with universities and other educational institutions, which have been introduced gradually since FY2018, we are strengthening the development of digital human resources, fostering a digital culture through internal contests, etc., and working to build a digital foundation for the entire Group.

Number of digital human resources

As of April 2023 About 3,600 people → FY2025 target 7,000 people

MS&AD Digital Academy

Information Networking for Innovation and Design

Collaboration with INIAD (Faculty of Information Networking for Innovation and Design, Toyo University)

Data Science Training

Cooperation with Shiga University

MS&AD Digital College from Kyoto

KUAS 京都先端科学大学

Cooperation with the Kyoto University of Advanced Science (KUAS)

Development of data scientists in the field of medicine

Collaboration with Tokyo Medical and Dental University

Develop the ability to think about business

Digital Innovation Challenge Program

Soliciting ideas to contribute to the theme set each year

FY2022 Theme: Provision of value before and after compensation (guarantee)

→ Approximately 6,000 applications in total

DX issue selection

Our Group has been selected as a 2023 Digital Transformation Stock (DX Stock) in recognition of its concerted efforts to provide new solutions utilizing data and digital technologies and to strengthen its DX infrastructure.

This is the fifth time we have been selected; previous selections were for “DX Brand” and “Notable DX Company” and the DX predecessors, “Active IT Strategy Brand” and “Notable IT Strategy Company.”

DX銘柄2023 Digital Transformation

Financial and Capital Strategies



CFO Message

Tetsuji Higuchi

Representative Director
Executive Vice President, Group CFO

FY2022 Financial Results, FY2023 Results Forecast

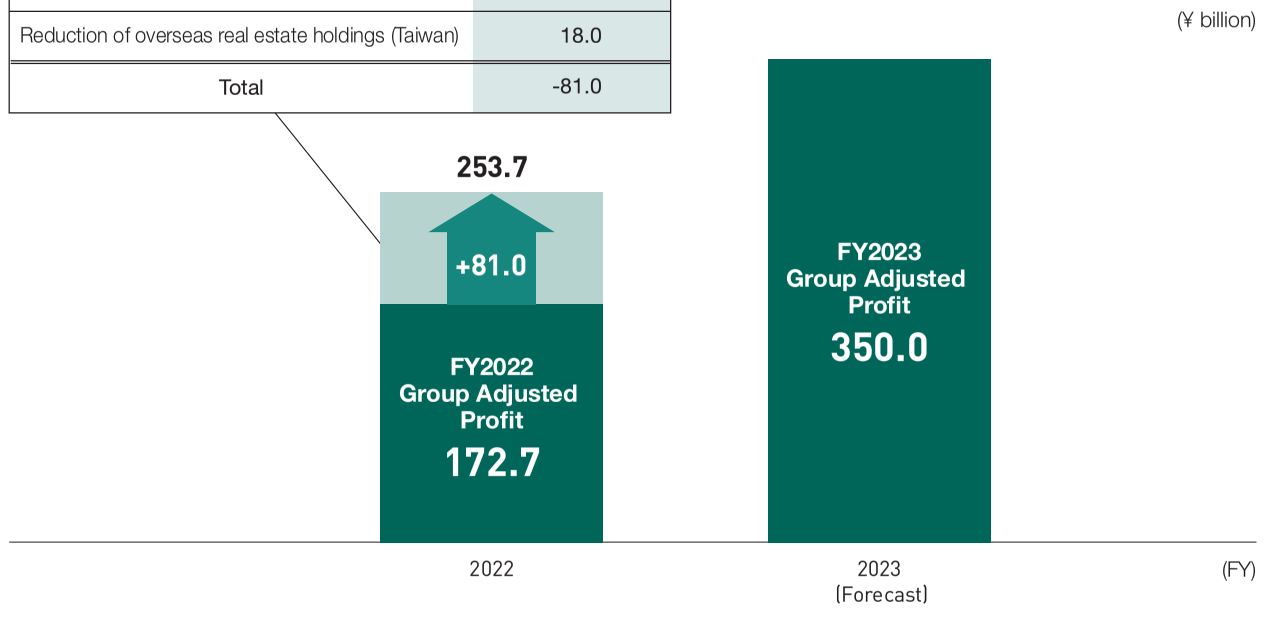
Despite a decline in profit in FY2022 due to incidental factors effects, we aim to achieve Group Adjusted Profit of ¥350 billion in FY2023.

In FY2022, consolidated net premiums written (non-life insurance) increased 9.0% year on year to ¥3,934.4 billion due to an increase in both domestic non-life insurance and overseas subsidiaries. On the other hand, Group Adjusted Profit was ¥172.7 billion, down 50.2% year on year due to a decline in profit for domestic non-life insurance, domestic life insurance, and overseas subsidiaries. Excluding losses related to Russia and Ukraine; losses related to the COVID-19 fluctuations in the financial markets of MS Amlin, for which assets under management are valued at fair value; and other incidental factors, Group Adjusted Profit was ¥253.7 billion.

Group Adjusted Profit for FY2023 is expected to roughly double to ¥350.0 billion, and Group Adjusted ROE is expected to recover to 10.0%. With the elimination of temporary factors in FY2022 such as losses related to Russia and Ukraine of ¥16 billion and losses related to the novel coronavirus of ¥52 billion, we expect to improve profitability in FY2023 by ¥60.9 billion in the domestic non-life insurance business, ¥10.2 billion in the domestic life insurance business, and ¥106.0 billion in the international business, mainly due to the increase in profit of MS Amlin.

Group Adjusted Profit (excluding incidental factors)

FY2022 Special Factors I (excluding incidental factors)	Impact
Russia and Ukraine related losses	-16.0
Impact of COVID-19	-52.0
Financial market volatility	-31.0
Reduction of overseas real estate holdings (Taiwan)	18.0
Total	-81.0

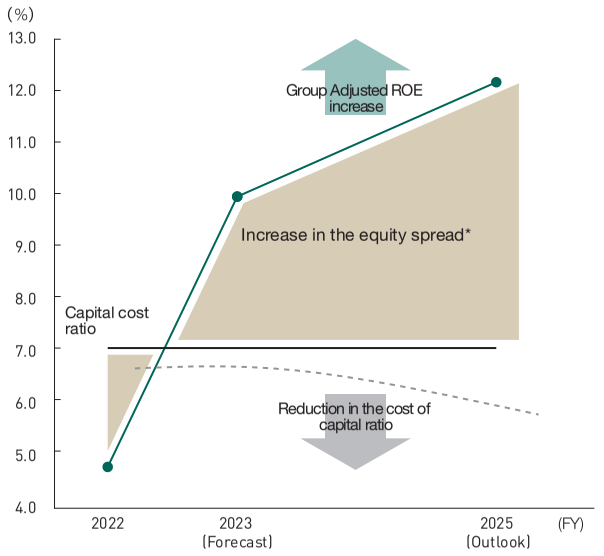


Capital Efficiency

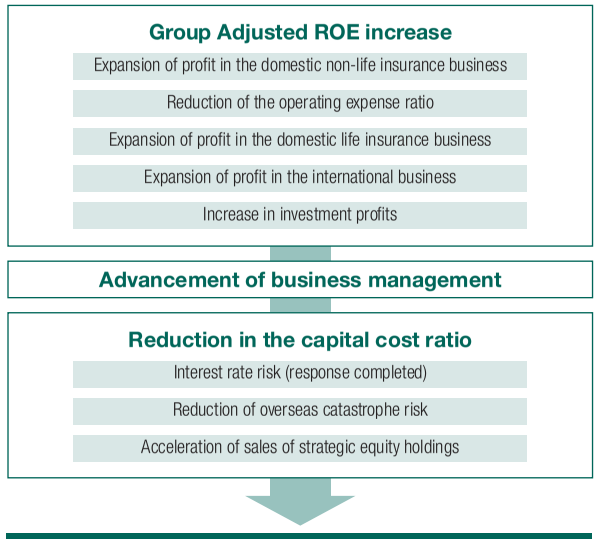
We will increase ROE and reduction in the capital cost ratio by reducing risk.

Efforts to increase corporate value

We will improve Group Adjusted ROE by increasing insurance underwriting profit for domestic non-life insurance, domestic life insurance, and the international business; reducing the operating expense ratio; and increasing investment profits. We will also work to lower the cost of capital ratio by reducing overseas catastrophe risk and accelerating sales of strategic equity holdings, thereby achieving stable expansion of the equity spread.



*Equity spread: Group Adjusted ROE – Cost of capital ratio

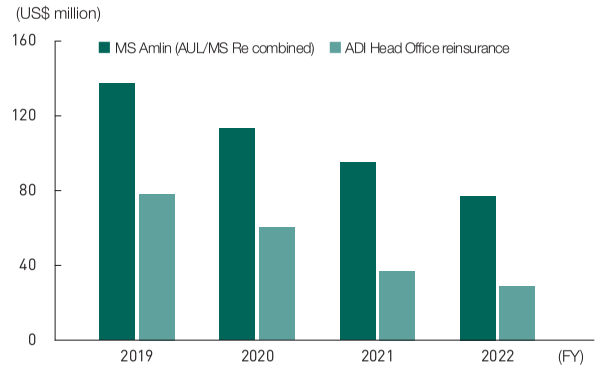


As for overseas catastrophe risk, we are carefully expanding our underwriting profit by taking advantage of opportunities to harden the reinsurance market while reducing the risk of U.S. wind and flood disasters.

In the current Medium-Term Management Plan, we initially planned to reduce strategic equity holdings by ¥400 billion over four years, or ¥100 billion per year, but we have raised the reduction plan target and now intend to reduce strategic equity holdings by ¥600 billion over four years. In FY2022, we achieved a reduction of ¥206.6 billion. We will continue the same level of reduction in the next Medium-Term Management Plan and aim to halve the fair value balance compared with September-end 2022.

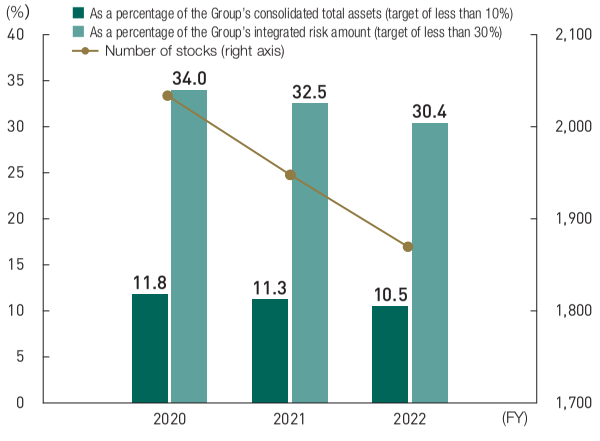
In addition, Mitsui Sumitomo Aioi Life Insurance has completed its efforts to reduce interest rate risk by promoting ALM through the expansion of its investment in ultra-long-term bonds and increasing its hedge ratio (interest rate sensitivity of assets/interest rate sensitivity of liabilities) to approximately 100%.

U.S. wind and flood disaster risks (recurrence period: 10 years)



Note: MS Amlin is the North American wind and flood disaster risks (recurrence period: 10-year PML) after the renewal on July 1 of each fiscal year.
ADI Head Office reinsurance is the U.S. wind and flood disaster risks (recurrence period: 10 years), as of the end of March of each fiscal year.

Reduction of strategic equity holdings



■ Advancement of business investment and business management

Business investment is oriented toward M&A for geographic and line diversification and expansion of the business portfolio. We will also promote sophisticated business management and distribute capital flexibly to businesses with high capital efficiency.

In January 2023, we acquired Transverse Insurance Group, LLC, in the United States, and in June 2023, we transferred our business to Mitsui Sumitomo Insurance Care Network.

Implementation of growth strategies and risk diversification through business investment

Investment policy

- Is it possible to share a sense of values and empathize via principles and philosophies?
- Do you have a sales base and know-how that can predict business scale expansion and high profitability, and can you expect Group synergies?
- Does geographic and line diversification of the portfolio contribute to improving capital efficiency?
- Can a sufficient investment effect be obtained by considering the hurdle rate set based on the cost of capital?

Investment performance

Acquisition completed in January 2023

Transverse INSURANCE GROUP

Completion of acquisition of the MGA market fronting company Transverse Insurance Group, LLC

Business investment target

United States	MGA and specialty insurance companies, etc.
Asia	Investment targets leading to the strengthening and expansion of the retail business

Advancement of business management and flexible capital movement

Subject to review

- Continue to be unable to generate sufficient returns relative to the cost of capital, with no prospect of improvement
- Not expected to contribute to the Group such as synergies
- Not expected to produce results in the markets in which the business operates

Addressing items subject to review

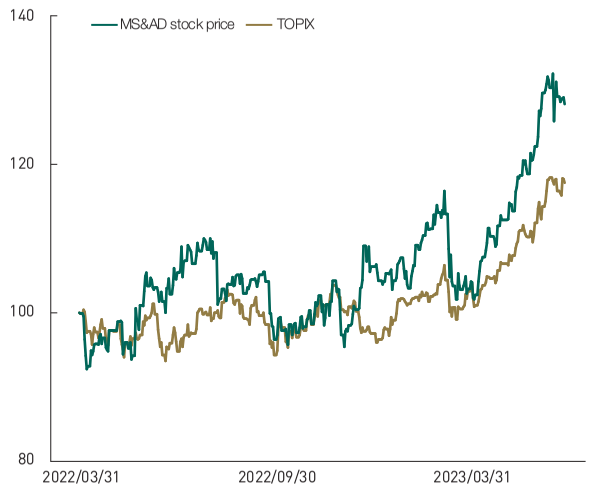
Aim to improve capital efficiency by reinvesting in existing businesses with high profitability and growing businesses

(June 2023: Business transfer) 三井住友海上ケアネット MS&ADインシュアランス グループ

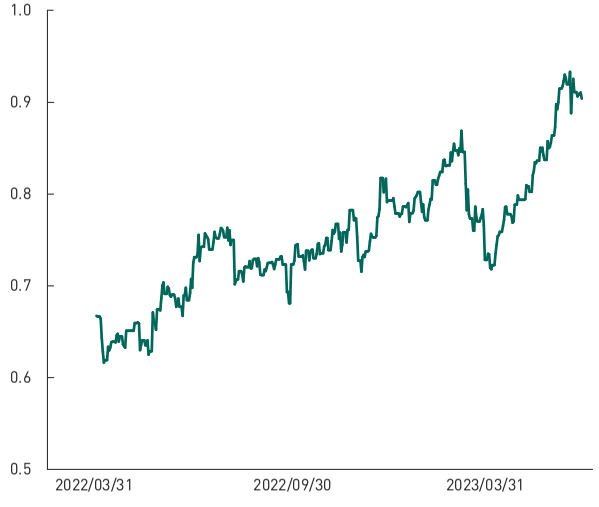
■ Stock price and PBR

We have been promoting capital efficiency–oriented management, such as raising the ROE and lowering the cost of capital, and our stock price and PBR have been rising steadily. Since the start of the current Medium-Term Management Plan at the end of March 2022, the stock has outperformed TOPIX and is now positioned to exceed 1x PBR.

MS&AD stock price versus TOPIX
(from the end of March 2022 to the end of June 2023)



Transition of PBR
(from the end of March 2022 to the end of June 2023)



Source: Bloomberg
Note: The stock price and TOPIX are indexed at 100 on March 31, 2022.

Financial Soundness

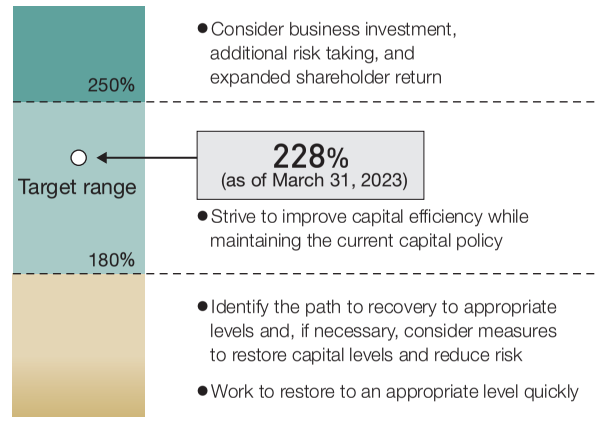
We will maintain financial soundness equivalent to an AA rating, invest for sustainable growth, and provide stable shareholder returns.

Our Group aims to maintain financial soundness equivalent to an AA rating and has set a target ESR of 180%–250% as a guideline. At the end of March 2023, the ESR was 228%, which is in the middle of the target range even when the stress caused by market fluctuations is applied. We will continue to balance risk taking and shareholder returns for sustainable growth.

Rating of core Group insurance companies

S&P	Moody's	AM Best	R&I	JCR
A+ (Stable)	A1 (Stable)	A+ (Stable)	AA (Stable)	AA+ (Stable)

Status of ESR*



*Economic solvency ratio (solvency ratio based on economic value)
Measured at a 99.5% confidence level

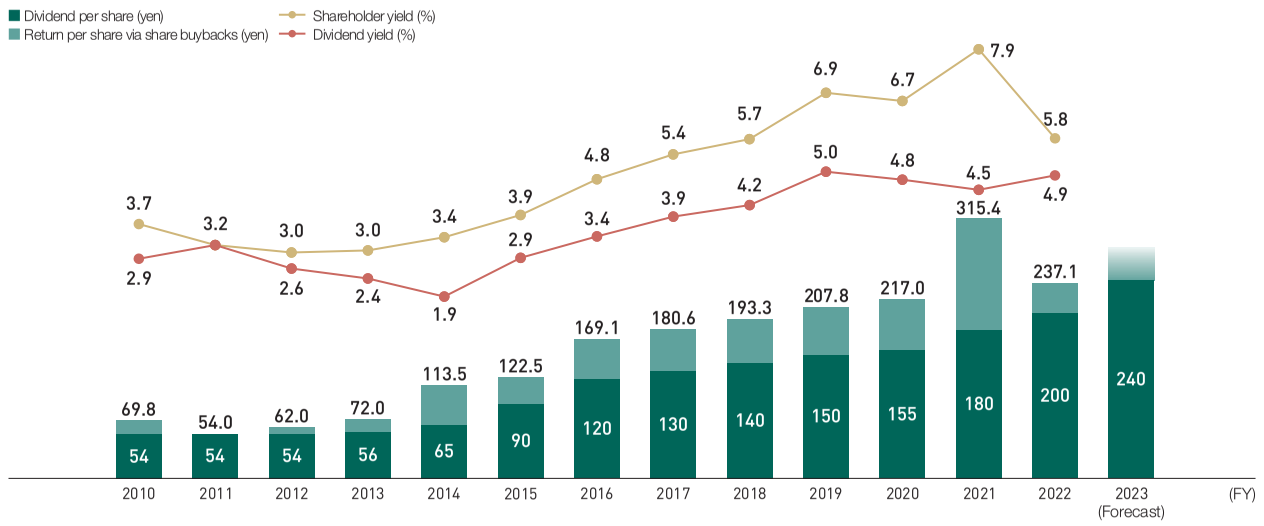
Shareholder Return

We will return 50% of profits to shareholders through dividends and share buybacks.

The shareholder return policy of the Medium-Term Management Plan is based on 50% of Group Adjusted Profit as a basic return and 50% of return base profit*1 in FY2025 after the transition to IFRS. In addition, based on the business environment, ESR levels, liquidity, stock price trends, etc., we will provide additional returns flexibly.

Regarding shareholder return for FY2022, we decided to increase the annual shareholder dividend by ¥20 from the previous year to ¥200 per share and to repurchase ¥20 billion of our own shares, resulting in a dividend yield of 4.9% and a shareholder yield of 5.8%. For FY2023, we intend to increase the annual dividend by another ¥40 to ¥240 per share. We will continue to aim for stable shareholder returns by increasing corporate value through sustainable growth.

Per share total shareholder return, total shareholder yield, and dividend yield



Notes:
1.Base profit for shareholder return = Net profit on an IFRS basis – Adjustments from net profit on an IFRS basis*2 + Gain/loss on sales of strategic equity
2.Impact of market fluctuations, deferred effects of new policy expenses, gains/losses on unfavorable contracts, amortization of intangible assets, and goodwill impairment



Medium-Term Management Plan (2022–25)

Foundations **ERM**

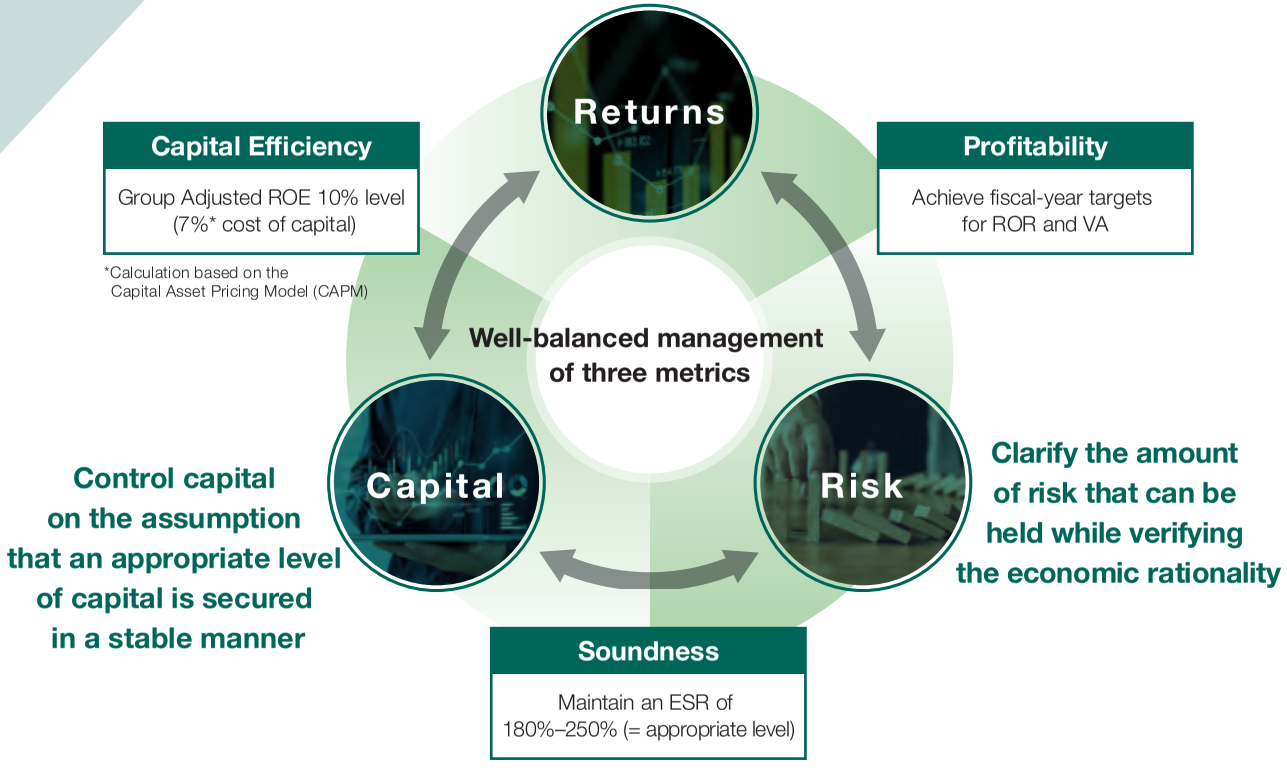
ERM-Based Group Management

The MS&AD Group endeavors to increase its earnings power and capital efficiency while maintaining financial soundness. Toward this end, it practices Group management based on an enterprise risk management (ERM) cycle. It allocates capital to its businesses in accord with its Group Risk Appetite Statement. Its businesses take risks with the allocated capital. The Group exercises appropriate risk control through the monitoring of return on risk (ROR) and other metrics. Under the Medium-Term Management Plan (2022–25), the ERM Committee will work to enhance the evaluation and management of each business in the Group, considering capital, risk, and return, and to improve the Group's capital efficiency by flexibly allocating capital to more capital-efficient business opportunities, such as investments in growth businesses.

Integrated Management of Risk, Returns, and Capital

To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group Adjusted Profit), and capital (NAV) with the aim of maintaining financial soundness and boosting capital efficiency and risk/return.

Make internal and external investments for sustainable profit growth



Capital Efficiency

Group Adjusted ROE = Return (Group Adjusted Profit) / Capital (adjusted net assets)

≒

Profitability (return on risk)

ROR = Return (Group Adjusted Profit) / Risk (integrated risk amount)

×

Soundness

1/ESR = Risk (integrated risk amount) / Capital (NAV)

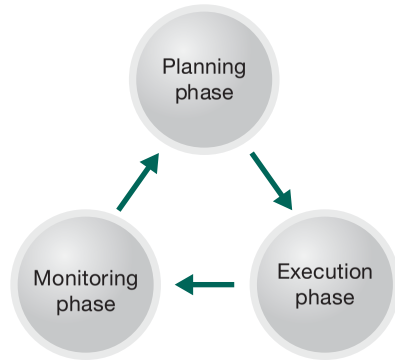
(See p. 45)

(See p. 45)

(See p. 45)

ERM Cycle

Planning phase	❶ Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.
Execution phase	❷ Take risks within the risk limits based on the capital allocation amounts and others.
Monitoring phase	❸ Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc. ❹ Based on the outcome of monitoring, examine and implement any necessary measures.



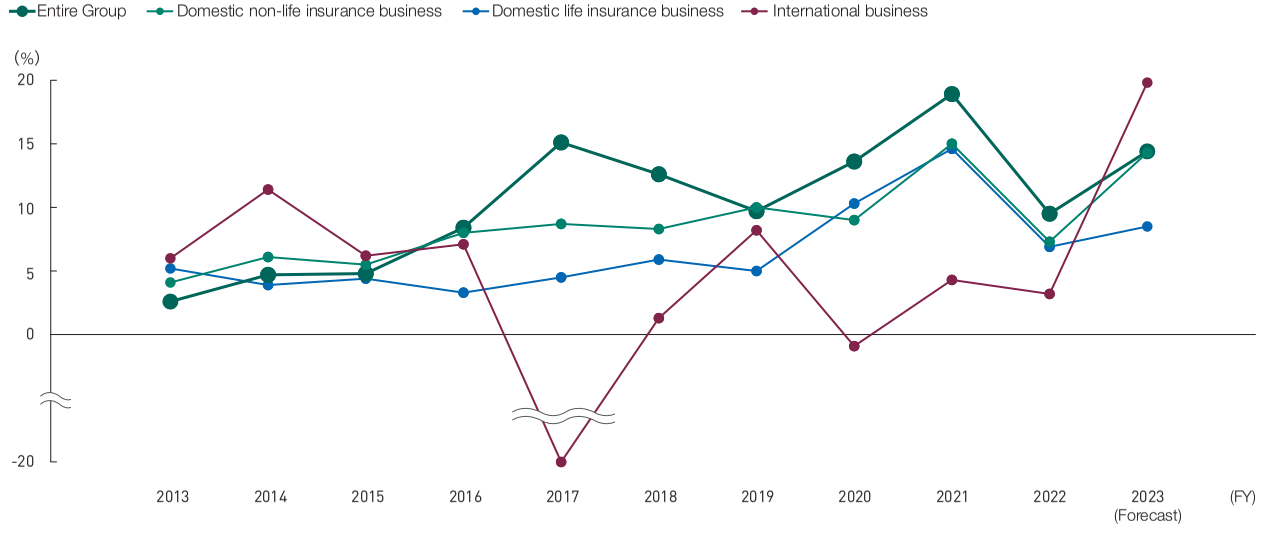
Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.

Product development/ sales/ initiative management	P/L management by product/line Domestic non-life insurance: Strengthening risk/return management according to insurance line attributes and P/L management of new types of insurance, which have a large impact on major accidents and are growth drivers MSI Aioi Life*: Assessing ROR for new policies when products are developed and revised and a sales policy is formulated MSI Primary Life*: Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)
Asset management strategy	Promoting diversified investment in assets with relatively high expected returns coupled with appropriate risk control through comprehensive asset and liability management (ALM)
Retention/ reinsurance policy	Establishment of a retention and outward reinsurance scheme that maintains financial soundness and stability of periodic profit and loss and contributes to improving profitability. Control the net retained risk amount associated with natural disasters

*MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance; MSI Primary Life: Mitsui Sumitomo Primary Life Insurance

ROR trends



Risk Management



CRO Message

Satoru Tamura

Senior Executive Officer
Group CRO

To realize our management vision, our Group has formulated a management plan in accordance with the Group's risk appetite statement and is working to ensure soundness, improve capital efficiency, and increase profitability based on the ERM cycle. Specifically, based on our risk appetite statement and other factors, we take risks based on allocated capital and strengthen actions such as risk control and underwriting through monitoring information such as the return on risk.

In recent years, the social and economic conditions surrounding our Group have changed significantly, including climate change, the COVID-19 epidemic, advances in digital technology, sophisticated cyberattacks, heightened geopolitical risks, and fluctuations in financial and credit markets. In FY2022, we experienced domestic natural catastrophes, including Typhoons 14 and 15; domestic hailstorms; floods in South Africa; hurricanes in the United States; hardening of the reinsurance market; insurance payments related to COVID-19; the ongoing Russian invasion of Ukraine; and fluctuations in financial markets due to global inflation and monetary tightening. Our Group has secured sufficient capital against risks that occur once every 200 years by appropriately controlling risks through enhanced underwriting, the use of reinsurance to control catastrophe risks, the reduction of strategic equity holdings, and comprehensive asset and liability management (ALM). At the same time, we conduct stress tests to ensure that there are no problems with our financial soundness in the event of major earthquakes, wind and flood disasters, major fluctuations in financial markets, an increase in cyberattacks, a pandemic, and other events in Japan and overseas.

In FY2023, in light of growing awareness of human capital as a source of corporate value improvement, changes in labor supply and demand (such as labor shortages), changes in expertise and skills required to implement Group strategies (such as DX promotion), and diversification of employee awareness and sense of values, we added "changes in the environment surrounding human assets" to the list of critical risks to be addressed by management (Group Material Risks) and strengthened relevant management and initiatives.

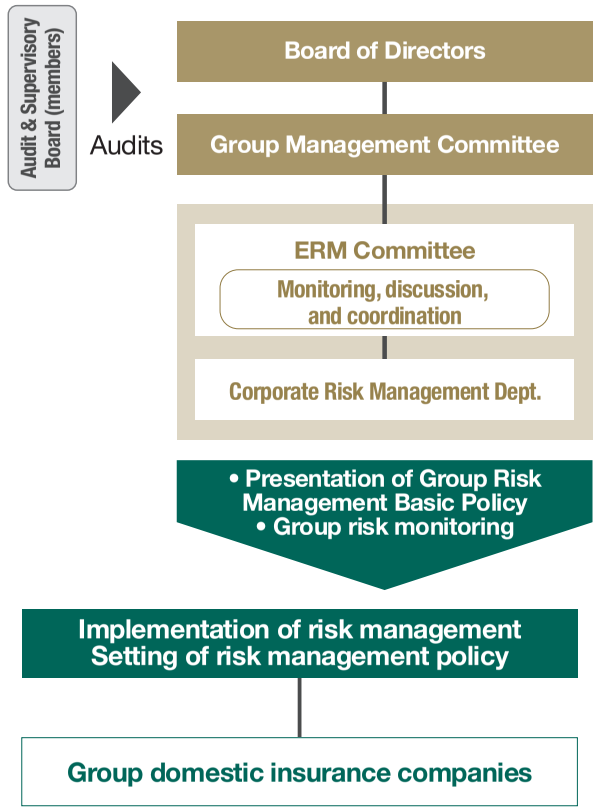
In addition, we will contribute to solving social issues while reducing risks in our Group by promoting sustainability initiatives such as addressing climate change, preserving natural capital, respecting human rights, and responding to new risks associated with technological innovations such as autonomous driving and AI, and conducting business operations that emphasize quality.

The environment surrounding our Group is expected to change significantly in the future. Amid these changes in the environment, through our global insurance and financial services business, we will continue our business in a stable manner by implementing forward-looking risk management to grow with society as a corporate group that supports a resilient and sustainable society.

Implementation and promotion of risk management

Our Group has established the MS&AD Insurance Group Risk Management Basic Policy and is implementing risk management based on the basic philosophy shared within the Group. Specifically, our Group promotes risk management by identifying major risk events affecting our business portfolio and evaluating their risk factors both quantitatively and qualitatively.

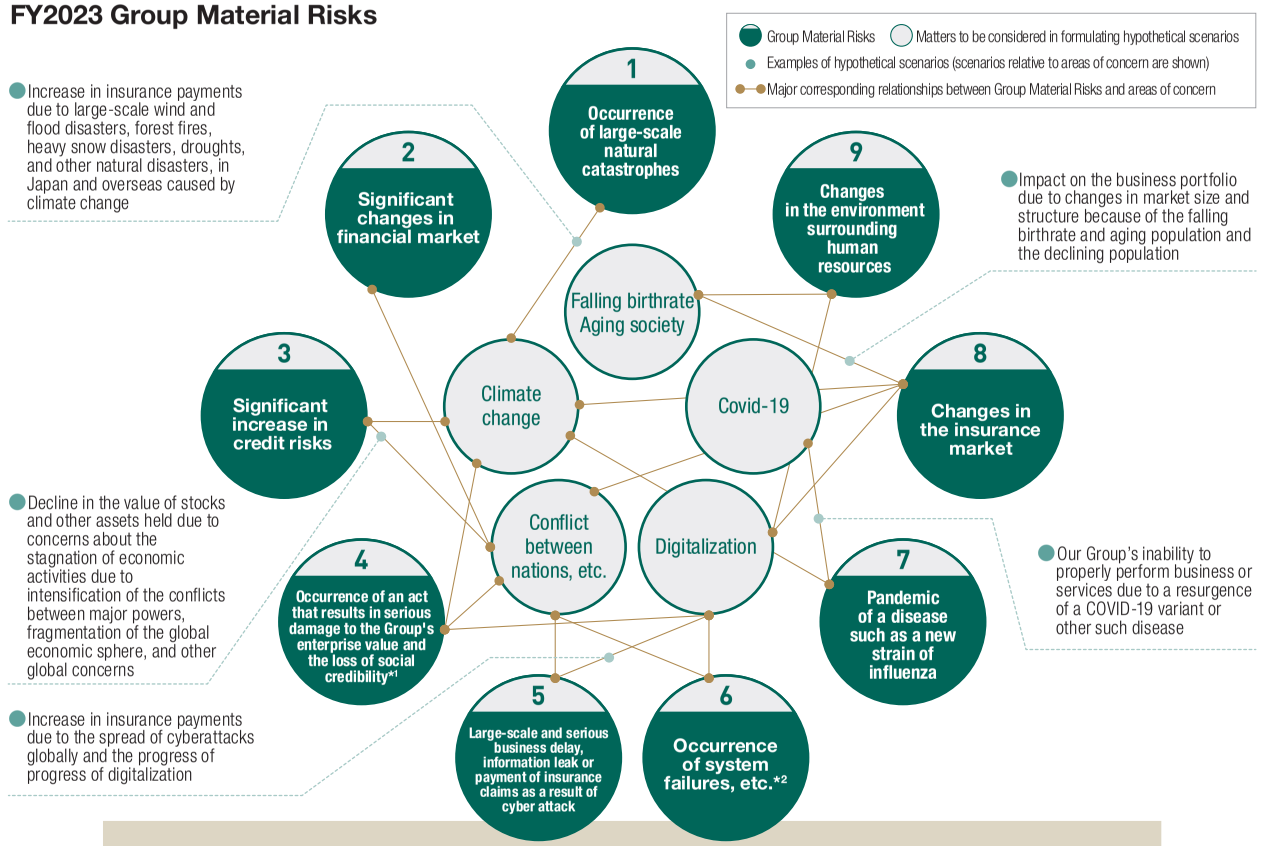
Risk Management Structure



Identification and Management of Risks

Our Group designates important risk events that should be addressed by management as "Group Material Risks," formulates a management action plan that considers climate change and other risks, and periodically monitors the status of each risk.

FY2023 Group Material Risks



*1 Occurrence of behavior causing marked damage to the Group's corporate value or loss of social credibility" refers to violations of laws and regulations relating to Group business, serious labor issues (e.g., long work hours and harassment), human rights violations and elimination of diversity, and inadequate data governance, etc., as well as deviations from social norms, etc. (including those result from inaction), and actions arising from the lack of, or insufficient, customer-oriented perspective (conduct risk).
*2 "Occurrence of system failures, etc.," refers to a risk event related to the frequent occurrence of system failures, the occurrence of serious system failures, and the delayed progress, shortfalls, budget overruns, and unrealized expected effects of large-scale system development plans.

Listed below are events with the potential for medium- to long-term impacts on Group management and events for which the impact and timing are difficult to grasp at present but for which we need to maintain awareness. As Group Emerging Risks, our Group periodically monitors these events.

FY2023 Group Emerging Risks

1	Appearance of emergence of new systems or innovative technologies that will significantly change or transform the economy, consumer behavior and business models
2	Damage to natural capital (depletion of resources, degradation and crises of ecosystems, and man-made pollution and accidents that cause serious damage to the environment)
3	Establishment, revision or abolition of Japanese or foreign laws, regulations, systems, regimes, etc. which may significantly affect the Group
4	Significant stagnation or delay in the maintenance and renewal of social capital (e.g., bridges, tunnels, river facilities, port facilities, sewerage systems), and significant and ongoing shortfall in the supply of energy
5	Major disruption, failure and collapse of national governance and politics, or a national security crisis

Please refer to the Group's official website for more risk management information.

Official Website Content

- Risk management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html)
- Risk Management Basic Policy ● Risk management structure ● Insurance business risks
- Risk management in the international business ● Crisis management system (including the business continuity management system)

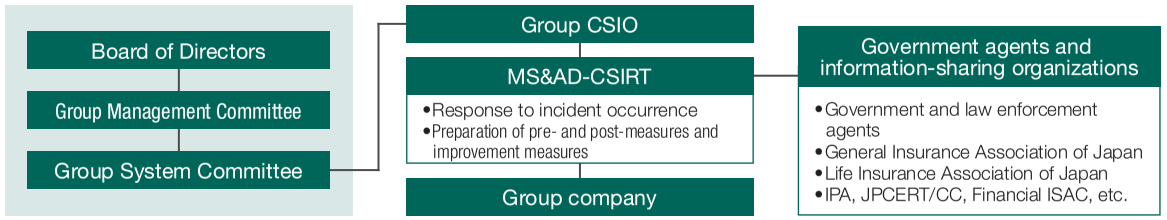
Information security management

The MS&AD Insurance Group positions the implementation of information security management as one of the most important Group management issues to create a world-class insurance and financial group that continues to pursue sustainable growth and corporate value improvement.
We need to continuously strengthen our readiness against cyber risks, which are changing daily due to the rise of geopolitical risks and technological sophistication. Our Group is working to improve cyber resilience by conducting inspections and implementing countermeasures based on the assumption that 100% of incidents caused by cyberattacks cannot be prevented even if preventive measures are thoroughly implemented.

Takuya Tsuda **Executive Officer Group CISO**

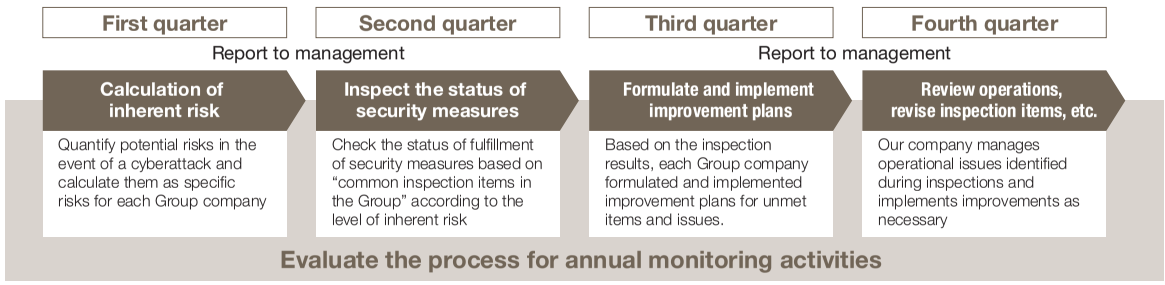
Information security management system of the Group

- The Group CISO is in charge of information security and regularly discusses reports on the information management system at the Board of Directors, the Group Management Committee, and the Group System Committee.
- The MS&AD Group is aware of threats related to information assets; is constantly aware of changes in the external environment, including cybersecurity; and is building a system to ensure information security and prompt responses to emergencies. In particular, we established MS&AD-CSIRT for cybersecurity. In addition to responding to incidents, we collect security threat information, share that information among Group companies, and strengthen the information linkage with government agents and information-sharing organizations.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks, to continuously improve security levels.



FY2022 initiatives

We are continuing to strengthen our cybersecurity preparedness through our existing security measures. In addition, we have established procedures and measures in case of an emergency assuming damage. We are also working to address ever-changing cybersecurity risks. As a result of these efforts, there were no serious incidents affecting business continuity or incidents involving information leakage in FY2022.

Examples of ongoing efforts

- Collection and analysis of vulnerability and threat information, security training, targeted attack e-mail training, and platform diagnostics for public servers
- Threat-Led Penetration Testing (TLPT)
- Reconfirmation of the system for incident occurrence (system, response flow, reporting party, response procedure) and incident response exercises

Examples of responses to changing cyber risks

- Based on the heightened geopolitical risk, we will analyze possible attacks from the perspective of cyberattackers, and consider and promote countermeasures
- Share the concept and direction of Zero Trust with the Group, and plan and promote measures to be taken by the Group as a whole
- Develop governance, rules, and guidance for appropriate use of advanced technologies such as generative AI

Promotion of compliance

The MS&AD Insurance Group regards compliance as one of the most important issues in the management of the Group and requires all officers and employees of the Group to comply with laws, internal regulations, etc., related to business activities.

Mechanism to ensure the effectiveness of rules and systems

We have established the Basic Policy on Compliance of the MS&AD Insurance Group, which is common to the entire Group, and have developed a compliance promotion system based on the Policy. The Compliance Program, a company-wide implementation plan for compliance, was resolved by the Boards of Directors of Group domestic insurance companies, and the status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees and Boards of Directors of Group domestic insurance companies. In addition, the Quality Improvement and Compliance Committee has been established to monitor the quality improvement and compliance of the entire Group and outline corporate ethics, etc. Important matters are reported to the Board of Directors.

Measures to prevent money laundering, terrorist financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering and Terrorist Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering and terrorist financing. In addition, we have established the Policy on Fair Business Practices to ensure fair business practices (e.g., Prohibition of Corrupt Practices such as Bribery and Compliance with Laws and Regulations Concerning Political Activities and Political Funds).

In addition to stipulating the Guidelines for Handling of Money Laundering Regulations and Handling of Those Who Are Subject to Measures Such as Those Whose Assets Are Frozen and implementing measures against money laundering and the financing of terrorism at overseas entities, we have established a section on "Prevention of Bribery" in the Compliance Manual for overseas entities and implemented measures to prevent bribery at overseas entities through appropriate rule development and training.

Speak-up system (whistleblowing system)

In addition to the regular reporting lines, our Group has established the Speak-up system (whistleblowing system), which allows officers and employees, etc., of each Group company to report directly to us when an organization or individual violates laws or regulations, violates internal regulations, acts inappropriately, or conducts any other acts that might lead to any such violations. We have established reception desks inside and outside the Group to make access easy for whistleblowers. We also maintain the confidentiality of whistleblowers and consulters, secure the information provided, and protect whistleblowers and consulters so that they will not be treated unfavorably if they report or consult with us.

For officers and employees working at overseas entities, we have established a global reporting contact in addition to the reception desks at our domestic offices. We respond to reports in 15 languages, and it is possible to report to the Japanese head office from overseas.

Initiatives for tax compliance

Our Group believes that the origin and important value of its insurance business is as a company that can be trusted to support stability in people's lives and dynamic business activities in the pursuit of a resilient and sustainable society. In recent years, as the importance of ensuring tax transparency has increased as a corporate social responsibility and as efforts to strengthen the international tax framework have progressed, the tax environment has changed significantly. Our Group believes that it is important to fully recognize the importance of ensuring tax transparency and to demonstrate the Group's approach to tax compliance and its initiatives both internally and externally as responsible corporate actions.

Amount of tax paid in major countries (FY2021, based on national reports)

(¥ billion)

Country	Tax amount
Japan	110.2
U.S.A.	2.9
Singapore	2.1

Country	Tax amount
Malaysia	2.1
U.K.	1.9
Others	4.9
Total	124.5

For more information about compliance, visit our official website.

Our compliance
https://www.ms-ad-hd.com/en/group/value/risk_management/compliance/compliance_group.html

- Basic Policy on Compliance
- Compliance promotion system
- Specific activities: Compliance program, Compliance manual, Compliance education, Training, Compliance inspection, Monitoring activities, Speak-up system (whistleblowing system), Anti-money laundering and terrorist financing, Initiatives to prevent corruption and bribery
- Compliance promotion system for the international business
- Initiatives for tax compliance

Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

Group Adjusted ROE

The MS&AD Insurance Group regards Group Adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–25). Group Adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group's financial soundness. These indicators can be further broken down into three elements: Group Adjusted Profit, integrated risk amount, and net asset value. The Group manages to balance these three elements through its ERM. (See "ERM-Based Group Management" on pages 39–40 for details.)

Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for business divisions to expand Group Adjusted Profit.

Capital Efficiency		Profitability		Soundness
Group Adjusted ROE (Return on Equity)	=	ROR (Return on Risk)	×	1/Economic solvency ratio (ESR)
An indicator showing how much cash-based profit, as funds for shareholder returns, can be generated with respect to capital		An indicator showing how much profit (return) can be made on the risks held by the Group		An indicator showing the balance between the risks held by the Group and net assets
FY2022 results 4.8%		Periodic Monitoring		[Appropriate level] ESR 180%～250%
=		=		=
Group Adjusted Profit*1 / Adjusted net assets*2	=	Group Adjusted Profit / Integrated risk amount*3	×	Integrated risk amount / Net asset value

Net asset value | **Integrated risk amount** | **Group Adjusted Profit**

ERM balances these three elements.

(See "ERM-Based Group Management" on pages 39–40 for details.)

Adjusted net assets and Net asset value (NAV)

In ERM, to confirm the status of appropriate capital buffers and solvency based on the Group's risk characteristics, the economic value–based net assets (= net asset value) are thoroughly managed using the following calculation.

Net asset value (NAV)	=	Adjusted net assets	+	Unrealized gain/loss from insurance liabilities	+	Debt capital	+	Other
¥5.4 trillion		¥3.5 trillion		¥1.3 trillion		¥0.5 trillion		¥0.1 trillion

*1 Group Adjusted Profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (amortization of goodwill and other intangible fixed assets and others) + Equity in earnings of non-consolidated Group companies
*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets
*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

Initiatives to Achieve the Group Adjusted Profit Target in Each Business Domain

See pages 47–48 for Financial and Nonfinancial Highlights

			Examples of Specific Initiatives	Reference Indices
Growth	Group-wide	Customer satisfaction	• Providing products and services that rapidly and flexibly address the increasingly diverse needs of customers, and handling claims that closely reflect customers' expectations • Enhancing the ability to serve customers during all points of contact, etc.	• Group-wide: Customer satisfaction, ratio of female managers, and ratio of global employees • Non-Life Insurance: Number of improvements based on customer feedback, agents' recommendation rate, and claims handling satisfaction • Life Insurance: Number of registrations for the Family Registration Service*4 and number of days to provide assurance*5, etc.
		Premium growth rate	• New product development based on an understanding of changing customer needs • Maintaining a robust sales base, and acquiring and developing diverse new sales channels • Maintaining and expanding existing contracts and efforts to acquire new contracts, etc.	• Group-wide: Sales achievement rate, contract continuation rate, ratio of global employees, and employee satisfaction • Non-Life Insurance: Number of new agents (sales networks) • Life Insurance: Increased EV amount, in-force policy indicators (amount and number of policies, and annualized premium), and ratio of non-life insurance agents that also sell life insurance, etc.
Profitability	Non-life insurance	Loss ratio	• Appropriate product design • Elimination of fraud claims, appropriate and prompt payment of claims • Providing advice designed to prevent accidents and reduce the loss ratio • Sustainable use of natural resources, etc.	• Number of risk surveys, risk management seminars, and training sessions • Utilization rate of recycled parts, etc.
		Combined ratio / Expense ratio	• Business operational reforms • Move to paperless office • Demonstrating Group synergies, etc.	• Ratio of personnel expenses to sales • Selection rate of web policy clauses • Paper consumption, CO_2 emissions, and total energy consumption, etc.
		Investment profit/loss	• Integrated asset/liability management based on consideration of the characteristics of insurance liabilities • Improving ROR • Appropriate risk control, etc.	• Asset management yields, diversifying effect among assets, and reductions in strategic equity holdings, etc.
	Life insurance	Mortality margin*6	• Appropriate pricing based on the coverage offered • Reform of the product portfolio, etc.	• Annualized premiums of policies in force • Amount of increase in death insurance and other claims, etc.
		Administrative expense margin*6	• Control of acquisition cost due to increased sales • Reduction of business expenses through efficient business operations, etc.	• Acquisition cost • Business expenses (e.g., paper consumption, CO_2 emissions, and total energy consumption)
		Investment yield margin*6	• Setting reasonable assumed interest rates to ensure profits • Sophisticated ALM operations and risk management based on the characteristics of liabilities • Improving returns and diversifying risks by diversifying investment methods, etc.	• Asset management yields and rating distribution for investment bonds, etc.

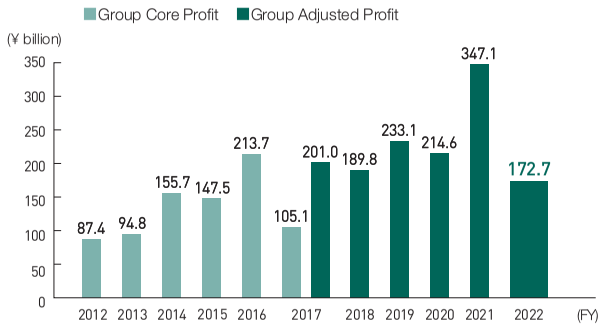
*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.
*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.
*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the "three surplus factors." Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.

Financial and Nonfinancial Highlights

☑ A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

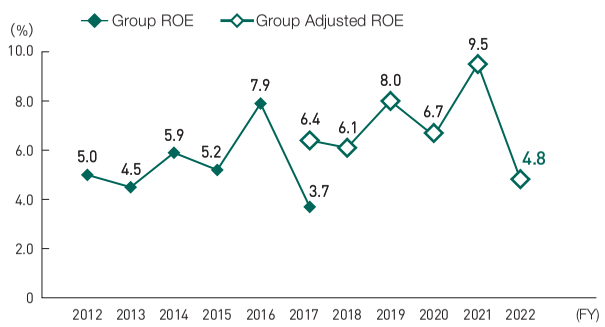
Numerical Management Targets

Group Core Profit/Group Adjusted Profit*1



This is profit that serves as a source of shareholder returns and is the numerical management target in the Medium-Term Management Plan. Given the transition to International Financial Reporting Standards (IFRS) from FY2024, the definition has been changed to "Group Adjusted Profit" in "Vision 2021" (starting in FY2018).

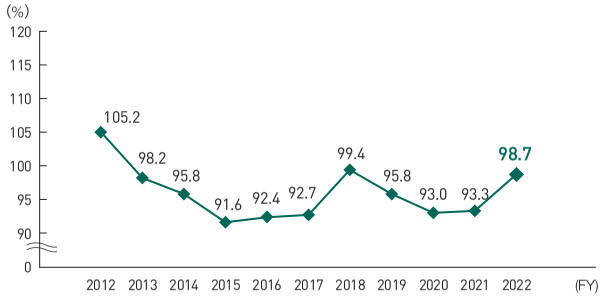
Group ROE/Group Adjusted ROE*1



This is one of the numerical management targets in the Medium-Term Management Plan and indicates the ratio of Group Core Profit/Group Adjusted Profit, as shown to the left, in respect to consolidated net assets.

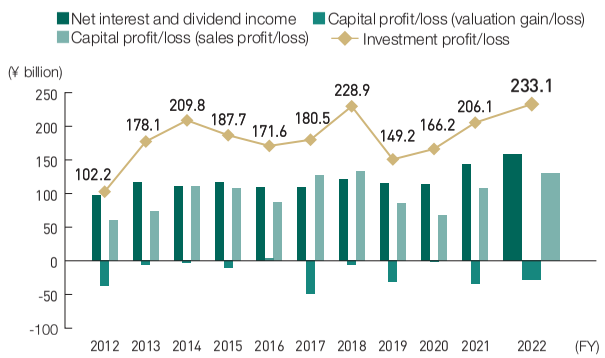
Profitability Indicators

Combined ratio*2 (domestic non-life insurance business)



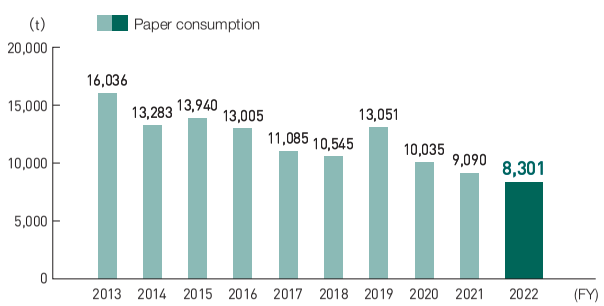
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

Investment profit/loss*2 (domestic non-life insurance business)



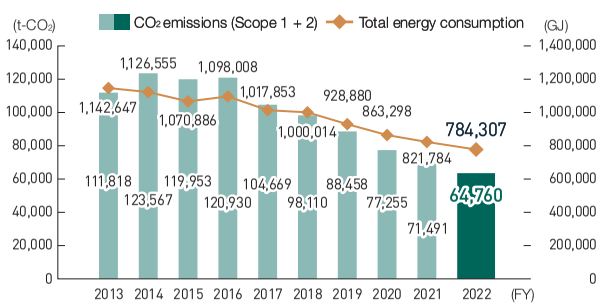
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

Paper consumption



Paperless meetings, PDF-format pamphlets, and portable device and tablet use are being actively incorporated to help reduce paper consumption through various measures including increased application of RPA. FY2019 saw a temporary increase in printed materials due to the change in Japan's era name and product revisions.

☑ Greenhouse gas emissions and total energy consumption*3

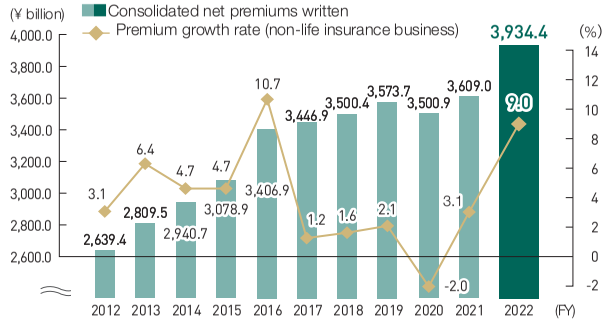


Reducing CO_2 emissions helps mitigate climate change, a risk for the non-life insurance business. It also reduces energy-related business expenses.

*1 This calculation method was revised in FY2018. (See the "Glossary of Insurance Terminology" on page 108 for details.)
*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*3 For FY2013 to FY2016, CO_2 emissions resulting from tenant use of rental properties were included in our own CO_2 emissions. Moreover, emissions for FY2013 to FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures. Total energy consumption is calculated based on the energy conversion coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. Electric power energy use, however, is 3.6 GJ/MWh.

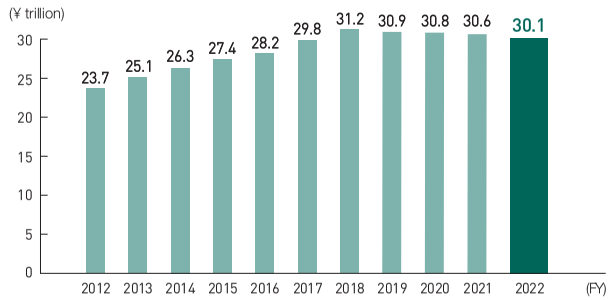
Growth Potential Indicators

Consolidated net premiums written*4 and premium growth rate (non-life insurance business)



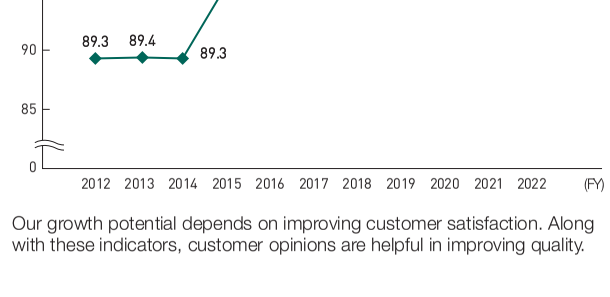
Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

Policies in force*7 (domestic life insurance business)



Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on page 104.)

Customer satisfaction*5



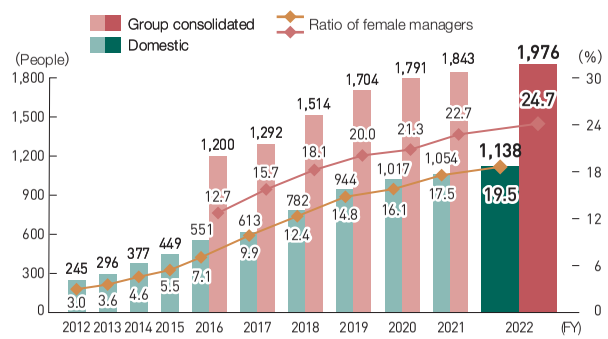
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

Employee satisfaction



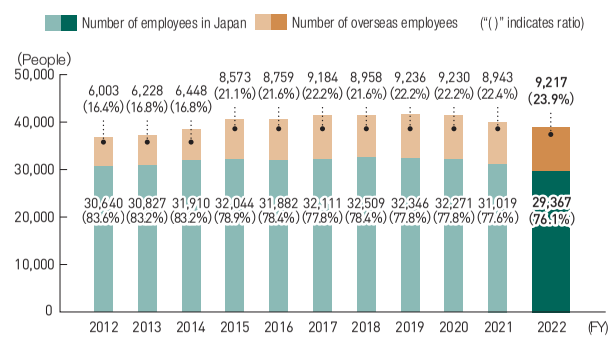
Scope: Domestic Group companies
Note: All-employee average on a six-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

☑ Number and ratio of female managers*6



By promoting diversity in the manager position (section managers and above), we believe that we will allow for strategies, product development, and organizational management that incorporate diverse perspectives and sense of values, leading to higher customer satisfaction and growth potential.

☑ Number and ratio of global employees



Increasing the number of employees from different cultures and with a diverse sense of values, and deepening mutual understanding among employees, leads to stronger organizational capacity for the Group and is a driving force especially in international business development.

*4 Excludes the Good Results Return premiums of the "ModoRich" voluntary automobile insurance product
*5 Customer survey choices were streamlined from five options to four in FY2015 and unified within the Group. This figure indicates the ratio of customers who chose the top two options (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance).
*6 As of April 1 of the subsequent fiscal year for domestic Group companies and as of December 31 for overseas Group companies
*7 Total amount of policies in force for individual insurance and individual annuity insurance at MSI Aioi Life and MSI Primary Life

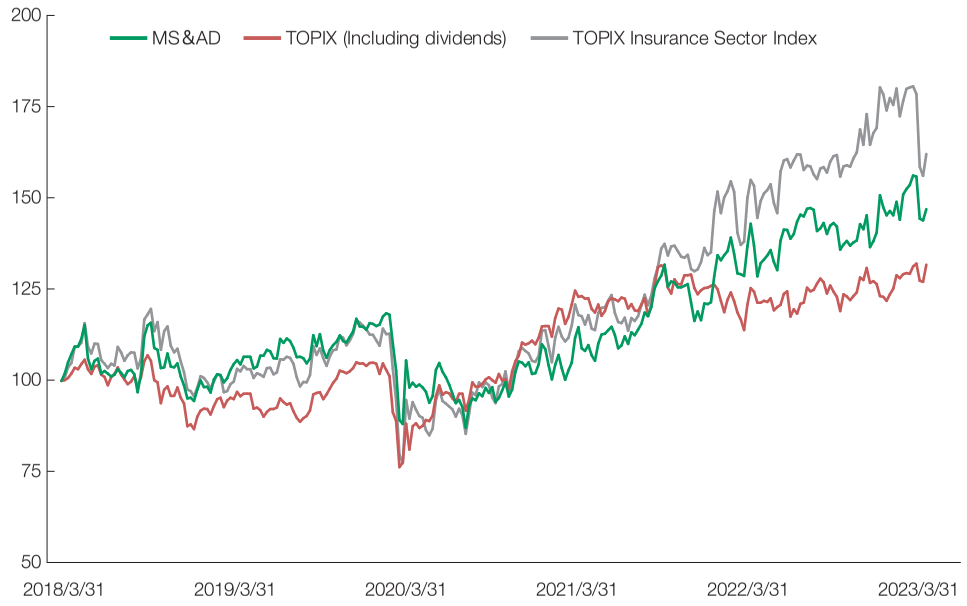
11-Year Performance

Key Management Indicators

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Consolidated financial data (¥ million)											
Ordinary income	4,315,787	4,362,754	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361	4,892,244	5,132,042	5,251,271
Net premiums written	2,639,015	2,811,611	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732	3,500,996	3,609,052	3,934,473
[Net premiums written]*1	[2,639,419]	[2,809,581]	[2,940,756]	[3,078,995]	[3,406,966]	[3,446,940]	[3,500,403]	[3,573,732]	[3,500,996]	[3,609,052]	[3,934,473]
Insurance claims paid (non-life + life)	1,961,399	2,025,545	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833	2,307,722	2,418,385	2,772,451
Ordinary profit/(loss)	150,300	190,259	287,061	291,578	352,612	211,548	290,847	157,701	306,524	390,499	231,113
Net income attributable to owners of the parent*2	83,625	93,451	136,247	181,516	210,447	154,057	192,705	143,030	144,398	262,799	161,530
Comprehensive income/(loss)	543,938	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938	310,470	- 80,923
Net assets	2,021,625	2,285,832	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038	3,126,657	3,302,749	3,056,273
Total assets	15,914,663	16,878,148	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455	24,142,562	25,033,846	25,000,433
Consolidated solvency margin ratio*3	738.8%	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%	857.9%	777.7%
Equity ratio	12.6%	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%	13.0%	12.0%
Return on equity (ROE)	4.79%	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%	8.3%	5.2%
Combined ratio*4 (domestic non-life insurance)	105.2%	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%	93.3%	98.7%
Group Core Profit*5/Group Adjusted Profit*6	¥87.4 billion	¥94.8 billion	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion	¥214.6 billion	¥347.1 billion	¥172.7 billion
Group ROE*7/Group Adjusted ROE*8	5.0%	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%	9.5%	4.8%
Per share data (yen)											
Net income per share (basic)*9	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	255.79	474.52	299.80
Net income per share (diluted)*10	–	–	–	–	350.90	259.98	328.60	248.22	255.65	474.32	299.70
Group Core Profit (Loss) per share/Group Adjusted Profit*11	140.56	152.79	252.99	242.83	356.39	177.47	323.87	404.92	380.21	626.90	320.58
Dividend per share (DPS)	54.00	56.00	65.00	90.00	120.00	130.00	140.00	150.00	155.00	180.00	200.00
Book-value per share (BPS)	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94
Stock price–related data											
Year-end market price (closing price) (yen)	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	3,249	3,978	4,106
Price-earnings ratio (PER)*12 (times)	15.36	15.70	15.23	10.50	10.09	12.90	10.25	12.18	12.70	8.38	13.70
Price-to-book ratio (PBR)*12 (times)	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59	0.67	0.73
Dividend yield*12	2.6%	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%	4.5%	4.9%
Annual total shareholder return (TSR)*13	24.8%	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%	28.0%	8.2%
Stock price volatility (annual rate)*14	35.8%	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%	21.7%	23.7%
Capital management policy data (¥ million)											
Total dividends	33,582	34,715	39,900	54,447	71,489	77,014	81,720	85,770	86,995	99,088	107,140
Dividend payout ratio (consolidated)	40.2%	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%	37.9%	66.7%
Aggregate amount of repurchase*15	4,996	9,997	29,992	19,996	29,938	29,981	31,972	34,999	34,999	74,999	(Maximum) ¥20 billion
[Average repurchase price (yen)]*16	[2,565]	[2,523]	[3,373]	[3,044]	[3,738]	[3,440]	[3,482]	[3,407]	[3,286]	[4,040]	-
Shareholder return ratio*17	44.1%	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%	50.0%	(Plan)74.0%
Nonfinancial data											
Customer satisfaction (accident response for automobile insurance)*18	89.3%	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%	97.1%	96.5%
Number of employees	36,643	37,055	38,358	40,617	40,641	41,295	41,467	41,582	41,501	39,962	38,584
(of which at consolidated overseas subsidiaries) ☑	6,003	6,228	6,448	8,573	8,759	9,184	8,958	9,236	9,230	8,943	9,217
Number of female managers*19 (domestic) ☑	245	296	377	449	551	613	782	944	1,017	1,054	1,138
Number of employees participating in social contribution activities (domestic)	16,142	11,373	15,124	16,507	19,861	20,022	23,601	27,673	26,519	23,024	22,553
Greenhouse gas emissions (Scope 1 + 2)*20 ☑	114,246t-CO_2	111,818t-CO_2	123,567t-CO_2	119,953t-CO_2	120,930t-CO_2	104,669t-CO_2	98,110t-CO_2	88,458t-CO_2*20	77,255t-CO_2*20	71,491t-CO_2	64,760t-CO_2
Paper consumption (domestic)	14,445t	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t*20	10,035t	9,090t	8,301t

☑ A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

TSR for the Last Five Years



- The graph above shows the rate of return (investment performance) at each point with the investment amount at the end of March 2018 set at 100.
- The rate of return is calculated by adding dividends to the change in the stock price (up or down).
- A five-year investment of 100 in MS&AD stock as of the end of March 2018 would have resulted in 104.6 at the end of March 2019, 105.6 at the end of March 2020, and 114.7 at the end of March 2021, all of which exceeded the initial investment amount.
- The second half of the period was in an uptrend, with strong gains to 143.0 at the end of March 2022 and 147.0 at the end of March 2023.
- Both the Tokyo Stock Exchange Stock Price Index (TOPIX) and the Tokyo Stock Exchange's industry-specific index (insurance industry) use data incorporating dividends.
- In the last year, the return exceeded the investment income of TOPIX (including dividends).

Source: Calculated by MS&AD Holdings based on data from Bloomberg

*1 Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special clause for premium adjustment and refund at maturity.
*2 The net income or net loss attributable to parent company shareholders is disclosed.
*3 Consolidated solvency margin ratios have been calculated from FY2011 reflecting the revision of the Insurance Business Act, etc.
*4 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*5 Group Core Profit = Consolidated net income – Net capital gains/losses on stock (e.g., gains/losses on sales) – Net evaluation gains/losses on credit derivatives – Other incidental factors + Equity in earnings of the non-consolidated Group companies (before FY2017)
*6 Group Adjusted Profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + Equity in earnings of the non-consolidated Group companies (from FY2018)
*7 Group ROE = Group Core Profit ÷ Consolidated net assets (average of beginning and ending amounts excluding stock acquisition rights and non-controlling interest) (before FY2017)
*8 Group Adjusted ROE = Group Adjusted Profit ÷ Average of beginning and ending amounts on the B/S of adjusted net assets (Consolidated net assets + Catastrophe loss reserve and others – Goodwill and other intangible fixed assets) (from FY2018)
*9 Net income/(loss) per share (EPS) disclosed
*10 Net income per share (EPS) and diluted EPS disclosed. Diluted net income/(loss) per share data before FY2015 are not disclosed because there was no potential dilution during that period.
*11 Group Core Profit/(Loss) per share (before FY2017) or Group Adjusted Profit/(Loss) per share (from FY2018)
*12 Stock price–related indicators are based on the market price of the stock at the end of the fiscal year.
*13 Total shareholders' return is calculated as follows: (Fiscal year-end stock price – Previous fiscal year-end stock price + Annual dividends) ÷ Previous fiscal year-end stock price
*14 Stock price volatility is the annualized standard deviation of returns based on daily closing prices.
*15 The aggregate amount of repurchase price in FY2022 was ¥20 billion (maximum). The period of repurchase is ¥20 billion (maximum) from May 22, 2023, to September 22, 2023 (resolved at the Board of Directors meeting held on May 19, 2023).
*16 Average repurchase price for FY2022 has not been stated because the repurchase of own shares has not been completed.
*17 Shareholder return ratio = (Dividends applicable to the fiscal year (paid in December of that year and June of the following year) + Value of share repurchases during the period through the time of the general shareholders' meeting in the following fiscal year) ÷ Group Core Profit for the fiscal year (from FY2018: Group Adjusted Profit)
*18 Ratio of customers satisfied with accident response for automobile insurance (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance). From FY2015, the client survey was modified from five stages to four stages.
*19 Number of female employees in positions of manager or higher (as of April 1 of the subsequent fiscal year for domestic Group companies)
*20 From FY2012 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2012 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.



Special Feature

Next Stage of MS&AD Realized by CSV × DX

Platform provider of risk solutions

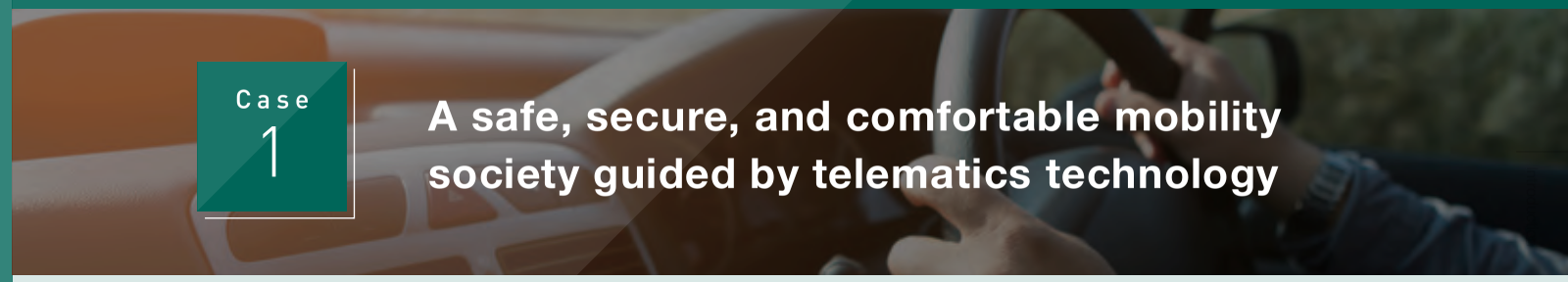
In any era, the mission of insurance companies is to support the sustainability of society.
The challenges facing modern society are increasingly complex and diverse,
such as the intensification of natural disasters due to climate change,
the spread of infectious diseases, and the threat of cyber risks.

What role should the MS&AD Group play in these times of exceptional uncertainty?

By predicting possible changes,
we not only compensate for risks that might occur but also prevent the occurrence of risks.
This in turn supports an environment in which customers
can live and conduct their business activities with peace of mind.
We aim to create a strong future that is not compromised by risk
with solutions that combine the Group's diverse knowledge and advanced digital technology.

This is the role of a
"Platform Provider of Risk Solutions."





Case 1

A safe, secure, and comfortable mobility society guided by telematics technology

Aioi Nissay Dowa Insurance offers telematics automobile insurance utilizing data and digital technology. Telematics automobile insurance provides services that help prevent accidents, such as insurance premiums and safety driving advice based on customers' driving data obtained using communication technology, in accordance with their safety driving scores. In the event of an accident, our advanced claims handling services ensure the early resolution of accidents. Furthermore, based on the data and know-how obtained, we are taking on the challenge of creating new value by solving social and regional issues, such as the diffusion of eco-driving and extending the time the elderly can continue to drive.

Social issues

While the number of fatalities and injuries in traffic accidents has been declining in recent years, fatalities and injuries still occur.
Technological advancements in mobility and communications have created demand for responses to new risks.

Solutions

In 2018, the Company launched the first telematics auto insurance policy in Japan to reflect the degree of safety driving in premiums. Based on the driving data obtained, the system provides a score of the driver's safety driving status and introduces a premium discount system according to the score.

Before the accident	At the time of the accident	After an accident has occurred
Identify and inform on risks	Reduce the economic burden	Minimize the impact Quick recovery
Preventing accidents	Support for rapid first response	Support for rapid first response



Driving Diagnosis Report



Brain training app



Safety driving score

Premiums based on safety driving scores

Full coverage in case of emergency

Impact on reducing accident frequency -15%*1

The situation of the accident is quickly and accurately ascertained, providing peace of mind!

テレマティクス損害サービス

Number of days to resolve accidents: -15.0 days*2 (March 2023)

*1 Comparison of the improvement rate from the previous policy between "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and "TOUGH" auto insurance (March 2023, based on MS&AD research).
*2 Comparison with our other voluntary auto insurance policies, excluding "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and telematics automobile insurance. The number of days required to resolve a property damage liability insurance accident in which both parties are liable (accidents occurring between January 2021 and March 2023). Note that "TOUGH-Mimamoru-Plus" dashcam-based auto insurance covers cases in which drive recorder footage is used in accident response (March 2023, based on MS&AD research).

Impact for society

- To reduce the frequency of accidents through local traffic safety measures based on big data,
  in May 2022 we released the "Traffic Safety EBPM* Support Service" utilizing driving big data acquired from telematics voluntary automobile insurance in the Company. We support the creation of better policies by providing a one-stop service from the selection of candidate hazardous areas, root cause analysis, proposal of appropriate countermeasures, and validation of their effectiveness.
  *Evidence-Based Policy Making
- Reducing industrial waste by decreasing the number of accidents and curtailing CO_2 emissions by reducing replacement parts will lead to protection of the global environment.
- The time the elderly can drive safely will be extended and the community will be revitalized.

Economic impact on the Company

- The number of policies has exceeded 1.8 million and is expected to further increase along with sales of new products and technological advances, contributing to increased premium revenues.
- Telematics voluntary automobile insurance has been recognized to be effective in reducing accident frequency and is expected to reduce insurance claims paid due to fewer traffic accidents.

Creation of business opportunities

Global market for connected cars
92.3 million new connected cars sold in 2035 (double the 2022 figure)
Source: Fuji Keizai

- Leveraging large amounts of driving data to create new business models using the data
- Contribute to the creation of comfortable cities by utilizing driving data in social infrastructure maintenance measures (e.g., identifying aging roads and bridges).
- Increase the use of data to solve community issues and know-how and expand comprehensive agreements with local governments.

Comments from the person in charge

The driving big data of the Company increases as the number of telematics auto insurance contracts increases. And the more data we have, the more comprehensiveness the scope of visualization and accuracy of data analysis of the Road Safety EBPM. In other words, telematics voluntary automobile insurance is a customer-participation type of insurance that can solve various social and regional issues by increasing data together with customers. By firmly communicating this to customers, we aim to further promote and expand telematics automobile insurance. We also consider our win at the Winter Digi-den Koshien as evidence that our concept of CSV × DX has been recognized by the government, and we consider it a victory won together with our customers.



Yasuhiro Koizumi
Aioi Nissay Dowa Insurance
Digital Business Design Dept.

Partner Comments

Fukui Prefecture is implementing new traffic safety measures using telematics in partnership with Aioi Nissay Dowa Insurance. Fukui Prefecture ranks first in Japan in the number of private cars owned and is one of the worst car-owning societies in Japan in terms of fatal accidents. To address these immediate life-threatening issues, we created the Fukui Prefecture Traffic Safety Map, which uses actual driving behavior data, such as emergency braking, to visualize hidden danger areas before accidents occur. We are also promoting the use of these data, for example, designating speed control areas by the Fukui Prefectural Police and using them for exploratory studies in which local elementary and junior high school students consider traffic safety measures on their own for their school commute. We will further promote EBPM in solving regional issues and government initiatives, such as horizontal development in other regions, using the Winter Digi-den Koshien victory as an opportunity to further promote EBPM.



Hiroki Yonekura
Fukui Prefecture Chief Digital Officer



Case 2

“Mimamoru Cyber Insurance” that keeps companies safe

Mitsui Sumitomo Insurance sells “Mimamoru Cyber Insurance” to protect companies from such risks as cyberattacks, which have been drastically increasing in recent years. In addition to the existing cyber insurance coverage, “Mimamoru Cyber Insurance” provides a one-stop service that combines functions to prevent incidents before they occur and to support early recovery by reducing the impact of incidents. We will protect the safety of companies in the cyber field by promoting the adoption of this product.

Social issues

While the digitalization of society, such as teleworking and web conferencing, is growing, changes in international affairs have led to increased damage from cyberattacks across national borders. Strengthening cybersecurity is an urgent social issue. It is difficult to completely prevent cyberattacks, and it is imperative to prepare for countermeasures in the event of an attack (post-attack measures) in addition to conventional countermeasures focusing on defense (preventive measures).

Solutions

Providing “Mimamoru Cyber Insurance” which comprises Cyber Protector cyber insurance and Boken Cyber/Mimamoru Cyber Mode (EDR), a service handling both preventive and post-attack countermeasures.

Before the accident	At the time of the accident	After an accident has occurred (post-accident measures)
Identify and inform on risks	Reduce the economic burden	Minimize the impact Quick recovery

見守るサイバー保険

防検サイバー

- Detect and quarantine viruses that have invaded devices
- Detect and quarantine unknown threats based on their behavior

- The infection path can be quickly identified by maintaining logs (effective for early investigation and recovery)

- Compensation for damages caused by information leakage, etc.
- Compensation for a wide range of response costs

サイバープロテクター

- Referrals to specialist providers as needed to support initial response

Impact for society

- Prompt recovery from cyberattack damage can minimize financial damage due to liability and business interruption, leading to the stabilization of corporate management.
- Business partners and customers will recognize the company’s commitment to security measures and improving its reputation.

Economic impact on the Company

- This will prevent the spread of damage to customers while reducing insurance claims paid.
- Providing various services auxiliary to cybersecurity will enhance our presence and create new sources of revenue other than cyber insurance.

Creation of business opportunities

Security market scale in Japan
2023: ¥933.6 billion (up 7.1% year on year)
2021–2026 Average annual growth rate: 7.1%

Global security market scale
2023: US$219.0 billion (up 12.1% year on year)
(Source: IDC Japan)

- Expanding cybersecurity measures to address the growing security risks associated with the digital shift and to protect personal information
- Expanding cybersecurity measures in e-commerce and Internet banking
- A further increase in connected devices such as connected cars, machines, meters, wearables, and home appliances will expand cybersecurity measures.
- This will lead to expanded sales to overseas companies and the development of new markets.

Comments from the person in charge

In the cybersecurity field, we recognized that the conventional style of only providing cyber insurance was not providing sufficient value to our customers. We believe we can contribute to solving the social issue of improving cybersecurity by providing not only monetary compensation through insurance but also value in reducing cyber risk itself. We believe it has become an effective product, especially for small and midsized enterprises that cannot invest in human assets and costs to the same extent as large companies.



Takashi Suda
Mitsui Sumitomo Insurance
Casualty Underwriting Dept.,
Cyber and Business Risk Team

Comments from the person in charge

Cyberattackers also target business partners and suppliers. In many cases, inadequate countermeasures have resulted in damage not only to the targeted company itself but also to its business partners. It is no longer possible for a single company to take cyber risk countermeasures and eliminate risks. There is an urgent need for dialogue and information sharing among business partners and for raising the level of countermeasures, and the introduction of EDR is the first step in this direction.



Kensuke Maki
MS&AD InterRisk Research & Consulting
3rd Risk Management Dept., Cyber Risk Group
Manager/Senior Consultant



Case 3

“MSA Care” provides total support for customers’ health

Mitsui Sumitomo Aioi Life Insurance has started to provide advanced healthcare services that lead to early detection of illness, early treatment, and prevention of serious illness and recurrence of illness as a new value provided by life insurance. By providing services tailored to the health status of each individual, we will support our customers to live longer with a smile and help them create a healthy future. At the same time, we will contribute to solving social issues such as extending healthy life expectancy, increasing the uptake of health and cancer screenings, and addressing the rising cost of medical benefits.

Social issues

Medical and nursing care costs will increase if the gap between average life expectancy and healthy life expectancy widens as life expectancy increases. Moreover, the cancer screening uptake rate is approximately 50% for men and 40% for women, which tends to be low compared to other countries. As the population ages further, initiatives will be required for early detection of diseases, early treatment, and prevention of serious illnesses.

Solutions

- “MSA Care” which offers a full range of healthcare services from early detection to prevention of serious illness and recurrence, has been offered from October 2022.
- In June 2023, the Company released “MSA Care Web Service” a system exclusive to MSA Care, and began offering it to a wide range of customers, including non-life insurance customers.

Before becoming ill	When illness is detected	After becoming ill
Identify and inform on risks	Reduce the economic burden	Minimize the impact Quick recovery

MSA ケア M Detect — Prevention and early detection

MSA ケア S Support — Supporting treatment — &LIFE

MSA ケア A Protecting you — Prevention of severe disease and its recurrence

MSA ケア Consultation services (Manten Seikatsu Ouendan, Nursing Care Sukoyaka Desk)

Examples of services

Early detection

N-NOSE
Utilizes a small organism called a nematode. A service that determines the risk of cancer with a small amount of urine, leading to early detection.

撮るだけ健康チェック+
A service that allows users to check their Health Age® and risk of hospitalization for three major diseases and eight major illnesses simply by holding a smartphone or other camera over a health certificate. *Health Age is a registered trademark of JMDC Inc.

Simply emit two types of voices in response to prompts on the app screen. A service that allows you to check any concerns as to your risk of mild cognitive impairment (MCI) in about a minute.

Prevention of severe disease and its recurrence

Z4C zen place for cancer
Providing Pilates and yoga for cancer patients to improve physical function and mental support for a return to society.

がん✤プラス
Provides professional cancer information from basic knowledge to the latest information in an easy-to-understand manner with the cooperation of physicians.

Providing optimal programs for lifestyle improvement tailored to each customer to prevent the recurrence and severity of cerebrovascular diseases, etc.

Impact for society

- The importance of early detection of diseases such as cancer, lifestyle-related diseases, and dementia will be recognized, leading to behavioral changes such as health checkups.
- MSA Care can lead to educational activities for early detection and treatment of diseases, prevention of serious illness and recurrence, etc., and contribute to reducing the cost of medical benefits.
- This will lead to the simulation of business for healthcare start-ups.

Economic impact on the Company

- Creating new value in life insurance by integrating healthcare services and life insurance, and increasing premium income from medical insurance, long-term care insurance, etc.
- A new market can be created by offering “MSA Care” to corporate fringe benefit plans and the member organization market.

Creation of business opportunities

Healthcare industry market scale
Approx. ¥33 trillion in 2025
Source: Ministry of Economy, Trade and Industry, Next Generation Healthcare Industry Council New Business Creation Working Group

- Increased demand for healthcare services and the expansion of advanced services that capture advances in technology have created business opportunities, including the capture of non-premium revenue from “MSA Care” users.
- In addition to the data on life insurance underwriting and claims payment that have been obtained to date, data on continuous health conditions can be collected and analyzed based on data obtained from healthcare services. This makes it possible to use these data to enhance life insurance underwriting and provide new products and services.

Comments from the person in charge

We believe customer satisfaction is the starting point of our activities. By receiving appreciation, inspiration, and trust from our many customers, we hope to create shared value with society and realize a virtuous cycle that will lead to sustainable growth. “MSA Care” will transform the life insurance sales style by expanding the value offered by life insurance companies from “only coverage” to “before and after coverage.” In addition, the company will provide new value by supporting customers’ health itself and contributing to solving social issues and responding to a society of healthy longevity.



Hiroki Kobayashi
Mitsui Sumitomo Aioi Life Insurance
Digital Innovation Dept.,
Healthcare Promotion Group

Partner Comments

There is no end to the social issues related to health, such as the increase in national healthcare costs, widening health gaps, and nursing care personnel attrition. The visualization of healthcare data will become indispensable as the public becomes increasingly aware of the need to improve their health. We hope that the health checks using only a camera function developed for and provided to Mitsui Sumitomo Aioi Life Insurance will help users to gain awareness of their lifestyle and health and help them to stay healthy with smiles on their faces. We look forward to continuing to collaborate on new challenges that will contribute to the promotion of health.



Ryo Noguchi
JMDC Inc.
President and CEO, Representative Director

Domestic Non-Life Insurance Business

Business Environment

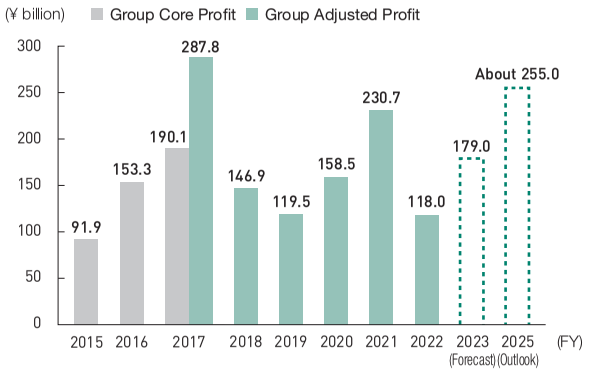
To meet diversifying customer needs brought on by changes in social structure and lifestyles, our Group provides products and services through three non-life insurance companies with different business models (such as products and sales channels). Mitsui Sumitomo Insurance conducts businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance centers on foundations with the Toyota Group and the Nippon Life Insurance Group and conducts locally rooted businesses. Mitsui Direct General Insurance specializes in direct sales to individual customers. We leverage their respective strengths to maintain scale and superiority in Japan.

In the domestic non-life insurance market, the environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly severe. In recent years, insurance payments have increased due to frequent and severe natural disasters, and the burden on business expenses has increased because of rising inflation and wage increases. There are also concerns about the future contraction of the insurance market due to the falling birthrate and aging population in Japan. Under such circumstances, our Group will continue to work toward sustainable growth by steadily incorporating insurance needs for new risks and taking as a business opportunity the solution of social issues that emerge in the wake of various changes in the environment, such as the advancement of digitalization.

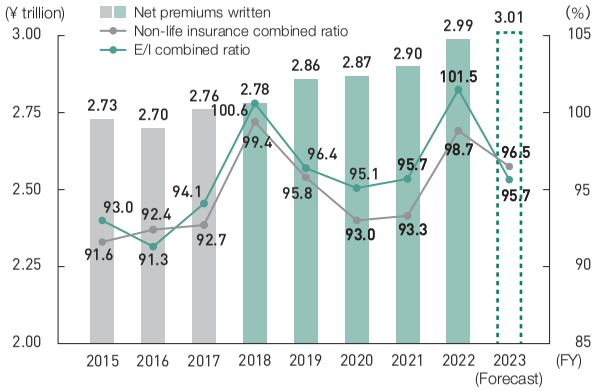
Group Management Figures

(Non-consolidated simple sum of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance)

Group Core Profit/Group Adjusted Profit



Net premiums written and combined ratio*1



*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Policies of the Medium-Term Management Plan (2022–25)

- In the domestic non-life insurance business, we will leverage our strengths in “three distinctive insurance companies,” the “largest sales network in Japan,” and a “strong network” to maintain profits in voluntary automobile insurance; enter the black earlier in fire insurance; and accelerate the expansion of casualty insurance to increase profits and continue to achieve strong growth.
- We will accelerate our Group-wide efforts to reduce business expenses from the previous Medium-Term Management Plan and further strengthen our earning power.
- We will boldly promote the “One Platform Strategy” to reduce business expenses and improve productivity.

Maintaining the profitability of automobile insurance

- Continue to expand the top line as a pillar of revenue and maintain profitability
- Develop initiatives that reflect changes in the automotive industry (e.g., spread of EVs and connected cars, advances in CASE and MaaS)
- Strengthen the sales capabilities of professional agents and other channels using digital technology

Improving the profitability of fire insurance

- Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policies
- Develop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Develop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies

Expanding profits from casualty insurance

- Strengthen sales of products for SMEs
- Expand earnings as a growth driver by improving the ability to deal with new risks
- Develop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites

Reducing expenses

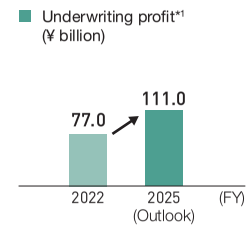
- In addition to incorporating the effects of large-scale system development projects, further integrate the middle- and back-office divisions under the “One Platform Strategy” to accelerate productivity improvement
- Use digital technologies and business-style transformations to reduce business expenses

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, net premiums written in the domestic non-life insurance business increased by ¥94.7 billion (3.3%) from the previous year to ¥2,965.3 billion, whereas insurance underwriting income declined by ¥15.2 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

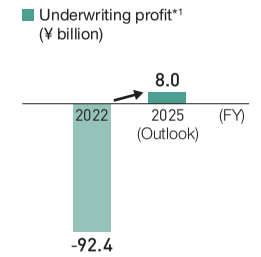
Maintaining the profitability of automobile insurance

- In FY2022, profits decreased due to an increase in the frequency of accidents caused by an increase in traffic volume after the COVID-19 pandemic and an increase in the average payout per claim due to inflation.
- We intend to reduce the loss ratio and achieve our target for FY2025 by implementing measures such as reducing the frequency of accidents through the expansion of telematics insurance and contributing to the spread of vehicles equipped with safety devices through insurance.



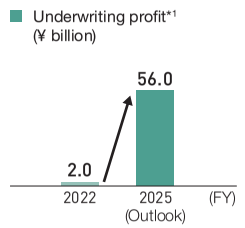
Improving the profitability of fire insurance

- Profits decreased in FY2022 due to natural disasters and an increase in large-lot losses, etc.
- We aim to achieve the FY2025 target by achieving profitability during the Medium-Term Management Plan by implementing measures such as those against large-lot losses, reinsurance scheme changes, product and rate revisions, etc.



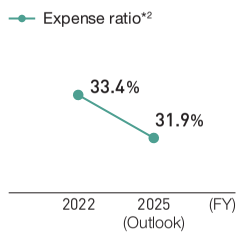
Expanding profits from casualty insurance

- Profits decreased in FY2022 due to large-lot losses in the United States, etc.
- In addition to responding to new risks, we aim to achieve the FY2025 target by strengthening sales of packaged products for SMEs that have excellent growth potential and profitability.



Reducing expenses

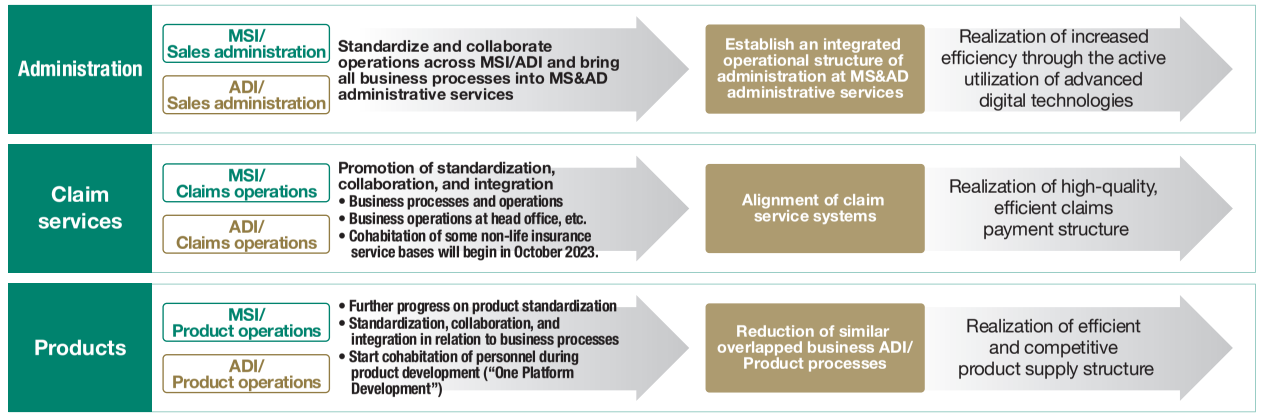
- Despite the impact of a wage increase, the business expense ratio decreased steadily with a reduction of ¥18 billion in FY2022, which is 39% toward the target of ¥46 billion for reducing business expenses in the Medium-Term Management Plan.
- We will continue to promote the “One Platform Strategy” to maximize efficiency and improve operational quality and aim to achieve the FY2025 target.



*1 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*2 Sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

“One Platform Strategy” (standardization, collaboration, and integration of middle- and back-office operations)

Further promote standardization, collaboration, and integration within the Group focusing on the middle- and back-office operations of Mitsui Sumitomo Insurance (hereinafter “MSI”) and Aioi Nissay Dowa Insurance (hereinafter “ADI”) to fully utilize the economies of scale achieved by having the largest share of domestic non-life insurance. Seek to improve the efficiency and quality of business processes and invest the generated resources in strategic growth areas to strengthen Group competitiveness and achieve sustainable growth.



Note: Includes details of initiatives from FY2026

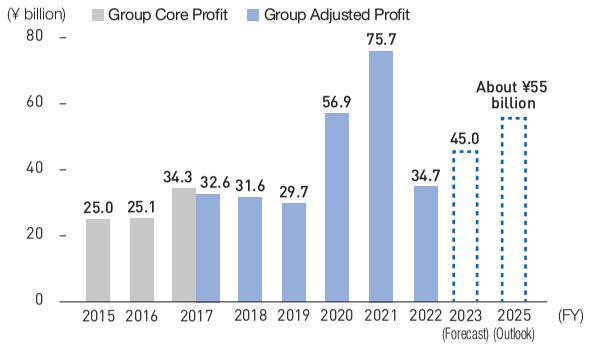
Domestic Life Insurance Business

Business Environment

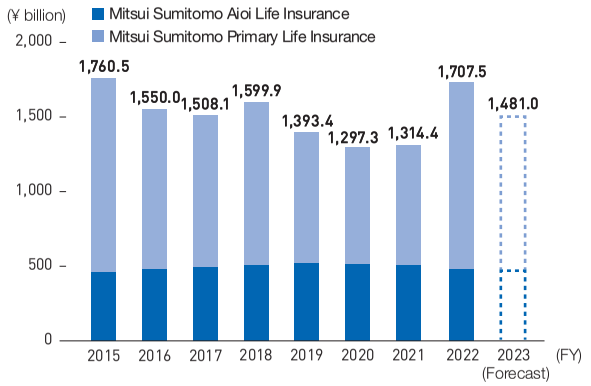
Led by two unique life insurance companies—Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products—our Group's domestic life insurance business is growing in response to the needs of customers in the age of a 100-year life span.
Our domestic life insurance business ranks ninth in terms of premium revenue. Last year, COVID-19 became more severe, but life insurance companies in our Group worked closely with customers whose lives were affected by the virus to fulfill their social mission as a life insurance company by paying hospitalization benefits. In addition, given the emergence of social issues such as an increase in the burden of nursing care and medical expenses associated with the falling birthrate and aging population and the extension of assets and healthy life expectancy, and the advent of an era of considerable inheritance, we are expanding sales of protection-type products such as medical insurance and cancer insurance, as well as whole life insurance for smooth asset inheritance and pension insurance for asset formation. In addition, we are working to establish a new sales style that combines remote and face-to-face contact and develop new products, services, and schemes in line with advances in digital technologies as business activities to respond to these new lifestyles.

Group Management Figures

Group Adjusted Profit



Gross premiums income



Policy in the Medium-Term Management Plan (2022–25)

Step up customer approaches utilizing distribution channels

Mitsui Sumitomo Aioi Life Insurance
Robust sales network, for example, the distribution channels of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the largest in Japan, and close ties with leading corporate groups in Japan

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies
- Develop and cultivate the workplace insurance market

Mitsui Sumitomo Primary Life Insurance
Close relationships with financial institutions backed by product development capability and education and training capability

- Strengthen our leading position in over-the-counter sales by financial institutions

Improving profitability by expanding investment income, etc.

Mitsui Sumitomo Aioi Life Insurance

- Expand the scale of higher return assets from ¥500 billion to ¥800 billion

Mitsui Sumitomo Primary Life Insurance

- The large number of foreign currency–denominated contracts makes it possible to take advantage of the characteristics of stable foreign currency investment, accurately perceive changes in the market environment, diversify investment targets based on appropriate investment risk management, and strengthen profitability

Providing products and services that help solve social issues

Mitsui Sumitomo Aioi Life Insurance

- Develop products and services that help solve social issues such as long-term nursing care and dementia
- Aim for more sophisticated underwriting based on cancer screening promotion activities and big data analysis

Mitsui Sumitomo Primary Life Insurance

- Provision of products of level premium payments and other products aimed at developing new markets for asset builders that contribute to solving social issues such as extending asset life

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, gross income premiums for the domestic life insurance business increased by ¥393.0 billion (29.9%) to ¥1,707.5 billion, whereas Group Adjusted Profit decreased by ¥41.0 billion to ¥34.7 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

Strengthening of customer approach through channels

Mitsui Sumitomo Aioi Life Insurance took advantage of the Group non-life insurance companies' customer and agent base to "strengthen the agent sales force" and "cultivate and develop the Group and occupational markets." The company also proposed a new service, "MSA Care," and other products, as well as comprehensive proposals for life and non-life insurance. In addition, we released an online recruitment system for the business areas of our clients and worked to provide an environment where applications can be completed digitally (e.g., via a smartphone), without the need for interviews.
Through a combination of remote and face-to-face sales activities, Mitsui Sumitomo Primary Life Insurance worked to strengthen sales support for solicitors and further expand its sales base. In addition, to enable agents to practice "customer-focused business operations," we held a seminar on the prevention of complaints about foreign currency–denominated insurance for financial institutions nationwide and developed a financial gerontology training program to facilitate conversations with elderly customers.

Improvement in profitability through expansion of investment income

Mitsui Sumitomo Aioi Life Insurance aims to increase its investment income by, for example, further increasing the size of its expected income-generating assets. In FY2022, we increased the amount of bonds, mainly yen bonds and open foreign bonds.
Even in an environment of rapid depreciation of the yen and rising overseas interest rates, Mitsui Sumitomo Primary Life Insurance has secured investment income by strengthening ALM operations considering changes in the characteristics of its liabilities, and further strengthened its management system, including increasing the number of personnel in the investment department.

Provision of products and services that contribute to solving social issues

Mitsui Sumitomo Aioi Life Insurance began providing "MSA Care," a healthcare service, in October 2022. As a result, in addition to the provision of "financial security" through life insurance, it is now possible to provide support before and after illness with a "single connection." In November 2022, we launched "&LIFE Medical Insurance A (Ace) Select" and "&LIFE Cancer Insurance S (Smart) Select" to provide products based on the current medical environment and customer requests, such as shorter hospital stays, the evolution of early cancer detection technology, and the diversification of cancer treatments.
Mitsui Sumitomo Primary Life Insurance has created a new course that emphasizes security in its index-linked pension plan, "Minori 10," which protects pension resources while providing the enjoyment of increasing income. In addition, the company has lowered the minimum monthly premium for its individual annuity insurance, "Ashita Mo Jujitsu," to make it easier to start building assets. We have also developed "AHARA," a variable annuity insurance that allows all procedures to be completed by smartphone. In terms of customer service, we introduced a call support system that enables elderly customers to clearly hear the voice of the call center operator and completely revised the "Primary Life My Page" Web service for customers to enhance security and improve customer convenience.
In an alliance between Mitsui Sumitomo Aioi Life Insurance and Mitsui Sumitomo Primary Life Insurance, the two companies are working together to plan and develop the variable product (fixed-term type) "Shiawasetsumitate" and to expand the customer base by taking advantage of the strengths of the two companies, such as by developing new growth business areas, especially in the asset building market for young people.

Demonstration of Group synergies

Expanding the customer base and strengthening the sales network



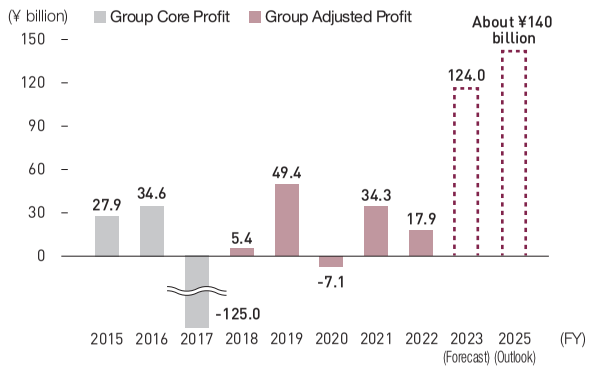
International Business

Business Environment

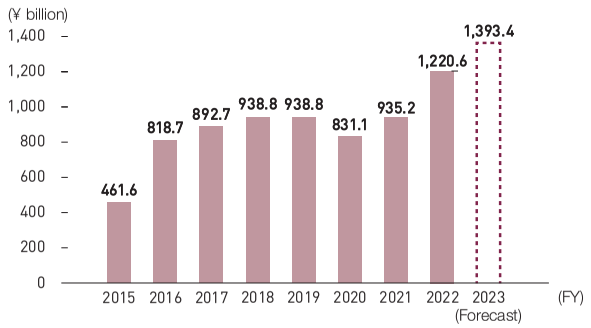
Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birthrate and aging population, therefore increasing revenue in the growth area of the international business is increasingly important. On the other hand, due to various changes in the environment, including changes in lifestyle due to technological innovations (such as being remote and online), new risks and associated insurance needs are emerging globally. In this business environment, we are transforming our business portfolio to achieve sustainable growth. Specifically, we will build a more diversified and profitable portfolio globally by expanding the scale of our international business and enhancing our earning power. In addition, we will utilize digital technologies; share and mutually utilize the know-how, skills, and other strengths gained through the effort of each group company in and outside Japan, such as market channels and customer needs; and demonstrate global synergies and achieve growth.

Group Management Data

Group Core Profit/Group Adjusted Profit



Net premiums written



Policy in the Medium-Term Management Plan (2022–25)

At MS Amlin, we will continue to underwrite with a focus on profitability and expand our top and bottom lines by taking advantage of market hardening. In Asia, where we have strengths, we will work with leading platformers and promote DX to capture growth in the retail market and achieve steady growth. In the United States, where we have changed to a new business structure, we will pursue flexible market development and synergies among Group companies.

In addition, we will diversify our portfolio through business investments in the United States, where our company has a lot of potential to cultivate the market, and in emerging markets, such as Asian countries where growth is highly anticipated, and work to further improve capital efficiency. We will also strengthen efforts to achieve synergies among domestic and overseas Group companies and drive growth on a Group basis.

Key strategies

Expanding the profit of MS Amlin	● Establish a system to ensure stable underwriting profits even in the event of large-scale natural disasters or unforeseen events ● Reduce the volatility of catastrophe risks ● Expand the underwriting of general lines with good performance using high expertise ● Further improve business efficiency
Strengthening the U.S. business structure	● Acquired Transverse Insurance Group, LLC, a U.S. fronting company, as a business investment in the specialty/MGA-related business (started consolidation in FY2023) ● As a result of the acquisition, the company's rating changed from A- to A, which has a positive effect on business promotion ● Changed the U.S. business structure to expand local business
Capturing Asian growth	● Strengthen the retail business in Asia (alliances and collaboration with joint venture partners, financial institutions, and platform holders, and the strengthening of sales channels) ● Strengthen competitiveness through the utilization of digital technologies ● Implement Toyota related automobile insurance-related initiatives and telematics initiatives globally
Growing the International life insurance business	● In addition to capturing growth in the Asian life insurance market, expand stable business in the Australian annuity market and the European closed book market ● Search for potential investment opportunity with high investment efficiency
Improve profitability in overseas investments (asset management)	● In addition to private equity and foreign bond investments with MSR* in the United States as the hub, improve the Group's overall profitability using the Asian joint fund, the MS Amlin Fund, and other funds.

*Investment subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss investment company

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

1) MS Amlin profit expansion, Asia business expansion, U.S. business restructuring

MS Amlin has made steady progress in its efforts to improve profitability. In 2022, despite major natural disasters such as Hurricane Ian and matters related to Russia and Ukraine and the impact of losses and other factors such as global inflation, insurance underwriting profits were in the black for all local insurance companies. MS Amlin Underwriting Limited, which operates the Lloyd's business, has steadily improved its earnings structure by reducing the increase in catastrophe risks, improving its portfolio through selective underwriting, and increasing rates. While continuing to maintain our underwriting discipline, we will continue to increase our underwriting, particularly in specialty lines where we have a high level of expertise, and expand our overall portfolio revenues. MS Amlin AG (brand name: MS Reinsurance), which runs the reinsurance business, is also making steady progress in reducing revenue volatility and portfolio reform by reducing catastrophe risks. We will continue to expand in a balanced manner the number of lines in which sales and profits are expected to increase by diversifying and strengthen our business foundation for future growth. In the Asia business, we have steadily achieved our targets in terms of both premiums written and profits, thereby firmly establishing ourselves as the No. 1 non-life insurance company in the ASEAN region. We will continue to steadily capture market growth and expand our business, including business investment. In the U.S. business, the acquisition of Transverse Insurance Group, LLC, was completed in January 2023. In addition, we strengthened our business base for local business by restructuring our U.S. business.

2) International life insurance business

With the completion of our investment in BoCommLife Insurance Company Limited in China and the reorganization of Max Life Insurance Co., Ltd., in India, we have laid a solid foundation for capturing the growth of those life insurance markets through major banks in countries with a third of the world's population. We will continue to focus on increasing our corporate value mainly in Asia, where we expect high growth, and to secure stable cash flow via Phoenix Group in Europe and Challenger in Australia. We will also continue to examine new business investment opportunities to expand corporate value and profits.

3) Pursuit of the Group's comprehensive strengths

We launched the "TENKAI Project," which aims to accelerate the improvement of our Group's corporate value and sustainable growth by realizing Group synergies via sharing and implementing the knowledge and know-how of each of our domestic and overseas bases throughout the Group in a quick and cross-sectoral manner. Each of our domestic and overseas bases has a head of Group synergy promotion, and we have strengthened our systems to achieve concrete results such as sharing advanced digital technologies, expanding reinsurance within the Group, and realizing joint procurement of IT infrastructure. To further expand the scope and deepen the content of the TENKAI Project, we will strengthen cooperation and initiatives at our domestic and overseas bases.

International Business Operating Performance and Outlook

(¥ billion)		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Forecast)
Net premiums written	Asia	173.1	215.7	237.1	257.7	240.6	268.1	296.1	298.8	278.9	302.3	382.3	416.2
	Europe	64.4	85.4	99.6	121.1	499.6	498.7	514.9	513.7	444.9	520.0	695.6	813.7
	Americas	41.4	56.4	66.2	69.4	66.4	71.1	67.7	58.4	56.1	62.2	89.5	109.3
	Reinsurance Business	15.6	16.7	19.1	18.6	16.8	57.9	62.9	69.5	52.8	52.8	56.3	56.8
	International Business Total	287.8	369.0	415.9	461.6	818.7	892.7	938.8	938.8	831.1	935.2	1,220.6	1,393.4
Net income	Asia	28.8	16.3	26.0	12.7	16.7	11.1	30.9	23.2	32.8	33.5	33.5	38.1
	Europe	-11.9	1.8	5.7	-3.1	2.2	-116.2	-3.8	9.4	-43.5	-14.2	-36.0	49.0
	Americas	-7.7	-3.3	-7.9	8.1	0.8	4.7	1.1	0.6	4.2	-3.4	1.1	9.5
	Reinsurance Business	5.1	8.5	11.0	10.7	12.4	-26.0	-6.7	9.1	-0.4	-3.6	2.7	4.7
	International Life Insurance Business	1.3	-1.2	5.4	5.7	8.4	6.4	8.9	11.8	2.8	24.8	18.4	29.2
	International Business Total	13.5	18.0	38.2	27.9	34.6	-125.0	5.4	49.4	-7.1	34.3	17.9	124.0

Notes:
1. International business figures are aggregates of the results for overseas consolidated subsidiaries and equity-method affiliates, together with non-life insurance companies' overseas branches, overseas-based non-consolidated affiliates, and the overseas inward reinsurance business of non-life insurance companies' headquarters, etc.
2. Figures in the "Total" rows include head office adjustments and others and are not equal to the sum of figures for each segment and each region.
3. Net income is on a Group Core Profit basis (Group Adjusted Profit basis since FY2018). The international life insurance business shows equity income.
4. From FY2017, the international life insurance business includes Challenger, ReAssure, and Phoenix in addition to the former Asian life insurance business.

Initiatives by major international business

European business

- In Europe, each company in the MS Amlin Group, consisting of three insurance companies ; a major Lloyd's syndicate (MS Amlin Underwriting Limited, hereinafter "AUL"), a reinsurance company based in Bermuda and Switzerland (MS Amlin AG ,brand name : MS Reinsurance, hereinafter "MS Re"), and a European primary insurance company headquartered in Belgium (MS Amlin Insurance SE, hereinafter "AISE") and a service company (MS Amlin Corporate Services Limited), is developing growth strategies that take advantage of the unique characteristics of each company. (See the "Data Section" for key indicators.) In addition to the MS Amlin Group companies, Group companies such as MSIG Insurance Europe AG in Germany and Mitsui Sumitomo Insurance Company (Europe), Limited, in the United Kingdom are leveraging their strengths to provide insurance services to customers.

1. AUL

- Lloyd's, where AUL conducts business, is an insurance market with licenses that can be underwritten from about 200 countries and regions, attracts highly specialized underwriting risks from all over the world and has become a center of expertise in insurance underwriting and human assets.
- AUL will pursue growth by utilizing MS Amlin's brand name recognition, network, expertise, and know-how, and will increase its underwriting and revenue by focusing on specialty lines with high expertise.

2. MS Re

- We have bases in major reinsurance markets around the world and will utilize our global business base to develop markets with a different approach from the direct insurance business, such as building medium- to long-term relationships of trust with our customers, namely direct insurance companies.
- We aim to stabilize and expand earnings by building a portfolio with a balanced expansion of general lines that can be expected to provide diversification benefits.

3. AISE

- In the European market, mainly in Belgium, the Netherlands, and France, we have strengths in midsized and small companies and the marine sector.



AUL



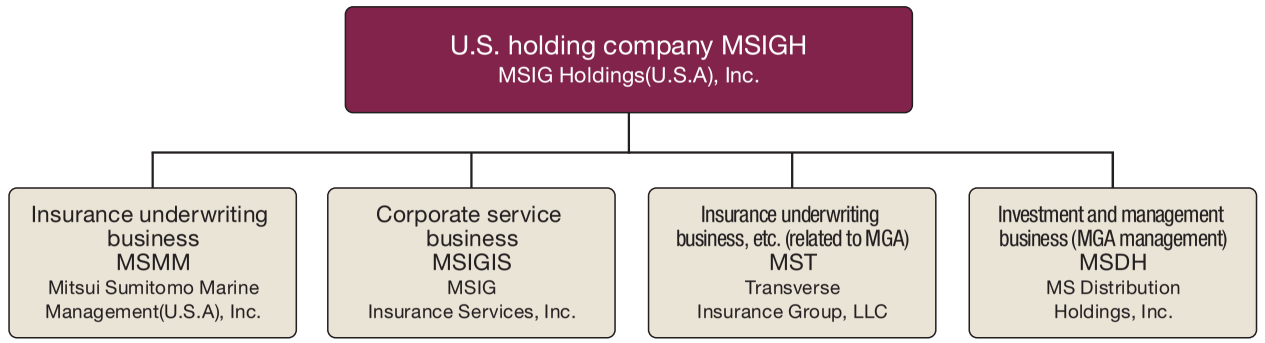
MS Re Zurich


MS Re Bermuda

Americas business

- We have bases in eight countries in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest non-life insurance market, we acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA* market, in January 2023 and reorganized our business structure into four operating companies under the umbrella of holding company MSIG Holdings (U.S.A.), Inc., with the intent of expanding our local business.
- Under the new structure, we will focus on strengthening transactions with MGA, improving operational efficiency, and expanding profit opportunities through Group synergies, and considering capital allocation and investment opportunities for businesses with high growth prospects.

*MGA: Managing General Agent (total insurance agent). A company entrusted with authority by insurance companies and is responsible for a wide range of operations including underwriting, policy administration, reinsurance arrangements, and claims appraisal.



Asia business

- It operates as the world's only non-life insurance group with offices in all parts of ASEAN (with the highest total revenue premiums in the region).
- While maintaining a diversified, high-quality portfolio and stable combined ratio, we will promote growth initiatives in the retail sector with high profitability throughout Asia, and further promote growth strategies including inorganic investments to achieve significant growth.

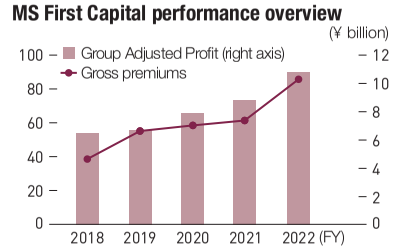
Alliances with leading partners and financial institutions



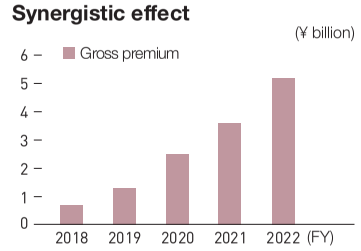
MS First Capital

- As a synergistic effort utilizing MS First Capital's capacity, the Group has switched its Group ceded insurance to MS First Capital to increase revenue.
- Since 2021, we have used MSFC's excellent underwriting know-how and capacity to enhance the development of new projects through collaboration with each base. We will continue to pursue synergistic effects.

MS First Capital performance overview



Synergistic effect



Collaboration with leading platformers

- We will continue to strengthen sales channels using digital technologies, such as collaboration with major e-commerce companies, small financial institutions, and major electronic money operators.

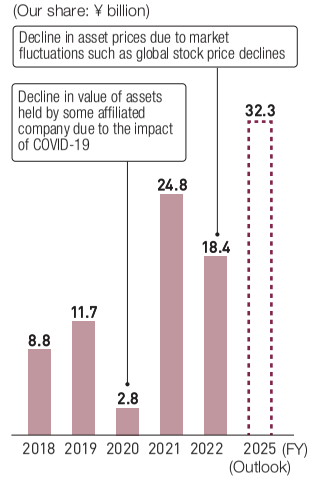
Further growth strategy

- We will promote further growth in both life and non-life insurance by strengthening synergies in cooperation with life and non-life insurance companies.
- Based on our Group's position in Asian countries and market potential, we will consider inorganic business investments to capture further Asian growth.

International life insurance business

- We will capture growth in the Asian life insurance market and increase corporate value through cooperation with partners that have strong sales channels, such as leading banks, mainly in China and India, both of which have sizable populations.
- In Australia and the United Kingdom, we will leverage our advantage as a market leader to secure stable corporate value expansion and cash flow acquisition.
  We will continue to explore the investment opportunities with high growth and profitability, including those in areas we have not yet penetrated.

Transition of Group Adjusted Profit

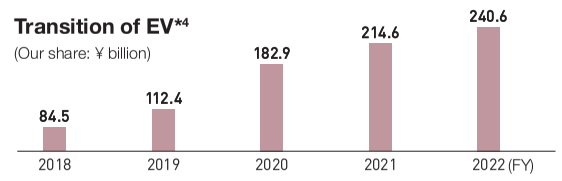


Growth of the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia …Expected to grow at an annual average rate of 10.7% through 2031*1	全球人寿 Ping An Insurance (Group) Company of China, Ltd. Assurance The Hong Kong Mortgage Corporation MAX LIFE Aia Singapore MSIG life
Australia (annuity insurance business) …Expected to grow at an annual average rate of 5.1% through 2041*2	challenger
UK (closed book business) …Potential market of GBP470 billion*3	Phoenix

*1 Allianz Insurance Report 2021
*2.Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)
*3 From Phoenix IR data

Transition of EV*4

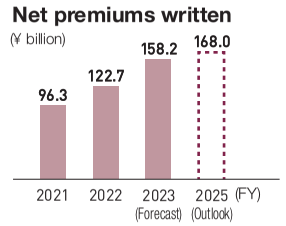


*4 Total number of associates that calculate EV (four Asian life insurance companies)

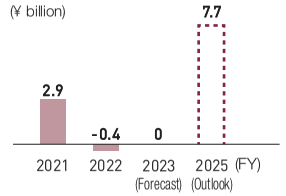
Toyota retail business and international telematics business

- As new car sales of Toyota recover, net premiums written of the Toyota retail business are increasing.
- Group Adjusted Profit is expected to recover in the future through rate increases and measures against losses such as strengthening Lexus anti-theft measures.

Net premiums written



Group Adjusted Profit



Voluntary automobile insurance led by telematics is growing significantly in the global business

980,000 units in FY2021 → 1.17 million units in FY2022

China
Steady growth on the back of increased Toyota new car sales

Thailand
Toyota's specialized product policy, including telematics insurance development, succeeded

Enjoy safety, Make better society

The sales volume of telematics reached 200,000

Ranked in the top 10 in terms of domestic revenue (2021: jumped from 16th)

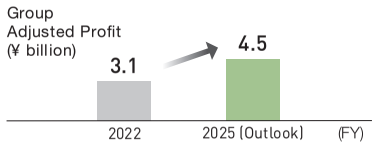
Financial Services Business

Policy in the Medium-Term Management Plan (2022–25)

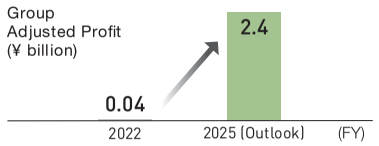
Based on social issues, changes in the environment, and customer needs, we aim to provide a variety of products and services that are independent of insurance and contribute to profits in a stable manner by utilizing the Group's comprehensive capabilities, including domestic sales and overseas entities.

Areas to focus on We focus on the following three areas where we can expect market growth and improvements in our corporate brand value

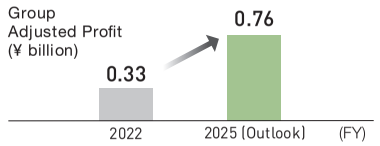
1 Asset building–related business
(financial services for individuals, asset management, variable annuity reinsurance)



2 Provision of risk solutions contributing to ESG
(weather derivatives, insurance-linked securities*)



3 Response to changes in the social environment
(e.g., investment in start-ups)



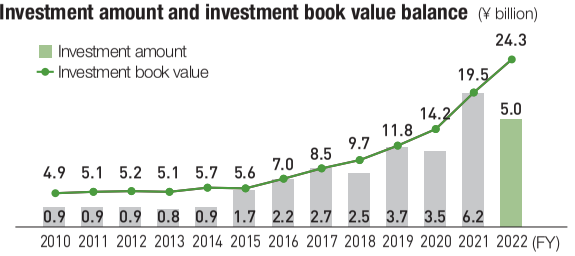
*Insurance-linked securities: Collective term for securitization products that transfer natural catastrophe risks and other insurance risks to the capital markets

Examples of initiatives

Venture capital

Through MITSUI SUMITOMO INSURANCE Venture Capital, we invest in start-ups in Japan and overseas, including AI, healthcare, and IT businesses that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy. In addition, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research & Consulting. In FY2022, we invested approximately ¥5 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.

Investment amount and investment book value balance (¥ billion)

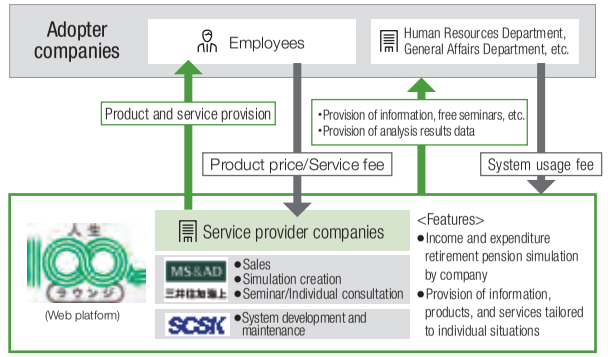


ART*

Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the development and sales of new products such as "Typhoon Yojin," a weather derivative to hedge business losses caused by typhoons. We are also working to provide weather risk solutions overseas through our U.S. subsidiary, MSI GuaranteedWeather, LLC. Moreover, we recently began selling weather index insurance in Australia. Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company, an equity-method affiliate, and solicits domestic institutional investors for the funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked to strengthen our insurance-linked securities business by improving our proposal capabilities and expanding our product lineup.

Financial services for individuals

In FY2022, Mitsui Sumitomo Insurance began selling a new service called "100-year Life Lounge," which simulates the lifetime earnings and expenditures of employees and supports asset building to supplement corporate pensions and social security. We are constantly adding options within these services, including asset building robot advisors and family trusts, with an eye on the 100-year life span era. We also developed an app for smartphones to improve customer convenience, which we released in FY2023.
(Reference: https://www.ms-ins.com/news/fy2021/pdf/0224_1.pdf)



Defined Contribution Pension

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are strengthening services related to the system introduction of corporate defined contribution pension plans for which the market is growing and are working to popularize individual-type defined contribution pension plans (iDeCo), which are facing increasing social demands due to the falling birthrate and aging population. For corporate defined contribution pension plans, we strengthened our ability to offer proposals to SMEs. For individual-type defined contribution pension plans, we expanded our sales channels and improved operational efficiency such as cost reductions.

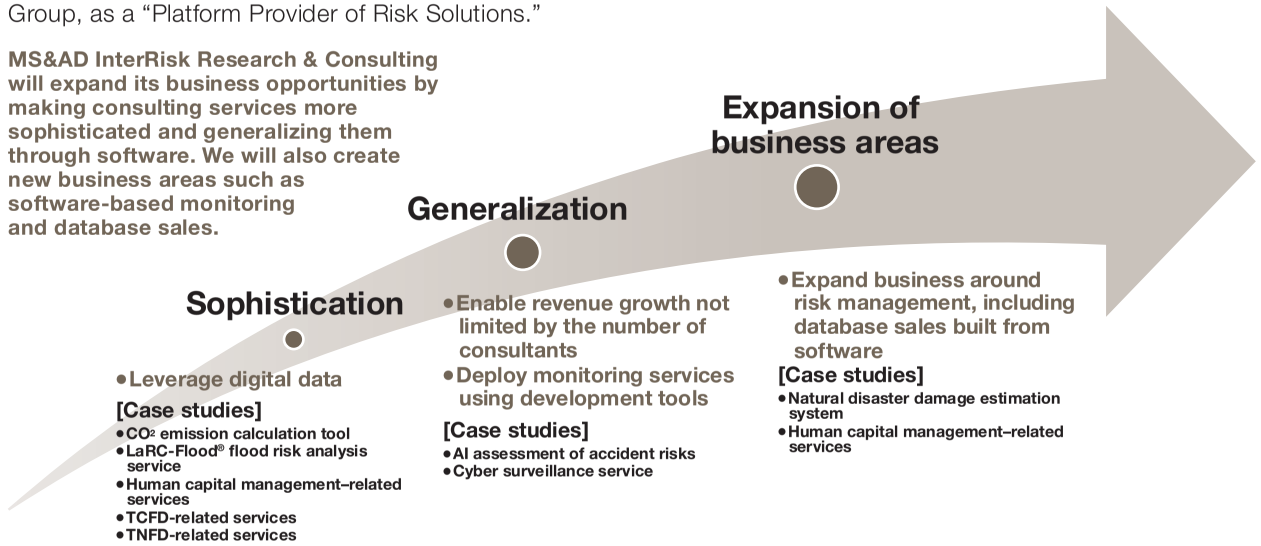
*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.

Digital/risk-related services business

Policy in the Medium-Term Management Plan (2022–25)

Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD Inter Risk Research & Consulting (hereinafter "MS&AD Inter Risk Research") leading the Group, as a "Platform Provider of Risk Solutions."

MS&AD InterRisk Research & Consulting will expand its business opportunities by making consulting services more sophisticated and generalizing them through software. We will also create new business areas such as software-based monitoring and database sales.

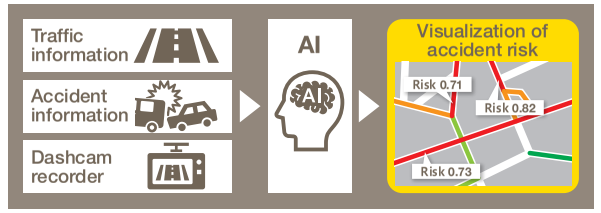


Case studies

Services using digital data

(Development example) Accident occurrence risk AI assessment

MS&AD InterRisk Research & Consulting has developed a service to prevent traffic accidents by visualizing the potential risk of traffic accidents that might occur in the future and implementing measures that address locations where accidents occurred in the past. In addition to the locations of past traffic accidents, the service combines data on factors highly correlated with accidents, such as road structure, people flow, and drive recorder event data such as rapid acceleration and deceleration. Such big data are used by AI to evaluate and visualize the risk of traffic accidents using a unique risk assessment and analysis model (patent pending).



Risk management

As the largest non-life insurance group in Japan by scale, MS&AD InterRisk Research & Consulting further has deepened its strong services such as risk consulting and risk surveys, and supports corporate decarbonization initiatives such as preservation of biodiversity, the SDGs, and social and environmental issues such as "business and human rights," addressing climate change risks, and calculating and setting targets for greenhouse gas emissions.

Other businesses

Nursing care business (day service)

To continue fulfilling our social mission of supporting the lives of the elderly and their families who need assistance, Fureai Do-Life Services Co., Ltd., has been working to provide high-quality services that satisfy the needs of the elderly, while paying close attention to the prevention and spread of infection even during the coronavirus pandemic. We focus on functional training by specialized staff, such as physical therapists and occupational therapists, and work to maintain and improve the physical functions of users through rehabilitation programs based on individual programs.

Assistance services

MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.



Investment (asset management)

Asset Management Strategy

Improving Profitability

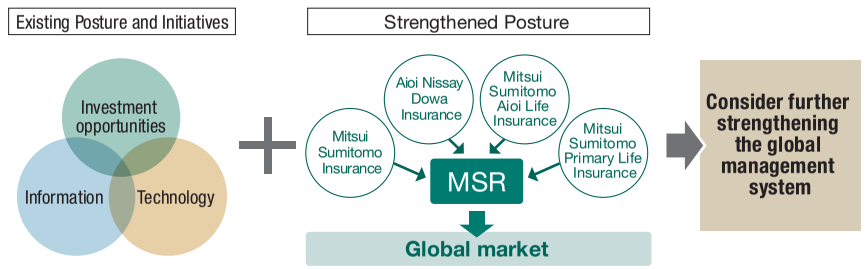
In addition to increasing the amount allocated to higher-return assets*1 and diversifying investments through private equity (PE) funds, we will expand into individual investment projects in the areas of domestic and overseas PE and renewable energy investment and financing.

Amount		Quality		Improving Profitability
Expanding higher-return assets	×	Entering and expanding investment in individual projects Domestic and overseas PE / Renewable energy	=	Investment profit/loss expected to increase

- Allocate money received from the sale of strategic equity holdings to higher-return assets
- Increase allocation to higher-return assets in life insurance management
- Utilize professional human resources with more than 10 years of investment experience

Strengthening the Foundation for Improving Profitability

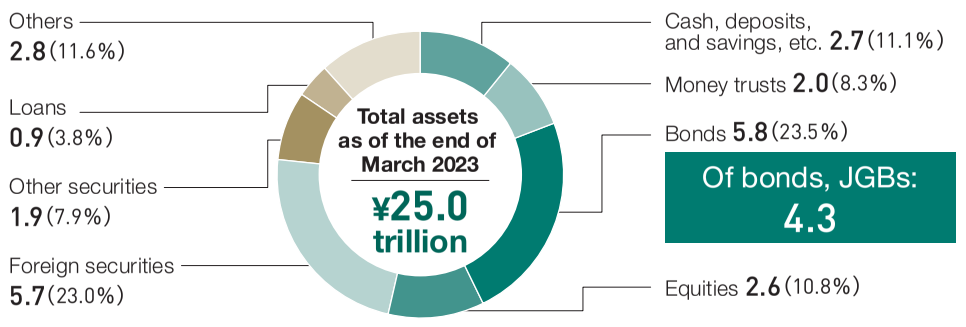
To further strengthen our efforts to share investment opportunities, information, and technology and demonstrate Group synergies, we will utilize MSR*2 as a common platform for the expansion of higher-return assets and Group investment (asset management), and will nurture professional human resources with discerning abilities in foreign asset management.



*1 Assets held in anticipation of relatively high returns, such as foreign bonds, foreign stocks, and alternatives
*2 Management subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss management company

Composition by asset (based on consolidated total assets)

(¥ trillion)



Reduction initiatives of strategic equity holdings

Accelerated reduction of strategic equity holdings

Disclosed in May 2022

Target of the Medium-Term Management Plan (2022–25)

- Continued reduction of ¥100 billion per year: The cumulative total is ¥400 billion for the period of the Medium-Term Management Plan
- Aim for a weighting of less than 10% of total consolidated assets and a weighting of less than 30% of risks

Reduction of ¥206.6 billion in FY2022, exceeding the target

Accelerated reduction

- Increase the reduction target from ¥400 billion to ¥600 billion for the four years of the Medium-Term Management Plan (2022–25)
- We will continue the same level of reduction in the next Medium-Term Management Plan and aim to halve the fair value balance from the end of September 2022 (around 20% of IFRS net assets).

Reduction in FY2003 to FY2022
¥2,498.1 billion

Stewardship code support

In 2014, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance announced their acceptance of Japan's Stewardship Code. Through constructive dialogue with investee companies and the exercise of voting rights based on an ESG perspective, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are promoting the enhancement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective. In dialogue with investee companies, we also check the status of our initiatives focusing on the following themes:

Results of dialogue (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of companies engaged in dialogue	173 companies	146 companies	319 companies

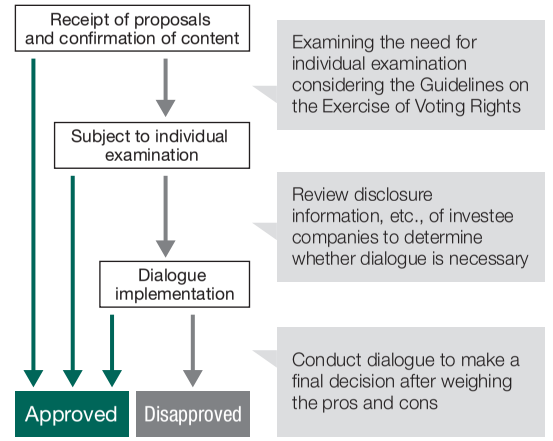
Results of exercising voting rights (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Proposals for which voting rights were exercised (management proposals)	2,757	1,961	4,718

Number of disapproved proposals (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of disapproved proposals (management proposals)	7	9	16

Process for exercising voting rights



Theme of the dialogue

Theme of the dialogue	Specific content
ESG	Impact of climate change on business and countermeasures, relationship between social issues and business, appointment status and expected roles of outside officers, attendance of outside officers at Board of Directors meetings, etc., and compliance with the Corporate Governance Code
Closing status	Results for the current fiscal year, outlook for the next fiscal year and beyond, measures to improve profitability and growth, and short-term risk factors
Management strategy	Expectations and progress of management plans, medium- and long-term investment policies, and sustainability considerations in business strategies
Capital management	Shareholder return and internal reserve policies, views on dividends, and indicators
Business risk	Response to risk factors in business and establishment of a BCP (business continuity plan)

Interactive case

	Examples of dialogues focusing on management and capital strategies, etc.
Case 1 (Management strategy)	Held dialogues with companies for which issues included dealing with automotive CASE (electrification and automatic operation) and exchanged opinions on medium- to long-term management strategies. We confirmed that they were developing new products and making capital investments and shared the view that accelerating these R&D and capital investments was necessary to improve corporate value in the medium to long term.
Case 2 (Shareholder return)	In the previous year, the dividend payout ratio was below our standard, but we were able to confirm their shareholder return policy through dialogue, so we agreed to the proposal. Despite a decline in profits this year, the dividend payout ratio exceeded our standard thanks to a dividend increase.

Cases of disapproval

	Cases of disapproval in exercising voting rights
Case 3 (Revision of remuneration for officers and payment of bonuses)	Though the results were in the black, no dividend was provided as internal reserves were prioritized. The capital management policy was approved, but officers' bonuses, seen as substantially an outflow from the company, were disapproved.
Case 4 (Outside directors)	The company does not have an outside director who has been reported to the financial instruments exchange as an independent officer, which violates our standards. Through dialogue, it was confirmed that there are outside directors, but they have not submitted the notification due to compensation issues. We have been urging the company to implement the notification for some time, but there has been no improvement, and we have decided that the role of outside directors might have become a mere formality and rejected the proposal to elect directors.

ESG Investing

Investments and loans considering ESG issues

As a signatory of the Principles for Responsible Investment (PRI), our Group invests and lends considering ESG issues. Specifically, we collect and evaluate ESG information in accordance with asset characteristics and investment methods and make investment and loan decisions in conjunction with conventional analysis such as financial analysis. We are working on investments and loans with themes that lead to solutions to sustainability-related issues on the premise of securing profits. In addition, we will engage in constructive "purposeful dialogue" with investee companies based on ESG factors to raise awareness of ESG among investee companies and to enhance corporate value over the medium term.

"Vision 2021" Initiative Results

Incorporation into the investment process

Entrench ESG-informed processes

Improving engagement

Implement engagement based on ESG factors

Implementing thematic/impact investing*

Employ thematic investing that leads to solutions to social issues

Medium-Term Management Plan (2022–25)

- More sophisticated ESG investing
  - Promote engagement that takes into account ESG elements, including climate change
  - Implement impact investments and build know-how
- Group-wide efforts toward net zero by 2050
  - Measure greenhouse gas emissions from assets held
  - Provide funds for technologies and research toward realizing a decarbonized society

*Social impact investing is investment intended to have a desired impact on society and the environment while also generating financial returns

Our Group's ESG investment and loan initiatives

ESG investment and loan initiatives	Content	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group's "business activities considering sustainability"	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All assets under management	—
Incorporation of the Group's priority issues into the research	Focusing on "CO_2 emissions," "deforestation," "water risk," and "human rights violations," evaluations by ESG evaluation companies and international initiatives (such as CDP) are used for investment decisions and monitoring.	Corporate bonds, stocks, and loans	¥7.5 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Shares	¥1.8 trillion
Positive Impact			
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	¥374 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

Implement constructive measures as a responsible institutional investor

Our Group encourages the reduction of greenhouse gas emissions and the disclosure of information based on the TCFD recommendations to realize a decarbonized society through constructive dialogue (engagement) with investee companies.
Specific items to be confirmed include the organizational structure to respond to climate change, efforts to achieve the greenhouse gas emission reduction target, technological innovation plans, and grasping of issues.



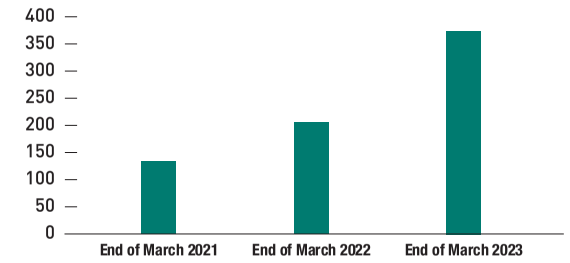
Examples of efforts for constructive dialogue (engagement) on climate change

Case study (1)	Case study (2)
Engaged in dialogue with chemical companies that face technical challenges in reducing CO_2 emissions and exchanged opinions on the feasibility of the transition plan for the companies' reduction targets for 2030. At the same time, we are conducting frank dialogues on issues related to fuel supply and costs, while confirming specific schedules for the conversion of the company's in-house power generation equipment to biomass fuel, co-combustion, and the use of ammonia. We plan to continue our dialogue with these companies.	We held dialogues and exchanged opinions with logistics companies dealing with issues related to climate change. As the company had just expressed its support for the TCFD recommendations and was planning to conduct scenario analysis in the future, the company conveyed the importance of scenario analysis and the fact that some of the preceding companies had discovered strengths and weaknesses in their own business strategies, thereby contributing to the company's deeper understanding of the significance of analysis.

ESG-themed investments, including responses to climate change

The transition to decarbonization will require technological innovation and capital investment to significantly reduce greenhouse gas emissions. Expanding financing needs in related industries and the increased need for new financial products and services can be opportunities for financial institutions. Our Group engages in ESG-themed investments based on the premise of ensuring profitability, including themes that lead to solutions to social issues, including climate change.

Balance of ESG-themed investments (¥ billion)



Breakdown of ESG-themed investments (end of March 2023)

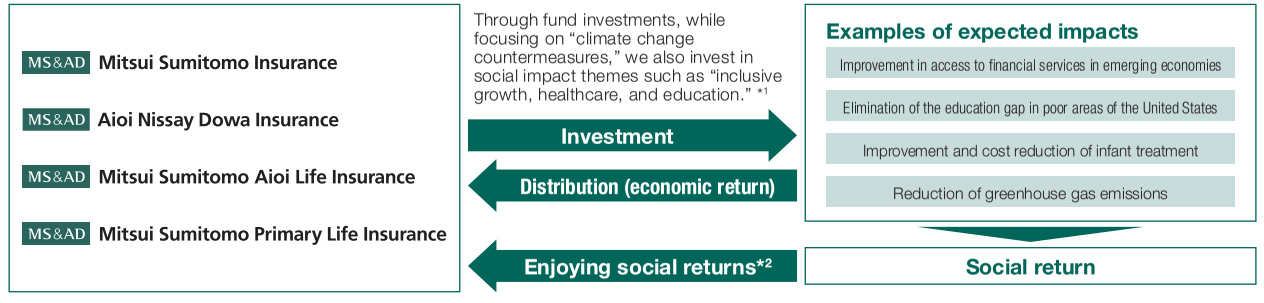
(¥ billion)

By theme	Investment and loan balance
Investment in ESG-themed funds	81.2
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	60.0
Transition/Sustainability-linked finance	15.1
Green finance	87.8
Support for sustainable global development	
Social sustainability (including supranational bonds)	118.5
Regional revitalization, healthcare, impact investment*, etc.	11.4
Total	374.0

*Of the investment amount commitment to the fund, only the invested amount is included

Started Group joint impact investments

The MS&AD Insurance Group's management philosophy is "Provision of security and security through global insurance and financial services businesses to support the development of a vibrant society and a healthy future for the planet." Through this investment, we aim to generate a positive and measurable impact on the environment and society while also achieving economic returns. In addition, we will use this investment as an opportunity to build a network related to impact investments and to contribute to the achievement of the SDGs and the creation of a sustainable society by accumulating knowledge on environmental and social impact assessment and management.



*1 Investment through a Group-specific investment vehicle. Managed by MSR (investment ratio: MS 85%, LGT 15%), an investment (asset management) JV in New York. LGT, a management company in Switzerland, is one of the global leaders in the ESG field.
*2 Achievement of SDGs and realization of a sustainable society

Foundations

Sustainability

Planetary Health

Symbiosis with the global environment

(Main initiatives)

- Action on climate change
  Aiming for net zero carbon emissions by 2050
- Improvement of the sustainability of natural capital

Resilience

Safe and secure society

(Main initiatives)

- Measures to address new risks that emerge with the transformation of society
- Loss prevention/mitigation through the utilization of data and AI
- Regional revitalization
  Creation of a resilient and inclusive society

Well-being

Happiness of diverse people

(Main initiatives)

- Adaptation to a society of healthy longevity
- Respect for human rights
- Improvement of employee engagement

Increasingly diverse and complex social issues

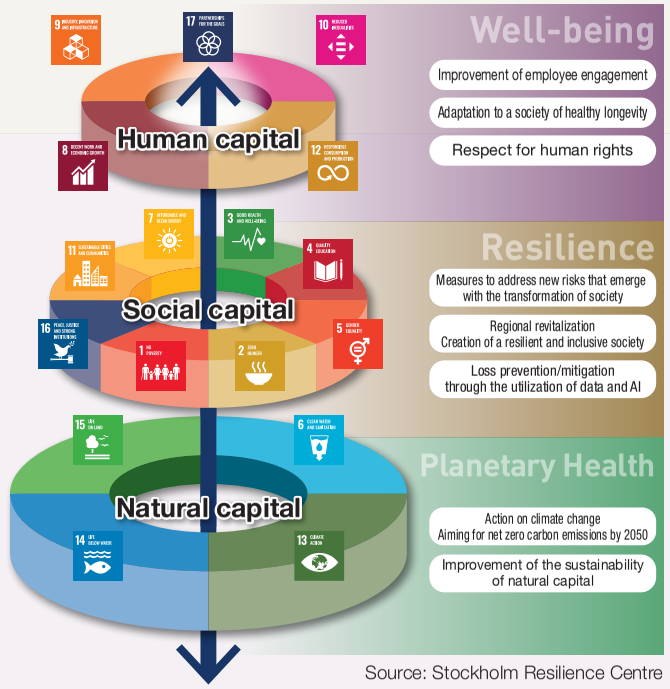
In recent years, various risks have clearly emerged to disrupt society's safety and security, such as the spread of infectious diseases, geopolitical risks, intensifying natural disasters, and advances in digital technology. In addition, the COVID-19 pandemic triggered changes in people's sense of values and lifestyles, and the expectations and needs of customers and other stakeholders have become more diverse. Furthermore, global issues such as climate change and political and geopolitical factors are involved, whereas social issues are becoming increasingly complex.

MS&AD provides products and services to solve social issues through three approaches, starting with identifying such risks before anyone else and informing customers and society and adding functions to prevent risks and to reduce the impact of risks.

MS&AD's important social issues and partnerships

MS&AD has identified three social issues that are important to both our stakeholders and the Company: symbiosis with the global environment (Planetary Health), a safe and secure society (Resilience), and happiness of diverse people (Well-Being).

Although the three might appear to be separate



Source: Stockholm Resilience Centre



issues, they are deeply interconnected and need to be approached holistically.

The SDGs Wedding Cake Model proposed by the Stockholm Resilience Center is a model that illustrates how the 17 SDGs are made up of three layers, which are closely related to each other. At the top of cake sits "Let's achieve our goals through partnerships," which indicates that partnerships are essential to solving increasingly complex social issues.

Translated into key social issues for MS&AD, the happiness of diverse people is made possible by a safe and secure society, which in turn has as its base symbiosis with the global environment, or the natural environment necessary for people to live in.

For example, MS&AD is working with local governments, researchers, and local NPOs on the MS&AD Green Earth Project to restore and preserve the natural environment, in which employees and their families participate. By restoring natural capital and increasing biodiversity, the project aims to reduce damage from floods, which are becoming more frequent and severe, and to contribute to regional development by creating a safe and secure society. It is a nature-based solution put into practice, which solves problems by utilizing the blessings of nature.

Achieving CSV in employees' daily work

MS&AD has continually made sustainability and CSV (Creating Shared Value with society) the pillars of its strategy since fiscal 2018, incorporating CSV into the organization's annual plans, promoting initiatives, and reviewing the results. The cycle has been shared throughout the Group and is now deeply woven into the sense of values of all Group employees. In the annual Sustainability Contest held as a part of the review process, approximately 2,000 initiatives have been reported to date, making tangible contributions to solving social issues.

We believe steadily running this cycle and advancing it through partnerships with stakeholders is the only path to the resilient and sustainable society that the Group aims for and will bring about the well-being of every employee.



Activities in the Kuma River basin, Kumamoto Prefecture. Learning from the damage caused by the torrential rains in 2020, this project will work to reduce flood damage by conserving wetlands upstream to improve biodiversity while enhancing rainwater storage.

Report on Coexistence with the Global Environment

(Climate-related and Nature-related Information Disclosure)

In 2015, countries around the world agreed to halt the acceleration of global warming by adopting the Paris Agreement. National governments, local governments, and companies are tackling to make progress toward a net-zero society. Meanwhile, the Kunming-Montreal Global Biodiversity Framework set targets for biodiversity at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity held in December 2022. This framework sets out a so-called "nature-positive" direction to "halt and reverse biodiversity loss and put nature and ecosystems on a path to recovery by 2030" and a vision of "a world in harmony with nature" as the goal for 2050. National and local governments, as well corporations, are expected to play an important role in biodiversity.

The MS&AD Insurance Group has set "Symbiosis with the Global Environment —Planetary Health" as one of its key sustainability issues and is undertaking various initiatives to address climate change and natural capital.

The Task Force on Climate-related Financial Disclosure (TCFD) recommends that responses to climate change issues be disclosed according to the four pillars of "Governance," "Strategy," "Risk Management," and "Metrics and Targets." The Group endorses this concept and is promoting the disclosure of climate-related financial information. The Taskforce on Nature-related Financial Disclosure (TNFD) is examining disclosure methods for issues related to sustainability of natural capital and biodiversity, which are also issues that have a significant impact on society and the economy. The recommendations of these two task forces have been used as a basis for this report on our initiatives toward achieving "Symbiosis with the Global Environment." Further details will be published in the "Climate and Nature-related Financial Disclosures -TCFD and TNFD Reports-"

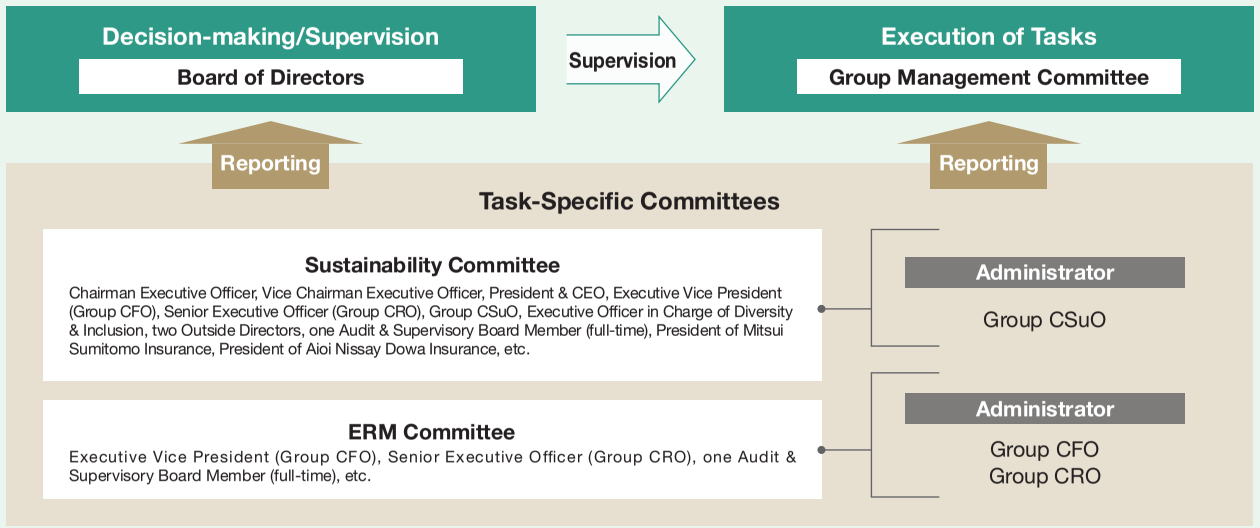
Governance GOVERNANCE

The MS&AD Insurance Group's sustainability governance structure, including climate- and nature-related issues, consists of the Board of Directors, the Group Management Committee, and the Task-Specific Committees. The Board of Directors discusses and makes decisions on important matters such as management strategies and capital policies including climate-related matters and supervises the execution of duties by Directors and Executive Officers. The Group Management Committee discusses important matters such as management policies and strategies, including climate- and nature-related matters and initiatives, and monitors the specific execution.

Climate- and nature-related issues and initiatives are reported to both the Board of Directors and the Group Management Committee and decisions rendered after discussions by the Sustainability Committee and the ERM Committee.

For example, the Sustainability Committee reported on the progress of "Initiatives to Achieve Net Zero by 2050 and initiatives for nature positive," whereas the ERM Committee discussed the advancement of catastrophe risk management, including climate change.

In addition, the MS&AD Group has appointed a new Group Chief Sustainability Officer (CSuO) in charge of sustainability, including climate- and nature-related issues, starting this fiscal year. The Sustainability Committee is headed by the Group CSuO.



Strategies Strategies for climate and nature-related risks and opportunities STRATEGY

One of the key sustainability issues (materiality) in the Medium-Term Management Plan is "Symbiosis with the Global Environment —Planetary Health." As the acceleration of global warming and the erosion of natural capital are interconnected, we have positioned addressing climate change and improving the sustainability of natural capital as issues to tackle in a holistic manner and promote CSV initiatives to create shared value with society.

Natural capital such as the water resources, terrestrial and aquatic life, and climate system are the basis of our society and economy. Global warming causes damage from severe natural disasters and physical changes such as deforestation and desertification, while harming the natural capital that provides various blessings to society. If forests are lost, the amount of CO_2 absorption will decrease, which will further accelerate global warming. Forests also have disaster prevention and mitigation functions, such as storing rainwater in the soil and mitigating flood damage. As such, degradation of these natural functions can lead to increased losses from natural disasters. Thus, the acceleration of global warming and the erosion of natural capital are interrelated and impact society and the economy. Meanwhile, transitioning to a net zero society in harmony with nature is expected to bring about radical changes in society and the economy.

The Group is committed to improving its financial soundness to promptly pay insurance claims for damages caused by natural disasters. With the goal of net zero in 2050, the Group is pursuing initiatives to support the development of new technologies to reduce the risks of climate change and the transition to a net zero society, as well as those to reduce the environmental impact from the Group's business processes. For transition to a society that coexists in harmony with nature, we provide services to analyze and evaluate the relationship between customers' businesses and nature. We are also promoting initiatives to mitigate nature-related risks and support the development of new technologies that are nature-positive, such as the creation of green spaces.

Specific examples of the Group's initiatives will be presented after explaining climate-related risks and opportunities in the Group and its dependence on and impact on nature and nature-related risks and opportunities.

Climate-related risks

We view the impact of physical changes in weather conditions and the transition to a net zero society as risks in our business. We are thus taking steps to ensure stable earnings and financial soundness. We are promoting disaster prevention and reduction initiatives to reduce risks, as well as maintaining and strengthening a system that enables smooth payment of insurance claims even in the event of large-scale natural disasters.

Classification of risks in climate change based on the TCFD		Example	Risk Examples in Our Business Activities
Physical Risks	Acute	Typhoons, floods, storm surges, heavy rains, and wildfires	Deterioration in income and expenditures due to the intensification of natural catastrophes, etc., and an increase in capital costs due to an increase in profit volatility
	Chronic	Rising sea levels and temperatures Changes in weather such as low rainfall and drought Decrease in the supply of water and other resources Changes in the habitat of infectious disease vectors Increase in heat stroke	
Transition Risks	Policy and Legal	Rise in carbon prices Strengthening environmental regulations and standards Change in energy composition Rising number of climate-related litigation cases	Decline in investment returns caused by deterioration in the performance of investee companies due to an increase in carbon costs
	Technology	Progress in decarbonization technology Changes in industrial structure due to a decrease in demand for low-carbon-efficient products	Reduced earnings due to the inability to capture changing markets due to decarbonization
	Market	Changes in supply and demand for goods and services	
	Reputation	Criticism of a delayed response to climate change	Decreased reputation due to inadequate information disclosure and/or delayed response to climate change

Climate-related opportunities

We believe the rapid social and economic changes resulting from the transition to net zero society will bring opportunities for the Group's growth, including demand for new insurance products and services, and improved corporate earnings due to technological change and the emergence of new industries.

Climate-related scenario analysis

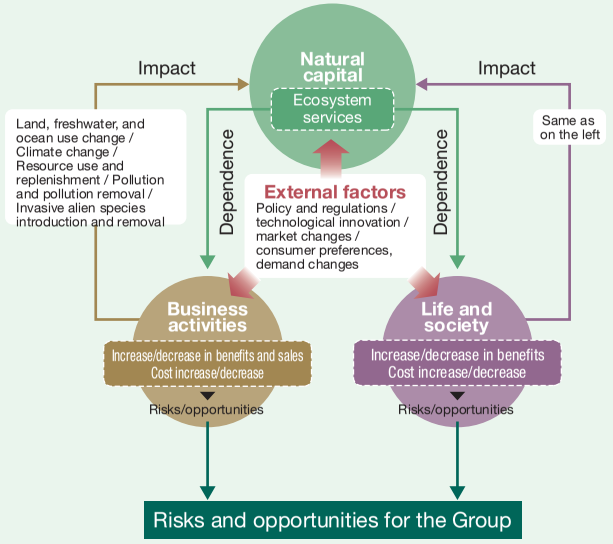
The Group conducts scenario analysis for the impact on insurance underwriting of natural disaster damage (physical risk) and the impact on investment due to the introduction of global warming countermeasures (transition risk). In the analysis of physical risk, for example, we analyzed fluctuation in insured losses due to typhoons, for which the force and other factors have changed as a result of global warming, and confirmed the potential of increase in insured losses to rise. In the analysis of transition risk, we analyze the additional costs that might be borne by portfolio companies in response to the progress of global warming countermeasures and confirm that the portfolio companies might be able to contain the additional costs by advancing such countermeasures.

Scenario analysis results (excerpt)

	Area	Analysis	Examples of results	Scenario used
Physical Risk	Insurance underwriting	Estimated fluctuation of insured losses due to typhoons and storm surges	Examples of typhoons in 2050 Changes in intensity Approximately +5% to approximately +50% Changes in frequency Approximately –30% to approximately +28%	RCP4.5 RCP8.5
Transition Risk	Investment	Impact on the management of investees for our Group by carbon cost	Example of stocks: 2030 Low scenario: 4.2% Medium scenario: 8.9% High scenario: 18.2%	Trucost's high, medium, and low scenarios referencing the nationally determined contributions (NDCs), OECD, and IEA scenarios

Nature-related dependence and impact

Our daily lives and business activities depend on nature in a myriad of ways and place a burden on nature. This changes the state of natural capital, which in turn affects business activities, livelihoods, and society. If natural capital is deteriorated, the benefits to people's livelihoods and business activities will be reduced, and the costs borne by companies and society could increase. Conversely, if natural capital is restored, benefits might improve and costs could be saved. These are nature-related risks and opportunities for business activities, and in turn, risks and opportunities for the financial institutions that support business activities and society. The TNFD recommends analyzing nature-related dependencies and impacts in identifying nature-related risks and opportunities. The Group analyzed dependencies and impacts related to insurance products and policyholders and investees as a means of identifying nature-related risks and opportunities.



Analysis of dependence and impact on nature related to insurance products (excerpt)

Insurance item	Individual and corporate activities	Dependence on nature in activities ◆Environmental assets ◈Ecosystem services	Negative impact on nature	The Group's insurance products and services that mitigate negative impacts on nature
Automobile insurance	Automobile driving	◆ Land ◆ Mineral and energy resources ◇ Soil formation ◇ Mitigation of natural disasters	(1) Normal times (no accidents) ●Greenhouse gas (GHG) emissions ●Air pollution ●Land alteration (ecological fragmentation by roads) (2) In the event of an accident ●None in particular (3) After an accident ●Use of resources for repairs ●Pollution due to waste emissions resulting from damage	(1) Normal times (no accidents) ●Reduction of GHG emissions through promotion of safety driving using telematics technology such as dashcam recorders ●Prevention of roadkill via an animal alert function (2) In the event of an accident ●None in particular (3) After an accident ●Resource conservation using recycled parts for repairs

Dependence and impact on nature by industry of policyholders and investees

We evaluate and heat-map analyze the dependence and impact on nature for each industry of the Group's underwriters and investees, and identify risks and opportunities, considering the transaction situation.

Nature-related risks

We believe that the decline in the disaster prevention and mitigation functions of nature could lead to greater damage from natural disasters, and this is a phenomenon that should be taken into consideration. We carefully assess the advisability of transactions based on the environmental considerations of our underwriters and investees in industries that have a significant impact on nature through development on land or water (e.g., hydroelectric power generation, development associated with large-scale agriculture, forestry, and fisheries), or projects in areas rich in biodiversity (e.g., UNESCO World Natural Heritage sites, Ramsar Convention–listed wetlands).



Nature-related opportunities

In the transition to a nature-positive society, the burden on companies to reduce or avoid negative impacts on nature could be significant. Companies can reduce this burden by understanding the nature-related risks associated with their business activities and taking proactive measures. We believe the Group's business model of "indentify and inform on risks" will lead to the solution for these new risks and provide opportunities for the Group's growth.

The Group's approach to climate- and nature-related risks and opportunities

We have set a net zero target in 2050 in line with the Paris Agreement's 1.5°C target and declared that we will work with our stakeholders to contribute for its transition. To encourage the transition, we support the establishment and social implementation of next-generation energy, such as renewable energy, hydrogen and innovative technologies for net zero society. Meanwhile, we are accelerating the provision of services to mitigate damage and loss in response to increasingly severe natural disasters. Furthermore, we are working on disaster prevention and mitigation through environmental restoration and conservation and adapting to climate change.

Toward a nature-positive society, we are providing new products and services that contribute to the preservation and restoration of nature and biodiversity. The "Marine Pollution Response Additional Expense Compensation Clause" covers the cost of preservation and restoration activities for damage to the natural environment in the event of a ship accident. In addition, the "Extended Pollution Damage Compensation Clause" provides broad coverage for liability for damages and pollution cleanup costs arising from unforeseen and sudden pollution from factories and other facilities. These products will mitigate negative impacts on nature, such as oceans, forests, soil, and wildlife, which will also be important in addressing climate change.

In addition, as it is important for society overall to make progress toward the realization of nature positivity, the Group has been involved through the establishment and operation of the TNFD Japan Council and activities of the Japan Business Initiative for Biodiversity (JBIB*1) in promoting awareness and research as well as encouraging companies to take action. In February 2023, the Finance Alliance for Nature Positive Solutions (FANPS*2) was established to promote the development of solutions and other activities for nature positivity needed by companies through collaboration among financial institutions.

*1 Established in 2008 with the aim of learning from each other and taking action to promote the preservation of biodiversity conservation in business, the JBIB had 59 member companies as of June 30, 2023.
*2 A financial alliance launched in February 2023 by a group of four financial institutions (MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan) to support companies' shift to nature positivity in their business activities.

Response to natural disasters

The frequency and magnitude of floods are expected to increase due to global warming. Although disaster prevention measures using flood hazard maps have been promoted mainly in developed countries, to prepare for unprecedented disasters, highly accurate hazard maps that consider the effects of future climate change had been necessary. In the LaRC-Flood® Project launched jointly with the University of Tokyo and the Shibaura Institute of Technology, the Group developed and released free of charge "Future Flood Hazard Maps" in April 2023. The maps are highly accurate, reliable, and high-resolution, aligned with future flood risk changes, and help companies respond to climate change risks.

Prompt recovery from any natural disaster that occurs is also critical. In August 2022, we began selling Disaster Countermeasure Support Insurance, which covers expenses incurred by businesses that conclude disaster support agreements with local governments in the event of typhoons, floods, or earthquakes. This includes the provision of supplies and the dispatch of personnel, thereby contributing to the realization of sustainable community development that is resilient to climate change and disasters.

GHG reduction initiatives to achieve net zero

Achieving net zero requires a shift to energy sources that do not emit GHGs. The Group supports the transition to net zero society by providing a variety of products and services that promote the spread of renewable energy. In August 2022, we began offering the industry's first automobile insurance clause specifically for hydrogen vehicles, the "Endorsement for rental car costs at times of suspended operation of hydrogen stations, under Automobile insurance" and premium discounts for policyholders of this clause.

In September 2022, MSI Primary Life invested approximately ¥5.6 billion in projects related to major renewable energy sources, including offshore and onshore wind and solar. We aim to expand renewable energy and reduce GHG emissions.

In addition, from October 2023, Aioi Nissay Dowa Insurance will launch a new service for policyholders of telematics automobile insurance that visualizes the CO_2 emission reduction effect of safe driving based on the correlation between the safe driving score and fuel consumption. By visualizing the reduction of CO_2 emissions through safe driving, we promote safe and eco-friendly driving in addition to raising awareness of the environmental contribution of our customers and society as a whole.

We will contribute to solving various issues in the transition to net zero through the provision of products and services.

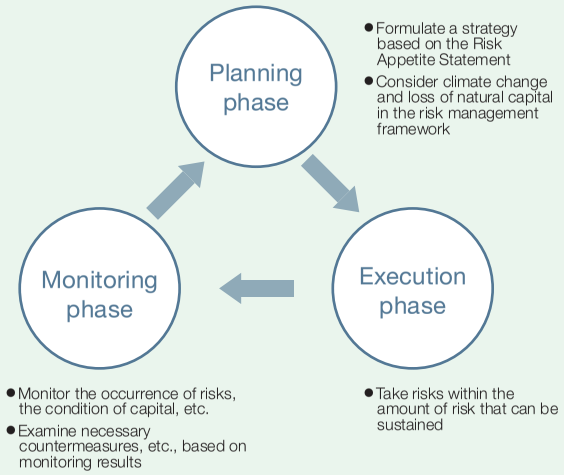
Natural capital/TNFD-related consulting

To realize a nature-positive society, companies must broadly and accurately recognize their dependence and impact on nature through their business activities, and develop strategies based on their risks and opportunities. Group company MS&AD InterRisk Research Institute provides corporate clients with services such as nature-related dependence and impact, risk, and opportunity assessment in line with the TNFD recommendations.

To develop and provide services that contribute to nature positivity and enhance them, we are participating in biodiversity-related initiatives and promoting joint research through industry-government-academia collaboration. In FY2022, we signed a co-creation agreement with Think Nature Inc., a start-up that originated at the University of the Ryukyus. The Group will provide comprehensive nature-related consulting services ranging from individual themes such as corporate procurement, products, land use, and social contribution to overall business operations.

Risk Management RISK MANAGEMENT

Based on the "MS&AD Insurance Group Risk Appetite Statement," we have clarified the amount of risk that can be held under normal conditions and will take risks based on our capital policy. The Group's Medium-Term Management Plan has been developed in line with our Risk Appetite Statement. Also, we aim to ensure soundness, enhance capital efficiency, and improve ROR based on the ERM cycle.



Management of natural catastrophe risks

We manage natural catastrophe risks by measuring and grasping risk amounts, using modeling that incorporates engineering knowledge.

In addition to conducting stress tests for large-scale natural catastrophes, regarding the risks of storm and flood in Japan and the United States, both of which involve a large amount of risk, we set maximum levels of risk amounts (risk limits) for the Group and for each company, using the amount of damage that occurs once every 200 years as a basis, to maintain financial soundness. We are also working on actions such as incorporating climate change impacts into stress tests and reflecting climate change uncertainty in the risk amounts of the entire Group.

Control of the retained risk amount of natural catastrophes

Based on the amounts of risk by region and category, we strive to conduct appropriate underwriting, acquire reinsurance, issue catastrophe bonds, and accumulate catastrophe reserves. Through these measures, we are improving the financial soundness of the entire Group and reduce the risk of fluctuations in periodic profit or loss.

Responsible investment

The Group has a policy of engaging its investees in "constructive discussions" that place priority on ascertaining management challenges, shareholder return policies, and nonfinancial information, including ESG, from the standpoint of helping the investee to grow sustainably and increase corporate value over the medium to long term.
During such engagement, the Group checks the investees' ESG policies. Its main environmental points of inquiry include climate change and decarbonization initiatives.

Metrics and Targets METRICS and GOALS

The MS&AD Group is setting metrics and targets to reduce GHG emissions through the Group and its supply chain, and transitioning to a circular economy that leads to net zero society and environmental pollution measures.



Metrics and Targets for Reduction of Our Environmental Burden

The Group is committed to reducing GHG emissions from its business activities. Based on the achievement of the FY2020 GHG emission reduction target (30% reduction from the FY2009 baseline), we reviewed our medium- and long-term targets and set new targets in May 2021.

GHG emission reduction results

Targets	FY2022 Results	FY2030	FY2050
Scope 1*1 + Scope 2*2	26.8% reduction	50% reduction from the base year (FY2019)	Net zero
Scope 3*3	26.9% reduction	50% reduction from the base year (FY2019) (Category 1, 3, 5, 6, 7, and 13)	Net zero (all categories)

*1 Direct emissions from our Group such as gasoline for company-owned vehicles
*2 Indirect emissions from the use of purchased electricity and heat, etc.
*3 Indirect emissions through our Group's operations other than those in Scope 1 and 2

Renewable energy consumption rate

Metrics and targets	State of progress
FY2030: 60%; FY2050: 100%	FY2022: 21.1%

Products that contribute to net zero society and the circular economy

Metrics and targets	State of progress
Premium growth rate: 18% per year on average in FY2025	FY2022: 17.9%

GHG emissions of the investees

GHG emissions of the investee companies

(t-CO_2e)

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	2,302,000	2,400,000	286,000

Weighted average carbon intensity (WACI) of the investee companies

(t-CO_2e/US$1 million)

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	114.5	221.5	273.2

■ Pilot implementation of the LEAP approach

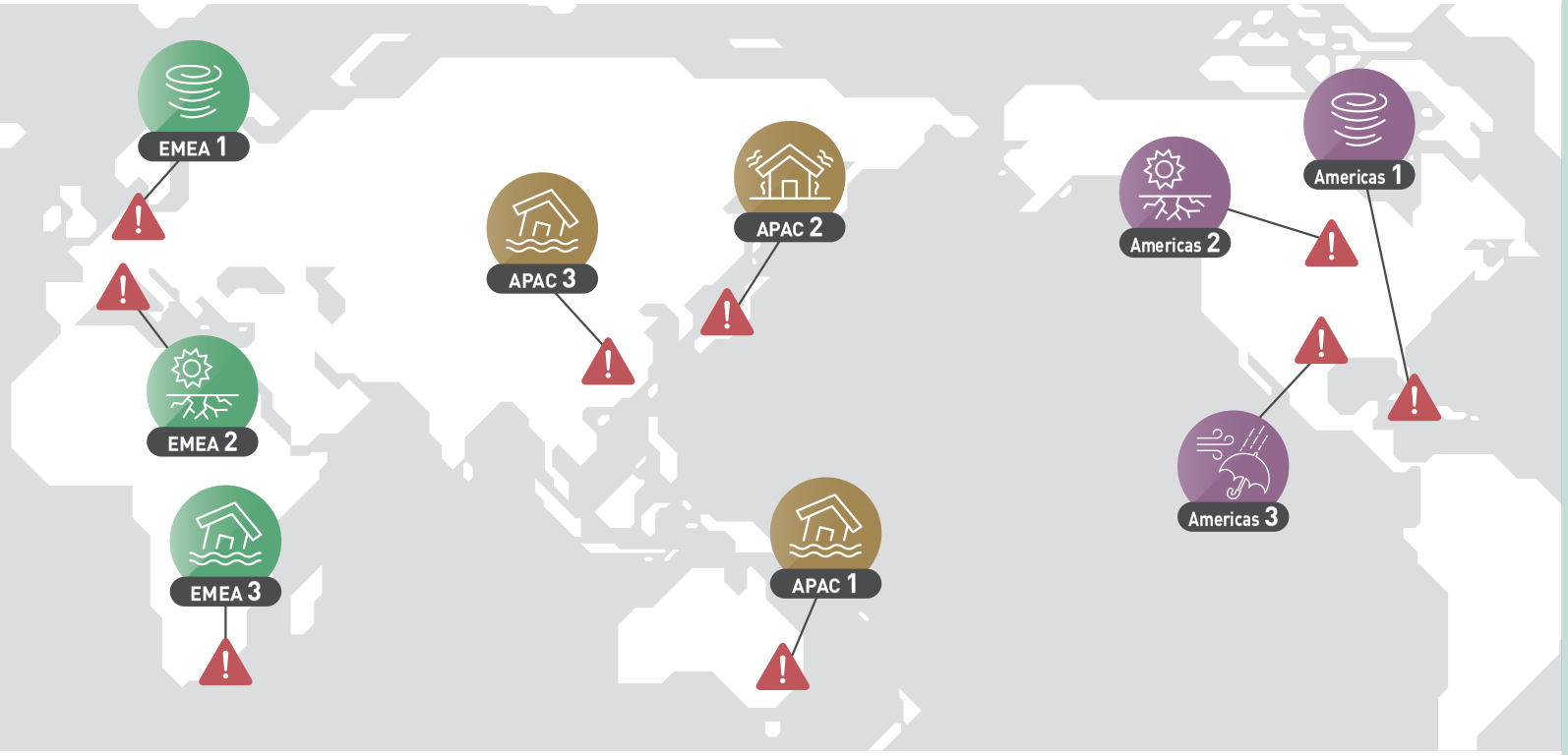
The TNFD has proposed an integrated assessment process (LEAP approach) for the management of nature-related risks and opportunities, focusing on the location and biome where the business takes place. The United Nations Environment Programme Finance Initiative (UNEP FI) hosted a pilot program for this LEAP approach, and the Group conducted the pilot on the "Natural Rubber Industry in Indochina" in collaboration with MS&AD InterRisk Research Institute and Think Nature Inc., a start-up originated at University of the Ryukyus.



© Think Nature Inc.
Biodiversity high-risk areas of rubber plantations in Indonesia

World Map of Natural Catastrophes in 2022*1

Climate change in recent years has led to frequent natural catastrophes worldwide caused by powerful typhoons and hurricanes, torrential rain, droughts, heatwaves, and other abnormal weather patterns. The scale of such catastrophes is increasing, causing damage in countries around the world that far exceeds previous expectations.
The MS&AD Insurance Group has helped its customers mitigate economic losses caused by major catastrophes through the payment of claims, supporting the restoration of business activities and the livelihoods of people around the world.



EMEA 1 Europe

February » **Windstorm "Eunice"**

Insured loss*2	Approx. ¥454.0 billion
MS&AD's net incurred loss*3	¥3.35 billion
MS&AD's share*4	0.7%

EMEA 2 Europe

Year-round » **Drought**

Insured loss*2	Approx. ¥400.6 billion
MS&AD's net incurred loss*3	¥0.0 billion
MS&AD's share*4	0.0%

EMEA 3 South Africa

April » **Flood**

Insured loss*2	Approx. ¥240.4 billion
MS&AD's net incurred loss*3	¥34.6 billion
MS&AD's share*4	14.4%

APAC 1 Australia

February » **Flood**

Insured loss*2	Approx. ¥534.1 billion
MS&AD's net incurred loss*3	¥11.15 billion
MS&AD's share*4	2.1%

APAC 2 Japan

March » **Earthquake**

Insured loss*2	Approx. ¥387.2 billion
MS&AD's net incurred loss*3	¥4.27 billion
MS&AD's share*4	1.1%

APAC 3 China

June–September » **Flood**

Insured loss*2	Approx. ¥53.4 billion
MS&AD's net incurred loss*3	¥0.01 billion
MS&AD's share*4	0.02%

Americas 1 United States of America

September–October » **Hurricane "Ian"**

Insured loss*2	Approx. ¥7,010.3 billion
MS&AD's net incurred loss*3	¥29.7 billion
MS&AD's share*4	0.4%

Americas 2 United States of America

Year-round » **Drought**

Insured loss*2	Approx. ¥1,068.2 billion
MS&AD's net incurred loss*3	¥0.0 billion
MS&AD's share*4	0.0%

Americas 3 United States of America

June » **Rainstorm**

Insured loss*2	Approx. ¥360.5 billion
MS&AD's net incurred loss*3	¥0.91 billion
MS&AD's share*4	0.3%

*1 The top three natural disasters with the highest insured loss in AMERICAS, EMEA (Europe, Middle East, and Africa), and APAC in 2022 listed in the "Weather, Climate and Catastrophe Insight–2022 Annual Report" of Aon
*2 Insured Loss: Estimated amount of insured loss of non-life insurance companies worldwide (Source: "Weather, Climate and Catastrophe Insight–2022 Annual Report" of Aon). As of March 2023, the internal exchange rate ($1 = ¥133.53) was used.
*3 As of the end of March 2023. Total net incurred loss (claims paid + outstanding claims, reflecting recoverable and anticipated recoverable amounts from outward reinsurance contracts) of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and their overseas subsidiaries. Excludes claims less than ¥50 million at entities outside the affected countries.
*4 Ratio of the total net insurance ross of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and their overseas subsidiaries to the insured loss.



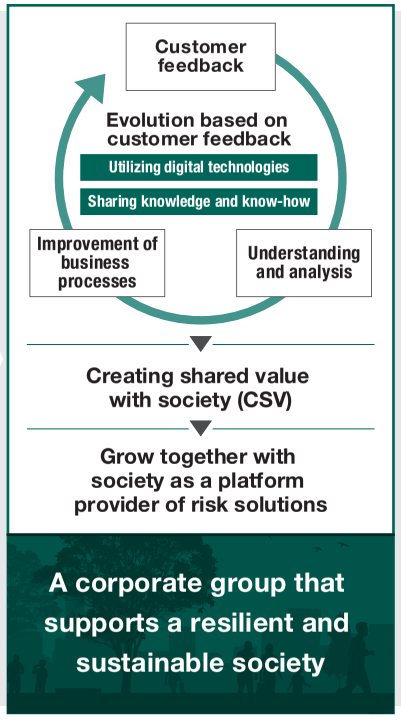
Foundations **Quality**

Corporate group that continues to evolve based on customer feedback

Toward realizing a "corporate group that supports a resilient and sustainable society," we engage in communications with customers and other stakeholders. We are committed to providing quality that meets the expectations of stakeholders by improving operations on a customer-feedback basis and practicing highly transparent and effective corporate governance.

Communication with Stakeholders

Customers	•Customer surveys •Contact center •MS&AD website •Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
Shareholders	•IR meetings •Briefings for investors •Individual meetings •Survey at the Annual Shareholders' Meeting
Agents	•Meetings with agencies •Posting system •Agent meetings
Business Partners	•Communication with outside vendors
Employees	•Employee surveys •Posting system •Communication with management •Speak-up system
Local Communities International Society	•Collaboration agreements with local governments •Communication with NPOs/NGOs •Communication/exchanges with local communities •Holding of seminars/symposiums
Environment	•Communication with experts and NPOs/NGOs •Research on the global environment and natural disasters •Participation in initiatives and international conferences



Practice highly transparent and effective corporate governance (see page 89)

- Continuous enhancement of the oversight function of the Board of Directors and the audit function of the Audit & Supervisory Board Members
- Implementation of fair, accurate, and prompt information disclosure

Topics **Provision of quality that meets customer expectations**

Each Group company is evaluated for its quality improvement based on the opinions of stakeholders.

Recognized by the Secretary-General of the Consumer Affairs Agency with the "2022 Consumer-oriented Management Best Practice Award"
Mitsui Sumitomo Insurance won the "2022 Consumer-oriented Management Best Practice Award" presented by the Secretary-General of the Consumer Affairs Agency. Overall efforts to resolve social issues were evaluated, including "Support for Rebuilding the Lives of Disaster Victims," a service that supports procedures for issuing disaster damage certificates during flooding disasters.

Won the highest rating in a customer center external organization evaluation (HDI-Japan)
Aioi Nissay Dowa Insurance has been awarded the Seven-Star Certification (International Accreditation Standard), the highest rating for center operations by HDI-Japan (managed by Think Service Corporation). In 2022, Mitsui Direct General Insurance was awarded five-star certification in two categories: "Contact" and "Web Support." In addition, our customer center concierge received the highest quality rating (individual rating) of "three stars."

HDI CERTIFIED 2021-23 SUPPORT CENTER
5 Stars Customer Service HDI-Japan 2022
5 Stars Support Portal HDI-Japan 2022



Medium-Term Management Plan (2022–25)

Foundations Human Resource Strategy

The Group's greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value. We will expand opportunities for employees to grow in a self-directed manner by clarifying the skills needed to achieve the basic strategies of the Medium-Term Management Plan. We will also improve engagement and productivity by creating an environment that maximizes the abilities, skills, and ambitions of our diverse human assets, thereby realizing a corporate group supporting a resilient and sustainable society.

Improvement of engagement

Employee Awareness Survey	FY2022 results	FY2025 target
Pride, feeling motivated	4.4Pt	Equal to or greater than the previous year
Active participation	4.6Pt	

Improvement of productivity

	FY2022 results	FY2025 target
Personnel expense ratio	9.2%	8.5%

Creation of innovation

By implementing our human assets strategy, we will continuously seek talent that acts autonomously, takes on the challenges of change, and creates new value and innovation by instilling an open and flat organization where diverse human assets can maximize their strengths and individualities.

A corporate group that supports a resilient and sustainable society

Creation of innovation | **Fostering and penetration of a corporate culture**

Fostering and penetration of a corporate culture

To increase corporate value through the implementation of a human asset strategy, we must foster and establish a corporate culture that leads to higher employee engagement and productivity. We will develop a fairness of opportunity to take on challenges and an environment in which employees feel motivated and can work independently and enthusiastically.

Medium-Term Management Plan (2022–25) basic strategy

1 Value

CSV×DX×GLOBAL

2 Transformation

- Business and Risk Portfolio Reforms
- Pursuit of optimal solutions utilizing digital technologies

3 Synergy

- Demonstration of Group Synergies

Human resources are the Group's greatest asset and the driving force for enhancing corporate value

Linkage between the basic strategies and the human resource strategy

Taking full advantage of the diversity that is the Group's strength

To be

- Continuously producing human assets who act autonomously, take on the challenges of change, and create new value
- CSV × DX × Global, continuously securing digital human assets, overseas human assets, and specialized human assets who are responsible for business and risk portfolio transformation

Human assets × Organization

- An open and flat organization that maximizes the strengths and individualities of diverse employees prevails
- The Company ensures diversity in decision-making and fairness in opportunities to take on challenges and has an inclusive organizational management system that draws out and utilizes opinions and ideas, thus creating an environment in which employees can work with enthusiasm

Human Resource Strategy

Identifying and eliminating gaps

Development of an optimum human resource portfolio

		KPI	FY2022 results	FY2025 target
Reskilling and recurrent training	• Enhancement of menu for self-directed learning • Improvement of the level of both business and digital skills	Digital human resources	3,601 persons	▶ 7,000 persons
		Human resources for the international business	1,182 persons	▶ 1,200 persons
Retention and active participation of specialist human resources	• Enhancement of training for specialist human resources • Diversification of recruitment • Personnel systems suitable for specialist human resources	■ Digital human assets: Human assets who create business by leveraging DX Specialized human assets with expertise in advanced data analysis, etc. ■ Overseas human assets: Human assets who are responsible for the management of international business Specialized human assets in accounting, finance, IT, risk management, etc.		

Full demonstration of employees' abilities and skills and fulfillment of their ambitions

		KPI	FY2022 results	FY2025 target
Development of an attractive workplace environment	• Opportunities for self-directed career development • Flexible and diverse work styles • Management that encourages employees to take on new challenges	Percentage of male employees taking childcare leave Number of days taken	92.5% 8.1 days	▶ 100% Aiming for 4 weeks
		Percentage of female managers	19.5%	▶ 30% (End of FY2030 target)
		Percentage of female line managers	12.9%	▶ 15% (End of FY2030 target)
Diversity, Equity, and Inclusion	• Diversification of decision-makers • Management that draws out and utilizes diverse opinions and ideas • Human resource exchanges among Group employees	Percentage of mid-career employees among managerial staff	22.6%	▶ Current level or higher
		Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries	83.0%	▶ Current level or higher
Health and productivity management	• Initiatives to maintain and advance the health of employees to enable them to work with vigor and enthusiasm	Number of annual paid holidays taken	16.4 days	▶ Equal to or greater than the previous year
		Percentage of people who exercise regularly	26.5%	▶ Current level or higher

As is

- Insufficient human assets who can work autonomously to improve their business and digital skills, create new products and services, and solve social issues. In particular, digital human assets and specialized human assets need to be secured systematically in terms of both quality and quantity.
- Although the Company has secured the necessary overseas human assets for global business development, it is necessary to develop them in a systematic and sustainable manner.

Human assets × Organization

- Insufficient diffusion of inclusive organizational management that draws on the knowledge, experience, opinions, and ideas of diverse human assets.
- Insufficient management support for the diversification of decision-making layers and challenges.

Human resource strategy linked to the basic strategies

▶ Quantitative understanding of the "As is–To be" gap

We quantitatively identify the gap between the "As is" and the "To be" of human assets and the organization necessary to implement the basic strategies and human asset strategy to serve as a road map for eliminating the gap.

▶ Building an optimal human assets portfolio that can respond quickly and flexibly to changes in the business environment

We will build an optimal human assets portfolio through human asset development by expanding investment in self-directed learning menus such as reskilling and recurrent learning, as well as by securing and promoting the activities of specialized human assets, including recruiting external talent.

▶ Full demonstration of employees' abilities and skills and fulfillment of their ambitions

In addition to expanding opportunities for employees to develop their careers autonomously, such as the post-challenge and free agent programs, we are promoting the introduction of job-type employment and the expansion of opportunities to improve and utilize skills through side or dual employment, etc. We are also promoting the use of flexible work styles and DE&I to create an environment that maximizes the strengths and individualities of our diverse workforce.

Setting KPIs

KPIs are set for particularly important elements of the human assets strategy to reinforce efforts and confirm progress.

Digital human resources

In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs.

Human resources for the international business

In order to secure sufficient human resources, both in terms of quality and number, for overseas operations, we are working to continuously develop and secure human resources while promoting a generational shift.

Diversity, Equity, and Inclusion (DE&I)

In addition to diversifying the decision-making layer by increasing the ratio of female managers and female line managers, we have established a KPI for male childcare leave, thereby creating a working environment that embraces diverse values and promotes the success of diverse human assets.

Development of an optimum human resource portfolio

Reskilling and recurrent training

Development of digital human resources

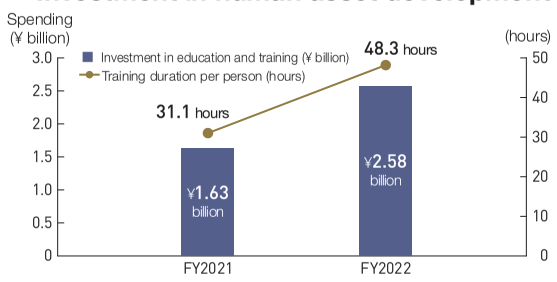
In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs in collaboration with universities and other institutions.

Digital human resources	Image of human assets
Business side	Human assets capable of creating and expanding business by leveraging DX
Data analysis side	Human assets who possess and can demonstrate high skills and expertise in realizing business, such as advanced data analysis.

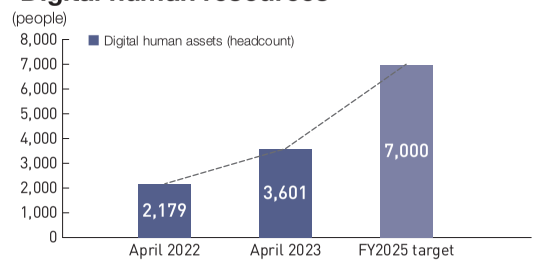
- Business-side initiatives: We are working to ensure that as many employees as possible acquire and improve their skills by systematically promoting the expansion of online educational tools related to digital skills, the digital human assets certification system at each Group company, and lectures offered in collaboration with universities*1 and other institutions.
- Initiatives on the data analysis side: We are working on training through collaborative courses with universities*2 and a certification system for advanced skills in data science.

*1 MS&AD Digital Academy (INIAD: Toyo University Faculty of Information Networking for Innovation and Design)
Cumulative number of participants: 788 (FY2018–FY2022)
*2 MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Sciences)
Cumulative number of participants: 431 (FY2020–FY2022)

Investment in human asset development



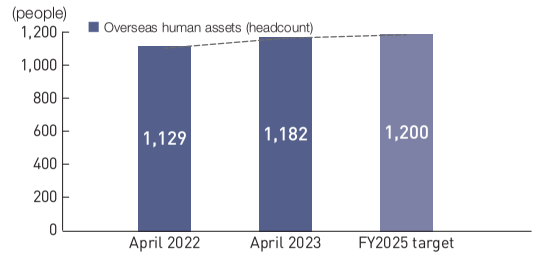
Digital human resources



Development of overseas human assets

We must secure sufficient human assets, both in terms of quality and number, for our posts who will be responsible for international business. Currently, we have the necessary number of employees and are working on a program to sustainably develop and secure human assets while promoting generational change. Specifically, we are implementing the following initiatives to ensure the managerial human assets and specialist human assets (e.g., accounting and finance, IT, risk management) necessary for our international business and are developing human assets in a multifaceted and systematic manner.

Human resources for the international business



- Implementation of by-nomination training programs

	Training program	Cumulative participants
Development of managerial human assets	Global Leader Development Program	74 persons (FY2013–FY2022)
Development of specialized human resources	Global Expert Development Program	88 persons (FY2014–FY2022)
Managerial human asset development for employees hired overseas	Global Management Training	54 persons (FY2021–FY2022)

- Overseas Dispatch Training System: 337 cumulative participants (FY2013–FY2022)
  A training program for overseas dispatch through open recruitment. In principle, the dispatch period is one year or longer, and the program is designed to develop human assets who can support international business development from a medium- to long-term perspective.
- Global Trainee Program: 1,085 participants (FY2013–FY2022)
  This initiative aims to acquire the skills and elements required of overseas human assets through a simulated experience of global business through a one-week program of collaboration with overseas staff.

In addition, we will promote human asset development through the global mutual exchange of human assets, such as giving headquarters departments and management experience to those who have been stationed overseas, assigning younger employees to overseas posts, and having employees hired overseas to work in Japan.

Retention and active participation of specialized human resources

We have established a job-type employment system for specialized human assets and are promoting an environment that encourages their active participation. To secure specialized human assets, in addition to strengthening mid-career recruitment of external talent, it is necessary to develop internal human assets who fully understand the Group's business. We are working to hone their skills not only through in-house training but also through personnel changes among Group companies.

Group-wide commonization of recruitment, assignment, and education related to specialized human assets

Given intensifying competition for hiring digital human resources and other specialized human assets, we will introduce a job-type system suitable for specialized personnel at each Group company. At the same time, we aim to raise the level of hiring competitiveness and invest human resources in growth areas by hiring, allocating, and reskilling training related to specialized personnel.

Human asset development linked to personnel transfers

We will conduct human asset development in coordination with personnel transfers considering the systematic development of human assets who will be responsible for the management of overseas entities, as well as the development and expansion of digital human assets.

Frameworks to encourage specialized development and new skill development

We will develop and expand human asset systems and operations that encourage employees' self-development and reskilling, such as compensation incentives, encouragement to acquire qualifications, and leave programs for self-development, to improve their expertise and acquire new skills.

Group-wide initiatives to standardize human assets

Common system infrastructure

By standardizing the infrastructure of the human asset system across the Group and building a Group-based human capital database, we will introduce a system that can be used to visualize employee abilities and skills and dynamically assign human capital. This will be used to standardize system operations, exchange human capital across the Group, and enhance disclosure of human capital.

Group-wide commonization and sharing of human asset development

The human asset development operations of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have been consolidated into the holding company. With this, advances have been made in the integrated operations of training programs and commonization of learning menus to enhance the sophistication and efficiency of human asset development. In addition, joint training for managerial human asset candidates is conducted as a Group-wide initiative.

Topics

Examples of digital human asset development
MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Science)

This is an original online training program of the MS&AD Group developed by the Faculty of Engineering at Kyoto University of Advanced Science (KUAS), which was established in April 2020. In this program, lecturers specializing in such areas as IoT and data science will provide practical training that will help them become immediately competitive. Trainees will experience technologies such as drones and IoT sensors through online training, and acquire knowledge from data acquisition to data utilization, which will lead to the creation of business models suited to the times and the development of innovative products and services.



Saeko Kawai
Mitsui Sumitomo Insurance Co., Ltd.
Casualty Underwriting Department

Interview

I did not have any special knowledge about DX, and I feel that I have learned the basic concepts through this training. In Society 5.0, where digital technology and everyday life are integrated, we learned that information asymmetry is eliminated and all kinds of accidents are prevented, and we were able to gain a realistic understanding of the importance of data utilization for the Company. I also felt that the fully online training was more effective than the group training, as I was able to freely express my opinions and questions without hesitation, and the VR and drone experience was not much different from the group training in terms of a realistic format. Following the training, I now examine the business operations and technologies of the corporations I hear about, both at work and in my daily life, and make it a habit to think about how we can solve the world's problems by combining them with our company data.

Full demonstration of employees' abilities and skills and fulfillment of their ambitions

Development of an attractive workplace environment

To improve employee engagement, it is important to create a working environment that provides opportunities for autonomous career development; flexible, efficient, and effective work styles; and a corporate culture that encourages taking challenges. Each of the following initiatives is under way.

Development of an attractive workplace environment

We will expand the use of the post-challenge system, which allows employees to transfer to a post or a department of their choice and expand the scope of their activities. We will also stimulate personnel transfers, human asset development, and career development initiatives among Group companies. We are expanding opportunities for self-directed career development, such as the use of a framework (free agent) that allows employees to promote the abilities and skills they have developed so far to a department of their choice as an immediate asset. We also provide a framework that allows employees to participate in Company programs beyond the boundaries of existing organizations.

- Post-challenge applications: 376 persons in FY2022

Promoting diverse and flexible work styles

We are promoting business operations that utilize work from home by effectively combining working remotely and coming to work. In addition, opportunities to improve and utilize skills will be expanded through the introduction of job-type employment and the relaxation of side and dual employment. We will flexibly allow employees to choose whether to relocate in accordance with their career vision and life events.

Diversity, Equity, and Inclusion

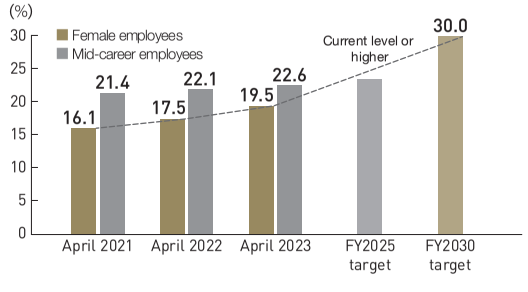
Diversification of decision-making layers

Regarding the promotion of women, we are strengthening efforts to develop a pipeline for the promotion of women to executive and managerial positions. In addition, as a KPI by the end of FY2030, we have set the ratio of female managers at 30% and the ratio of female line managers, who are the heads of the organization, at half of that number to promote diversity among decision-makers. The following are examples of pipeline development efforts at each Group company.

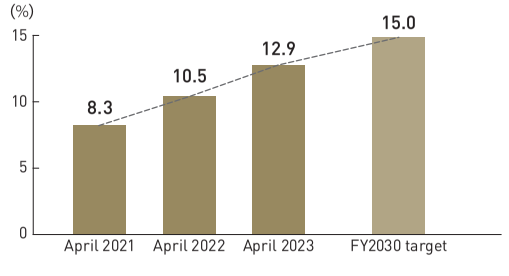
Examples of pipeline improvement initiatives	As of April 2023
Appointment of women as non-executive directors of directly held affiliated operating companies	Cumulative total from FY2019 onward: 28 persons
Assignment of women to deputy general manager and assistant branch manager posts	44 persons

Furthermore, we are promoting the use of diverse experience in decision-making by, for example, increasing the ratio of external hires in managerial positions and of those with experience in the culture of other companies.

Percentage of female and mid-career employees among managerial staff



Percentage of female line managers



Various major awards from government and public agencies (Diversity, Equity, and Inclusion)

Second stage of the Act on the Promotion of Female Participation and Career Advancement in the Workplace "Eruboshi" certification in Professional Life by the Ministry of Health, Labour, and Welfare
*1 *2 *4

"Platinum Kurumin" certification by the Ministry of Health, Labor, and Welfare
*1 *3

*1 Mitsui Sumitomo Insurance
*2 Aioi Nissay Dowa Insurance
*3 Mitsui Direct General Insurance
*4 Mitsui Sumitomo Aioi Life Insurance

Male childcare leave

Promoting the use of male parental leave is not only a corporate social responsibility and contribution to society but also an opportunity for men to deepen their understanding of childcare and parental leave. The Company is promoting initiatives to create a working environment that embraces a sense of values. The latest acquisition rate is close to 100%. The number of days taken off was 8.1 days compared to the target of 4 weeks (20 business days), so we will continue to promote the expansion of the number of days taken off.

Development of management know-how that actively draws out opinions and ideas

To take advantage of the diversity that is the hallmark of the Group, it is essential to operate an inclusive organization that draws on the knowledge, experience, and values of various human assets and brings them into organizational decision-making. We are working to practice and spread inclusive leadership, a form of management know-how for this purpose.

Providing opportunities for Group employees to interact and exchange opinions

We offer opportunities for diversity and inclusive experiences by holding exchanges and opinion sharing meetings in which Group-wide employees participate to provide opportunities for diverse human assets to gather, share knowledge and experience, and create new insights and values.

- Workplace management that draws out and utilizes diverse opinions and ideas

  The "e-Business Seminar," a forum for practicing inclusive leadership and for diverse employees of the Group to exchange opinions with executives, was launched in FY2021 with five officers and 31 participating employees of the Company. This expanded to 13 officers and 108 participating employees of the Group's five domestic insurance companies in FY2022. In addition, we are rolling out inclusive leadership training to all Group companies.


"e-Business Seminar" with participation of executives and employees

Health and productivity management

Maintaining and improving the health of employees is essential for them to work energetically and maximize their abilities. We will promote well-being by creating healthy and safe workplaces where employees can maintain and improve their physical and mental health through thorough management of working hours, taking leave, and other time management. We are also strengthening measures against mental illness and supporting employees' return to work after leaves of absence.

- Certified as "White 500" companies under the 2023 Certified Health & Productivity Management Outstanding Organization Recognition Program, administered by the Ministry of Economy, Trade, and Industry.

  White 500: MS&AD Insurance Group Holdings, Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Sumitomo Aioi Life Insurance

  Corporations with outstanding health and productivity management: Mitsui Direct General Insurance, Mitsui Sumitomo Primary Life Insurance

Fostering a sense of Group unity

With the sharing of the Group's Mission, Vision, and Values (MVV) at the core, we are working to foster a sense of Group unity by commonizing human asset development and expanding opportunities for Group employees to interact with each other. Furthermore, we will accelerate our initiatives across the Group by utilizing concurrent positions within the Group and side jobs. In addition, to ensure that our MVV permeates and resonates with employees, we will strengthen our communications and improve the communication skills of managerial staff.

Topics

MS&AD Group Sustainability Contest held to promote CSV across the Group

Since 2018, we have held a Sustainability Contest for all Group employees in Japan and overseas to foster a sense of Group unity and to recognize outstanding CSV initiatives, such as proposals that lead to solutions to social issues.
In FY2022, we received 276 applications, including from abroad. The four criteria (value creation, communication, commitment, and development potential) were used as the basis for selection. After online screening and voting by the top management of each Group company, one Grand Prize winner, three thematic winners, two Excellence Award winners, and 10 prize winners were selected.

Examples of Group-wide initiatives

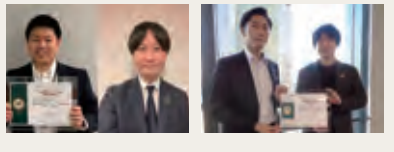
★Grand Prize

Support for insurance - related inclusion of low - income households, and women's social advancement through microinsurance for home contents
Cholamandalam MS General Insurance Company (local subsidiary in India of Mitsui Sumitomo Insurance)



★Symbiosis with the Global Environment Award

Development of products and services to support the spread of electric vehicles and carbon-neutral initiatives
Mitsui Sumitomo Insurance (Automobile Underwriting Department, Marketing & Sales Promotion Department), Aioi Nissay Dowa Insurance (Automobile Underwriting Department, Market Development Department), MS&AD InterRisk Research & Consulting (Risk Management Departments 1 and 3, Product Development Department)



Engagement with shareholders and investors

The MS&AD Insurance Group is actively engaged in transparent information disclosure and constructive dialogue with shareholders and investors to achieve sustainable growth and improve corporate value.
Specifically, we reduce information asymmetry with shareholders and investors by providing highly transparent information disclosure, and we share feedback obtained from constructive dialogue with shareholders and investors with management and related departments and utilize that in our management strategies.

Results of FY2022 activities

We held “information meetings” for shareholders and investors at which the President explained management strategies and business results, an “IR DAY” for constructive dialogue between top management and investors, and “ESG briefings” to introduce the Group’s ESG initiatives. We also held company briefings for individual investors and provided opportunities for the President and Group CFO to individually engage in dialogue with shareholders and investors in Japan and overseas.

Event	Contents	Frequency
Conference call to explain financial results	Quarterly and full-year results	4 times
Information meeting	Group’s overall management strategy and performance	Twice
MS&AD IR DAY 2022	Strategies and performance of business domains of high interest to investors and analysts	Once
MS&AD thematic meetings	Specific topics of interest to investors and analysts	Twice
MS&AD ESG briefing 2022	Group’s ESG initiatives	Once
Briefing session for individual investors	Group’s overall management strategy and performance	6 times
Individual meetings with domestic and overseas shareholders and investors	Group’s overall management strategy and performance	237 times

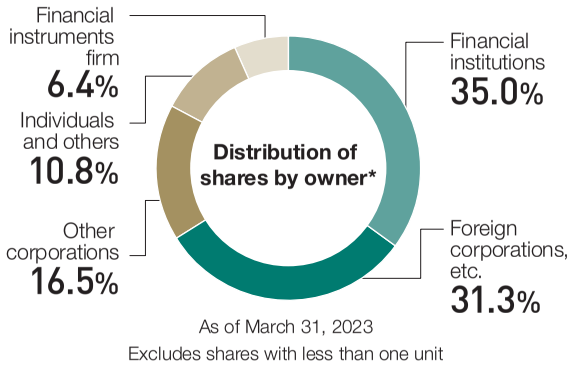
Key dialogue themes and concerns

Through regular reports to the Group Management Committee and the Board of Directors, we share information with top management and related departments on the opinions of shareholders and investors, their views on us, and stock market evaluation and utilize this information to formulate and implement management strategies, thereby enhancing corporate value. In addition, based on dialogue with shareholders and investors, we are accelerating efforts to improve capital efficiency, such as improving ROE and reducing strategic equity holdings.

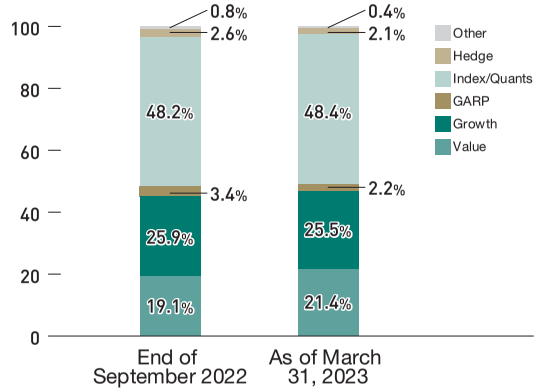
Theme	Concerns
Business Environment	●The impact of changes in the business environment, such as a rise in global inflation, a rise in personnel expenses, the frequent and severe occurrence of natural disasters, and the hardening of the reinsurance market, and countermeasures against them
Shareholder returns policy	●Concept on basic and additional returns ●Stable shareholder returns
Capital management	●Future M&A policies and targets ●Progress and future policy of sales of strategic equity holdings ●Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	●Improvement in profitability and revision in the premium rate of fire insurance ●Outlook of post-coronavirus voluntary automobile insurance earnings ●Details and progress of business cost reduction initiatives
Domestic life insurance	●Outlook of future occurrence of COVID-19–related insurance proceeds and benefits
International business	●MS Amlin’s earnings outlook given the hardening of the reinsurance market

Overview of shareholders and IR activities for investors

Shareholder composition: 35.0% financial institutions; 31.3% foreign corporations, etc.; 16.5% other corporations; and 10.8% individuals and others. We hold regular meetings with shareholders and investors in Japan and overseas and actively engage in “constructive dialogue.” In addition, from the viewpoint of immediate and fair information disclosure, the information meeting was broadcast live in Japanese and English, and we are working to distribute information through English disclosure on our website.



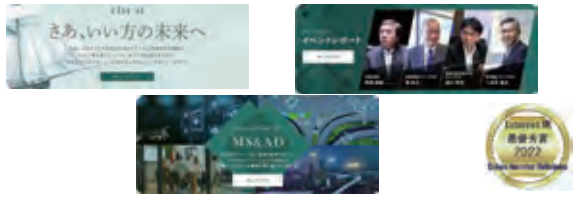
Shareholder composition by investment type (Overseas institutional investors)



Information disclosure as a basis for dialogue

Website (Japanese/English)

- To ensure fair information disclosure, we promptly disclose IR event disclosure materials in both Japan and the United Kingdom.
- It won the top prize at the “Daiwa IR 2022 Internet IR Awards” for two consecutive years (2021, 2022).



Consolidated reports (Japanese/English)

- In FY2022, we explained the basic strategy of the Medium-Term Management Plan (2022–25) and the foundation to support that. To realize our targets, we introduced new priority issues through materiality analysis and CSV initiatives with stakeholders to resolve these issues.
- Received Gold at the WICI Japan Integrated Report Awards 2022, Gold at the 8th Asian Integrated Report Awards 2022 (Large Enterprise Category), and the Award of Excellence at the Nikkei Integrated Report Awards



Shareholders’ Meeting

	FY2020	FY2021	FY2022
Date (fixed time)	June 28, 2021 (Monday)	June 27, 2022 (Monday)	June 26, 2023 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	19,314 persons	19,305 persons	21,995 persons
Ratio of the exercise of voting rights	86.6%	86.9%	84.1%

For more “investor information,” visit our official website.
https://www.ms-ad-hd.com/en/ir.html

Website Content	●Policy on constructive dialogue with shareholders ●Financial and nonfinancial information (timely disclosure materials, securities reports, earnings conference call materials, corporate governance reports, information meeting materials*, sustainability reports) ●Video of the President’s presentation (including Q&A summary) ●Notice of ordinary general meeting of shareholders *Including capital costs and initiatives to improve stock prices.

Chairman's Message



Yasuyoshi Karasawa

Chairman of the Board

We are now moving into the post–COVID-19 era as our daily lives under COVID-19 have undergone a major transformation spanning more than three years. At this juncture of a new era, companies must proactively address global issues such as climate change and biodiversity.

In the Medium-Term Management Plan that started last year, the Group raised the banner of "As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society." The key to achieving growth is the creation of innovation, including green transformation (GX) and digital transformation (DX). We believe the foundation for innovation lies in the promotion of diversity, which embraces diverse human assets and makes the most of their individuality and strengths.

Ensuring diversity is also important for the Board of Directors. The Board of Directors comprises diverse members: Outside Directors represent about one-half, one-third are women, and there is also a non-Japanese member. In June 2023, we welcomed Jun Suzuki, who has a wealth of knowledge of international business and management, as an independent Outside Director. Going forward, the Board of Directors meetings will be further invigorated in its discussions by members with diverse knowledge, experience, and abilities, including Mr. Suzuki.

Regarding the international business, which is of great interest to Outside Directors, we have been arranging sessions to regularly exchange opinions between them and the top management of overseas entities of insurance operating companies since last year. This provides them with opportunities to understand the management policies and business conditions. Through direct dialogue, we deepen our understanding of the management strategies and policies of the top management of our overseas entities, and we deepen our discussions on the ideal state of the international business strategy within the Group's business strategy.

In evaluating the effectiveness of the Board of Directors, we identify issues and discuss measures to improve the effectiveness of the board. Such discussions incorporate the knowledge of third-party professional organizations from the perspective of enhancing the transparency of the evaluations. Our Board of Directors has been evaluated as operating at a high level compared to other companies. That said, in an era of rapid change, we are considering the composition of the Board of Directors with a view to sustainable growth and the creation of an environment that will allow for more active discussion.

With the mission of "To contribute to the development of a vibrant society and help secure a sound future for the planet," the Group aims to realize a corporate group that supports a resilient and sustainable society through Creating Shared Value (CSV) with society. Our raison d'être will be lost if people's lives and economic activities are not sustainable. The MS&AD Sustainability Contest, which awards initiatives that lead to solutions to social issues, is now in its fifth year. In FY2022, 276 applications were submitted Group-wide, and the Grand prize was awarded to a local subsidiary in India that developed a low-cost "microinsurance for home contents" that disseminates insurance to rural and underprivileged areas and contributes to business continuity measures for female entrepreneurs. By embodying our mission and sharing our know-how, this initiative is expected to expand to other countries and regions, and we hope that it will give birth to the next businesses that will drive new growth in the future.

Together with our stakeholders, we will achieve the sustainable enhancement of corporate value so that we can realize a society in which many people can experience economic affluence and well-being.

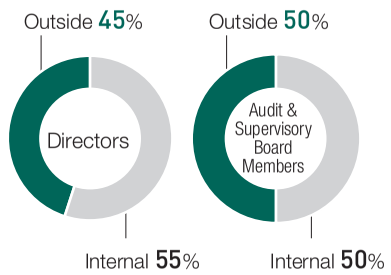
Corporate Governance System and Initiatives

Corporate Governance Evolution

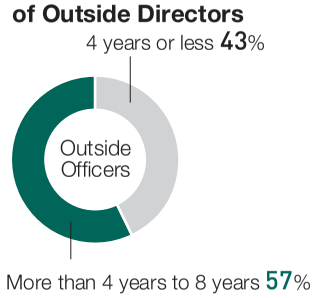
	2010-2013	2014-2017	2018-2021	2022-2025
Medium-Term Management Plan	New Frontier 2013	Next Challenge 2017	Vision 2021	Medium-Term Management Plan (2022–25)
	Establishing a Group governance system	Strengthening Group governance	Improving the corporate governance system	Practicing highly transparent and effective corporate governance
Governance Evolution	• Institutional design: Became a company with a board of auditors • Introduced an executive officer system • Assigned multiple Outside Directors • Established the Nomination Committee and the Remuneration Committee	• Implemented analysis and evaluation of the Board of Directors' effectiveness and published the evaluation results • Introduced performance-based compensation • Introduced stock options as a stock-based compensation system for Directors (Inside Directors only) and Executive Officers • Published selection criteria for Directors and Audit & Supervisory Board Members (including criteria for independence) • Newly established the Governance Committee mainly composed of Outside Directors • Newly installed titles such as Group CFO and Group CRO • Enacted and released the Basic Policy for Corporate Governance	• Introduced the CEO Succession Plan • Revised the executive remuneration system (Company business performance linkage and medium- to long-term performance (nonfinancial indicators) evaluation) • Promoted diversity among the Board members • Reorganized the task-specific committees (launched the Sustainability Committee, the ERM Committee, and the Group Standardization Committee) • Newly established the titles of Group CDO, Executive Officer in charge of promotion of D&I (currently Executive Officer in charge of promotion of DE&I)	• Introduced stock issuance trust systems • Introduced guidelines for holding the Company's own shares • Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors • Newly established the title of Group CSuO

Director/Audit & Supervisory Board Member Composition (as of July 1, 2023)

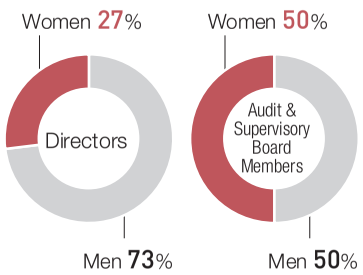
Ratio of Outside Directors



Length of Term in Office of Outside Directors

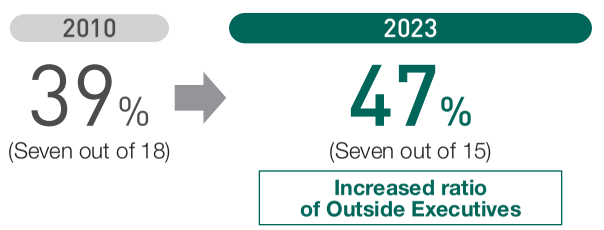


Ratio of Women



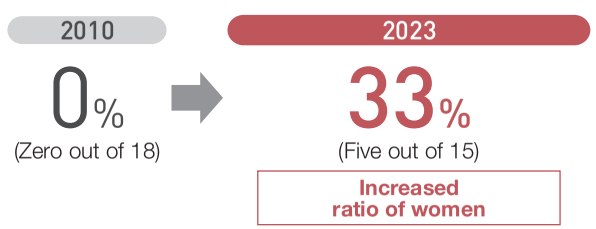
Ratio of Outside Directors and Outside Audit & Supervisory Board Members on the Board

(compared with July 1, 2010)



Ratio of Women on the Board

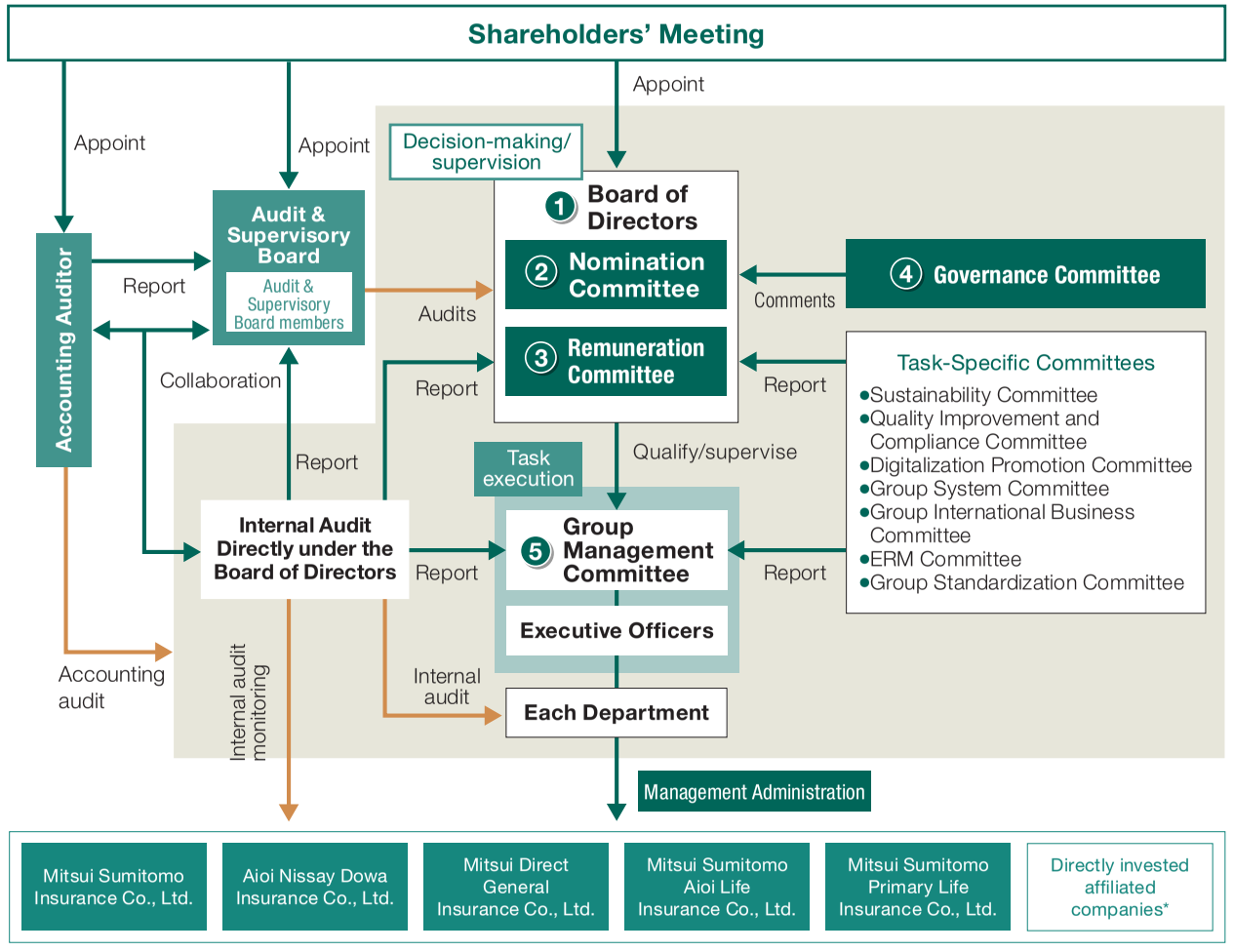
(compared with July 1, 2010)



Corporate Governance System

As a company with a board of auditors, the Company shall ensure that the Board of Directors appropriately performs its supervisory functions and that the independent Audit & Supervisory Board members appropriately perform their auditing functions. In strengthening this dual functionality, we actively practice information disclosure in our efforts to heighten governance.
The Company has established the Nomination Committee and the Remuneration Committee (more than half the members, as well as the committee chairperson, are Outside Directors) within the Board of Directors and the Governance Committee (comprising all Outside Directors together with the Chairman, Vice Chairman of the Board, and Representative Director). We are fortifying our stance on corporate governance that is highly effective and transparent.

MS&AD Insurance Group Holdings, Inc. (as of July 1, 2023)



*Related operating companies consist of the following eight: MS&AD InterRisk Research & Consulting, MS&AD Business Support, MS&AD Staff Services, MS&AD Systems, MS&AD Business Service, MS&AD Grand Assistance, MS&AD ABILITYWORKS, and MS&AD Ventures.
Note: Committees boxed in ▭ indicate those under the scope of supervision of the Board of Directors.

❶ Board of Directors
As the ultimate decision-making authority for Group management, the Board of Directors deliberates and decides upon matters of importance for Group management and supervises the execution of duties performed by directors, executive officers, and others.
Chairman: Yasuyoshi Karasawa
Internal: Eight members Outside: Seven members /
FY2022 meetings held 12 times
(excluding board meetings held on paper)
Director attendance rate 100%, Audit & Supervisory Board Member attendance rate 96%

❷ Nomination Committee
Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning the nomination policy and nomination of candidates for Directors and Audit & Supervisory Board Members; the nomination, promotions, dismissals, and disciplinary actions pertaining to Executive Officers; and the nomination, dismissals, etc., of Directors and Audit & Supervisory Board Members of the Group's domestic insurance companies.
Chairperson: Rochelle Kopp (Outside Director)
Internal: Three members Outside: Five members
FY2022 meetings held three times
Attendance rate 100%

❸ Remuneration Committee
Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning policy for determining remuneration for Directors and Executive Officers, remuneration amount, limits on total remuneration for Directors, and policy for determining Executive Officer remuneration, etc., for the Group's domestic insurance companies.
Chairperson: Mariko Bando (Outside Director)
Internal: Three members Outside: Five members /
FY2022 meetings held three times
Attendance rate 100%

❹ Governance Committee
In the Governance Committee, Outside Directors consult with the Chairman, Vice Chairman, and President on matters pertaining to the status of corporate governance, as well as policies and positions, and make comments to the Board of Directors on an as-needed basis.
Chairperson: Junichi Tobimatsu (Outside Director)
Internal: Three members Outside: Five members /
FY2022 meetings held three times
Attendance rate 100%

❺ Group Management Committee
The Group Management Committee discusses important matters pertaining to management policy and strategy, and management of the Company and the Group. It also deliberates on important matters of the Group's domestic insurance companies.
Chairperson: Noriyuki Hara
Members: Executive Officers, President of Mitsui Direct General Insurance, President of Mitsui Sumitomo Aioi Life Insurance, President of Mitsui Sumitomo Primary Life Insurance, two Audit & Supervisory Board Members /
FY2022 meetings held 12 times
Attendance rate 100%

Task-Specific Committee Approach to Value Creation

Task-specific committees have been established with the objective of holding discussions about important matters of Company management associated with the execution of tasks, and they work to bring the opinions of relevant departments into mutual alignment. The results of the committees' discussions are on an as-needed basis summarized by the officer in charge and reported to the Group Management Committee, the Board of Directors, and others.

Task-Specific Committee Overview

Committee	Administrator	Committee members								FY2022	
		Chairman	Vice Chairman	President	Vice President	Senior Executive Officer	Managing Director	Outside Directors	Audit & Supervisory Board Members	Number of Times Held	Main Agenda Items
Sustainability Committee	CSuO Motojima	●	●	●	●	●	●	●	●	4 times	●Sustainability initiatives in FY2022 ●Efforts to achieve net-zero greenhouse gas emissions by 2050 ●Promotion of DE&I ●Promotion of Group efforts to respect human rights
Quality Improvement and Compliance Committee	CRO Tamura				●	●	●	●	●	5 times	●Speak-up system operation status and improvements for the future ●Cybersecurity readiness assessment and enhancement ●"Customer-focused" business operation status ●Assessment of compliance system
Digitalization Promotion Committee	CDO Motoyama	●	●	●	●	●			●	3 times	●Building of a Group data linkage infrastructure ●Provision of risk solutions through insurance agents ●Group healthcare initiatives
Group System Committee	CIO/CISO Tsuda				●				●	12 times	●Large-scale system development project status ●Review status of the system (system response policy) ●Cybersecurity risk events and implementation of countermeasures ●System failure occurrence status and quality assurance status
Group International Business Committee	Executive officer Kawate	●	●	●	●				●	3 times	●Efforts to upgrade international business management to improve capital efficiency ●Offering guidance on international business monitoring
ERM Committee	CFO Higuchi CRO Tamura				●	●			●	8 times	●Advancement of business management ●Effective use of in-Group capital ●Distribution and accumulation of risks in Japan and overseas and responses to natural catastrophe risks
Group Standardization Committee	CFO Higuchi				●	●			●	8 times	●Consideration of productivity improvement in the head office departments ●Confirmation of the Group's vision

Skills Matrix of Directors, Audit & Supervisory Board Members, and Executive Officers

To ensure discussions from diverse perspectives toward realizing the Group's growth strategy, the Nomination Committee deliberated on the skills (knowledge, experience, and capabilities) necessary to ensure the effectiveness of the Board of Directors. From the viewpoint of judging important matters such as management strategy and supervising the execution of duties, the Committee determined the following.

i) Basic skills that are generally required

Corporate Management | Human Resources and Human Asset Development | Legal Affairs and Compliance | Risk Management | Finance and Accounting

ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

Insurance Business | Internationality

iii) Skills necessary for business transformation and addressing issues that are considered important by the market, in view of the current business environment of the Company

IT and Digital | Sustainability

Furthermore, regarding Audit & Supervisory Board Members, we also consider Finance and Accounting to be important skills.

Officer	Skills								
	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs and Compliance	Risk Management	Finance and Accounting	Insurance Business
Director Karasawa	●	●		●	●	●	●	●	●
Director Kanasugi	●	●		●	●	●			●
Director Hara	●	●		●	●		●		●
Director Higuchi	●	●	●	●	●	●	●	●	●
Director Shimazu		●	●	●	●	●	●		●
Director Shirai				●		●	●		●
Outside Director Bando	●	●		●	●	●			
Outside Director Tobimatsu		●				●			
Outside Director Kopp	●	●		●	●				
Outside Director Ishiwata				●					
Outside Director Suzuki	●	●		●	●				
Auditor Suto							●	●	●
Auditor Suzuki							●	●	●
Outside Auditor Chiyoda		●						●	
Outside Auditor Uemura						●			

In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

Executive Officer Tamura		●	●	●	●	●	●	●	●
Executive Officer Motojima	●			●	●				●
Executive Officer Funabiki	●	●	●	●	●				●
Executive Officer Niiro	●	●		●	●				●
Executive Officer Kawate	●	●					●		●
Executive Officer Kawabe	●	●		●	●				●
Executive Officer Hayakawa	●	●						●	●
Executive Officer Tsuda	●	●	●		●				●
Executive Officer Owada		●		●	●			●	●
Executive Officer Arakawa	●			●					●
Executive Officer Tatematsu									●
Executive Officer Motoyama			●		●				●
Executive Officer Sato				●		●			●
Executive Officer Hori		●				●	●		●

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process

Conduct and compile self-assessment and board-evaluation questionnaires for all directors

- 12-item questionnaire (questions on roles, the responsibilities, and operation of the Board of Directors) and a gap analysis on the importance and adequacy of the proposals for Board of Directors meetings were distributed in advance, and the questionnaire was conducted in the form of an interview by the secretariat.
- To incorporate external viewpoints into the evaluation of the Board of Directors, we exchanged opinions with consulting companies on the evaluation of the Board of Directors in FY2021, and the results were reflected in the questionnaire in FY2022.
- We confirmed the implementation of the improvement measures outlined in the evaluation of the Board of Directors in FY2021 (functional improvement measures in FY2022).

Opinion exchange in Outside Board of Directors' meeting

- In an Outside Board of Directors' meeting (composed of all Outside Directors), opinion exchange for analysis and evaluation was conducted based on the questionnaire results.

Summary of analysis and evaluation, incorporating suggestions for improving Board functionality from the Governance Committee

- The Governance Committee (all Outside Directors, Chairman of the Board, Vice Chairman of the Board, and President) has conducted analysis and evaluation based on the results of the exchange of opinions at the Outside Board of Directors' meeting and the opinions of consulting companies, and has organized measures to improve functions in FY2023.

Based on the results, implement functional improvement measures

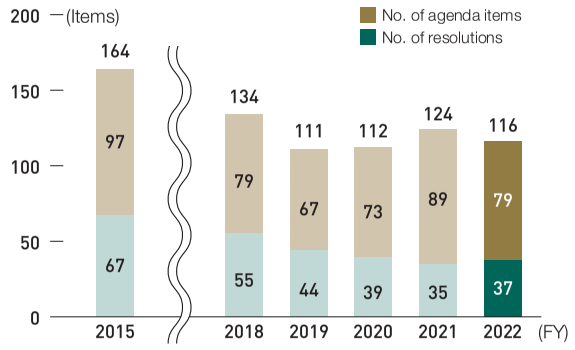
Analysis and assessment of the Board of Directors' effectiveness

Evaluation results	● All directors strongly recognize that the Medium-Term Management Plan is a commitment to internal and external stakeholders and confirm the plan's progress in a timely manner. The Board of Directors discussed issues and measures and made their best efforts to realize the plan. ● By holding dialogues with operating company employees and directly listening to their thoughts and opinions, Directors deepened their understanding of the penetration of management principles in the operating companies. ● Important sustainability issues, such as efforts to reduce greenhouse gas emissions involving stakeholders and efforts to respect human rights including employees, should be discussed in more depth. In the gap analysis, it was found that it would be better to increase the level of discussion on "Sustainability ESG."
Functional improvement measures	● Provide opportunities to discuss business investment projects from the initial stage of consideration (e.g., in addition to discussions at the Board of Directors meetings, use opportunities such as executive study sessions). ● Increase opportunities to discuss important sustainability issues, such as efforts to reduce greenhouse gas emissions involving stakeholders and efforts to respect human rights including employees. ● Provide opportunities for Outside Officers to exchange opinions with internal officers (including the executive officers of the operating companies).

Efforts Aimed at Improving the Operation of the Board of Directors

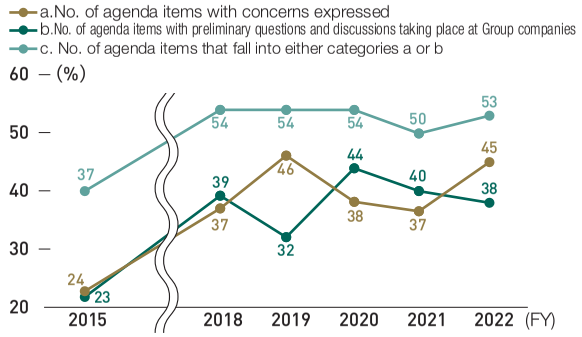
Number of agenda items

- Due to the introduction of the collective deliberation method and other factors, the number of issues excluding collective deliberation matters has decreased.
- In FY2022, the total number of agenda items was 116 (37 resolution items and 79 report items), an increase from the previous year.
- In addition, we are working to secure sufficient time for important matters by reviewing the standards for deliberation by the Board of Directors.



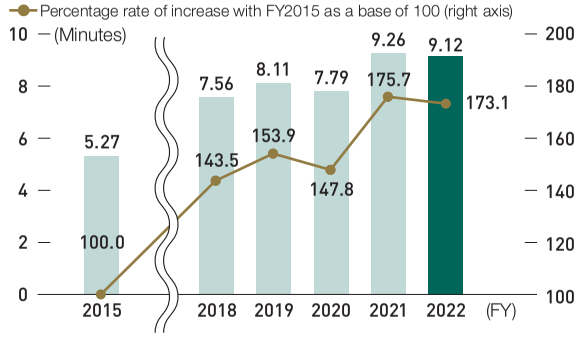
Assessing the presence of preliminary questions

- The ratio of agenda items where either concerns were expressed or there were preliminary questions has been on an upward trend since FY2015, and increased in FY2022 compared with the previous fiscal year.
- To prevent the spread of COVID-19, all meetings of the Board of Directors were held online in FY2022. We also adopted a system in which Outside Officers participate face-to-face, to the extent that sufficient distance can be maintained, to stimulate discussion.



Average amount of time spent per agenda item

- The average deliberation time per agenda item has been increasing since FY2015. We believe this is due to the high quality of discussions thanks to efforts such as narrowing the number of agenda items.
- To ensure sufficient time for deliberating important agenda items, with regard to regularly reported ones, we introduced an operational scheme in which we prepare summaries of the materials and explain them as necessary.



Topics and content of discussion at Board of Directors meetings

Theme	Content of the discussion
Progress and future initiatives in the Group Medium-Term Management Plan (2022–25)	・Confirm the progress of the three basic strategies of the Medium-Term Management Plan (Value, Transformation, Synergy). Regarding Synergy, we discussed how to reduce business expenses through the promotion of our “One Platform Strategy” and how to promote integrated management within the Group. ・On a business basis, we confirmed that we will continue to increase international business revenues by expanding MS Amlin’s underwriting of lines with high profitability and by changing the structure of the U.S. business, as well as expand business opportunities utilizing digital data as the core of MS&AD InterRisk Research & Consulting.
Efforts to improve capital efficiency and corporate value	To ensure capital profitability exceeding the cost of capital on an ongoing basis and to realize corporate value improvement, we confirmed the cost of capital ratio in our Group and discussed measures to achieve a target adjusted ROE above 10%.
Group Material risks	Among the Group’s critical risks selected by us, we discussed geopolitical risks that should be taken into consideration, including environmental changes and our response in the event of a large-scale natural disaster.
Policy for responding to climate change	We discussed how to set intermediate targets for realizing net-zero greenhouse gas emissions by 2050 in our business activities and measures for achieving those targets.

Remuneration Plan Targeting Strengthened Governance

Basic Policy

- Our aim is to enhance Group governance and medium- to long-term corporate value.
- The remuneration plan for Directors and Audit & Supervisory Board Members is now linked to the business performance of the Company to serve as an appropriate incentive for sustainable growth.
- The remuneration standard set allows us to be competitive as a global company.

Process for determining remuneration

Remuneration for Directors

- Upon deliberation by the Remuneration Committee, which comprises a majority of Outside Directors so as to achieve transparency, a resolution is made at the Board of Directors and an amount that does not exceed that determined by the Shareholders’ Meeting is decided upon.
- The Remuneration Committee advises the Board of Directors regarding policies and other matters pertaining to determining the amount of Directors’ remuneration and Executives’ remuneration.
- The Board of Directors will to the maximum extent possible adhere to the advice provided by the Remuneration Committee. Furthermore, the amount of remuneration will be determined after assessing whether it is in line with the remuneration system decided through a Board of Directors resolution.

Remuneration for Audit & Supervisory Board Members

- Without exceeding the amount determined by resolution at Shareholders’ Meetings, remuneration for Audit & Supervisory Board Members is determined with consideration to the differences of being either full-time or part-time, their burden with regard to auditing tasks, and reference to details and levels of compensation made to Directors, as well as consultations provided by Audit & Supervisory Board Members.

Composition of remuneration

- Fixed remuneration is set separately for each role, and performance-linked remuneration is determined considering company business performance.

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	●	●	●
Outside Directors	●	—	—
Audit & Supervisory Board Members	●	—	—

- The standard structure ratio for executive remuneration is as follows, based on role.

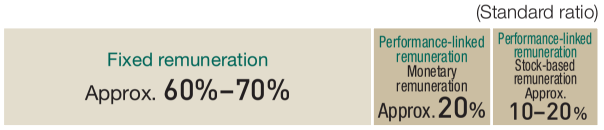
President and CEO:
The ratio of performance-linked remuneration is set to be higher than other roles.

(Standard ratio)



Other roles:
Ratios of fixed remuneration and performance-linked remuneration are set to be different for different roles.

(Standard ratio)



Stock-based remuneration details

- Stock-based remuneration is paid through restricted stocks and, as a general rule, the restriction is released upon retirement of the Officer.
- In the case that inappropriate behavior becomes evident during an Officer’s tenure, either the restricted stocks will be made available for free acquisition during the period of restriction or they will be returned after the period of restriction has been concluded. (Malus and clawback clauses)

Performance index, etc., related to performance-linked remuneration

- Performance-linked remuneration is linked to business performance and is determined based on both financial and nonfinancial indicators.
- The financial and nonfinancial indicators were selected based on the Group's Medium-Term Management Plan (2022–25). The indicators and reasons for their selection are as follows.

		Indicators/Evaluation items	Selection reasons
Financial indicators (single fiscal year performance)		• Group Adjusted Profit • Consolidated net income • Group Adjusted ROE	We have selected Group Adjusted Profit, which is an indicator of shareholder return; Group Adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. Note: Following the introduction of IFRS, we plan to change "consolidated net income" to "IFRS net income" and "Group Adjusted ROE" to "IFRS adjusted ROE."
Nonfinancial indicators (medium to long term)	Basic strategy	• Value (creation of value) • Transformation (business transformation) • Synergy (demonstration of Group synergies)	The evaluation items of nonfinancial indicators are the basic strategy and the foundations that support the basic strategy to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–25).
	Foundations	• Sustainability • Quality • Human assets • ERM	

- In the calculation of performance-linked remuneration, the standard ratio of financial indicators to nonfinancial indicators is 50:50.
- Regarding the application coefficient, financial indicators vary in a range of 0–3.0 and nonfinancial indicators vary in a range of 0.5–1.5 for a standard of 1.0.
- For performance-linked remuneration, monetary remuneration and stock-based remuneration are each calculated as specified below, based on the base amount for each role.
  Monetary remuneration:
  Base amount for each role × Company business performance coefficient (financial indicators × 80% + nonfinancial indicators × 20%)
  Stock-based remuneration:
  Base amount for each role × Company business performance coefficient (financial indicators × 20% + nonfinancial indicators × 80%)
- Monetary remuneration is set to reflect the performance of a single fiscal year more accurately by placing a higher percentage of financial indicators than nonfinancial indicators.
- By increasing the ratio of nonfinancial indicators to financial indicators, stock-based compensation is set to more accurately reflect the evaluation of initiatives that contribute to the enhancement of corporate value over the medium to long term.

Financial Indicators (FY2022)

	Results	Plan	Achievement ratio/ difference
Group Adjusted Profit	¥172.7 billion	¥167.4 billion	103.2%
Consolidated net income	¥161.5 billion	¥138.3 billion	116.8%
Group Adjusted ROE	4.8%	4.6%	+0.2point

Nonfinancial Indicators (FY2022)

Evaluation items	Evaluation results
Basic strategy	As a result of the evaluation based on the following perspectives and other factors, the evaluation was on par with the standard. • Development and supply of products and services tailored to new values for solving social issues • Business, product, and risk portfolio transformation • Promotion of the "One Platform Strategy" and the realization of Group synergies etc.
Foundations	As a result of the evaluation based on the following perspectives and other factors, the evaluation was on par with the standard. • Initiatives related to coexistence with the global environment, a secure and safe society, and the well-being of diverse people, which are key sustainability issues • Quality improvement initiatives such as improving products and services based on customer feedback • Initiatives related to human assets, such as building an optimal human assets portfolio and developing a working environment that maximizes employees' abilities, skills, and motivation, such as promoting DE&I* • Initiatives related to ERM, such as improving profitability and capital efficiency and reducing strategic equity holdings *Diversity, Equity and Inclusion etc.

Total amount of remuneration (FY2022)

Total remuneration by category, total amount by type of remuneration, and number of applicable corporate officers (¥ million)

Corporate officer category	No. of corporate officers	Total remuneration	Breakdown		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	7	313	179	66	67
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	56	56	—	—
Outside Directors/Audit & Supervisory Board Members	7	92	92	—	—

Total amount of consolidated remuneration, etc., of those whose total amount of consolidated remuneration, etc., is ¥100 million or more (¥ million)

Name	Corporate officer category	Company category	Total remuneration	Breakdown		
				Fixed remuneration	Performance-linked remuneration	
					Monetary remuneration	Stock-based remuneration
Yasuyoshi Karasawa	Director	Submitting company	111	55	27	29
Yasuzo Kanasugi	Director	Submitting company	106	24	9	10
	Director	Aioi Nissay Dowa Insurance Co., Ltd.		34	12	15
Noriyuki Hara	Director	Submitting company	127	28	12	12
	Director	Mitsui Sumitomo Insurance Co., Ltd.		38	16	18

CEO Succession Plan

- With the aim of achieving sustainable growth and enhancing corporate value in our Group, we have established a succession plan that positions the appointment and dismissal of the Group CEO (hereinafter "CEO") and the development of successors as a key management issue.

Criteria for CEO selection

- ☑ Ability to embody the Group's Mission, Vision, and Values and having the concept of CSV (Creating Shared Value) in his/her own system of values
- ☑ Ability to plan and build future vision
- ☑ Fairness and impartiality
- ☑ Ability to develop human assets
- ☑ Ability to demonstrate leadership
- ☑ Global response capability
- ☑ Acting in the Group's best interest

CEO selection process

Recommendation by the current CEO
- The current CEO prioritizes several candidates and recommends them to the Nomination Committee.
- Candidates can be from within the Group or outside the Group.

Deliberation by the Nomination Committee
- Deliberation of the nomination from the CEO's recommendation
- Outside Directors can recommend other candidates.

Resolution by the Board of Directors
- The Nomination Committee advises the Board of Directors, which makes the final decision.

Development plan for CEO candidates

- The CEO plays an important role and can mentor numerous candidates. The candidates (from within the Group) should have the following experience:
  - Experience across departments (administration, operations, international, sales, claims services, systems, and others)
  - Management at a domestic company and/or an overseas subsidiary

CEO dismissal process

- When an Outside Director deems it necessary to discuss dismissal such as when the CEO is subject to the prohibitions stipulated in the Executive Officer Rules (e.g., violating obligations set forth in the Companies Act and other laws and regulations or company regulations) or when it is determined that it is difficult for the CEO to properly continue his/her duties due to health or other reasons, the Outside Director shall deliberate on his/her own initiative with members of the Nomination Committee excluding the CEO. Based on the results of the deliberation, necessary procedures are carried out in accordance with the Companies Act and internal regulations.
- Directors who are not Outside Directors can request a meeting of the Board of Directors to be convened in accordance with the Rules of the Board of Directors and submit proposals for dismissal of Directors at the Shareholders Meeting.

Group governance

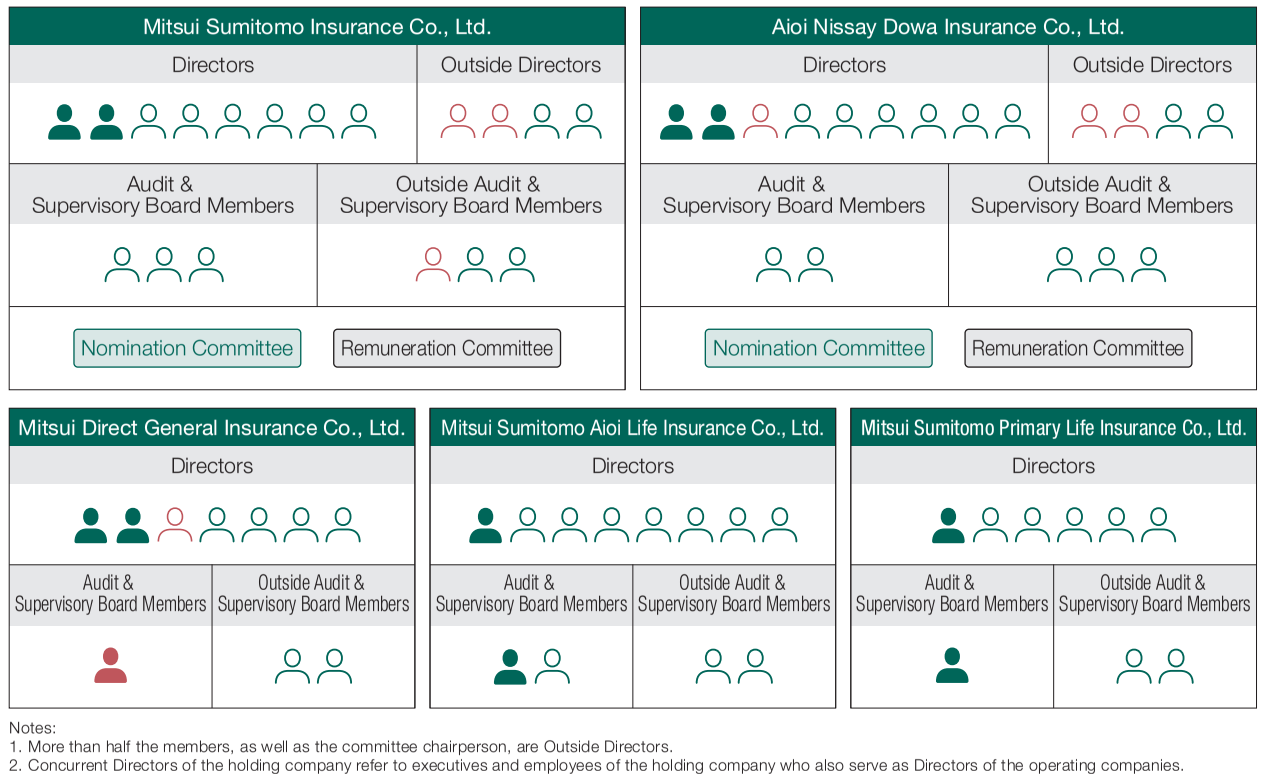
Group management administration structure

The Company (the holding company) enters into Group management supervision contracts with directly invested operating companies and conducts management administration of each Group company, the main points of which are as follows:

Role of the holding company in the Group	●Planning and implementation of measures to improve the Group's management efficiency and to realize the Group's management strategy ●Planning and implementation of the following matters related to ensuring the financial soundness and appropriateness of business operations of the operating companies: 1) capital adequacy, 2) risk management framework, 3) compliance framework, 4) appropriateness of intra-group transactions, 5) crisis management system, and 6) protection of customer information, etc. ●Planning and implementation of matters related to internal audits of the Group and advice on matters related to internal audits of operating companies, etc.
Matters to be approved by and reported to the holding company	The holding company requires the approval of the holding company or reporting to the holding company on important matters of the directly invested companies in accordance with the Group management supervision contracts. Examples of prior approval items 1) Management plans, risk management policies, and income and expenditure plans; 2) election and dismissal of Directors and Audit & Supervisory Board Members; (3) issuance of new shares, stock splits, etc.
Compliance with the Basic Policy on Group Management and Administration	The holding company has established basic Group policies, including the Basic Policy on the Group Internal Control System, the Risk Management Basic Policy, the Compliance Basic Policy, the Basic Policy for Internal Audits, the Risk Appetite Statement, and the Basic Policy on Information and Technology Governance, and requires compliance by all Group companies.
Conducting internal audits	The holding company has put in place an appropriate Group management administration system by, for example, conducting internal audits in cooperation with operating companies as necessary to the extent not in conflict with laws and regulations, in accordance with the Basic Policy for Internal Audits.

Management structure of operating companies

Concurrently an officer of the holding company: Male Female No concurrent position: Male Female



Notes:
1. More than half the members, as well as the committee chairperson, are Outside Directors.
2. Concurrent Directors of the holding company refer to executives and employees of the holding company who also serve as Directors of the operating companies.

Our Management Team

Directors

(As of July 1, 2023, except for the number of Company shares owned, which is as of the end of March 2023)



Yasuyoshi Karasawa

Chairman & Director
Chairman Executive Officer

Number of Company shares owned: 53,460
Important concurrent positions:
—
Date of birth: Oct. 27, 1950
Biography:
April 1975 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, sales, corporate communications, financial planning, etc. Present position since June 2020



Yasuzo Kanasugi

Representative Director
Vice Chairman & Director
Vice Chairman Executive Officer

Number of Company shares owned: 60,611
Important concurrent positions:
Chairman & Director, Aioi Nissay Dowa Insurance Co., Ltd. (ADI)
Date of birth: May 29, 1956
Biography:
April 1979 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in human resources, sales, corporate planning, merger preparation, etc. Present position since June 2020



Noriyuki Hara

Representative Director
President & CEO

Number of Company shares owned: 54,537
Important concurrent positions:
Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (MSI)
Date of birth: July 21, 1955
Biography:
April 1978 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in market development, sales, product operations, corporate planning, etc. Present position since June 2020



Tetsuji Higuchi

Representative Director
Executive Vice President

Number of Company shares owned: 22,122
Important concurrent positions:
—
Date of birth: June 24, 1961
Biography:
April 1984 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in sales, product operations, human resources, corporate planning, etc. Present position since April 2021



Tomoyuki Shimazu

Director
Executive officer

Newly appointed

Number of Company shares owned: 18,716
Important concurrent positions:
Director, Vice President Executive Officer, MSI
Date of birth: March 16, 1963
Biography:
April 1985 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in human resources, sales, claims support, business planning, etc. Present position since June 2023



Yusuke Shirai

Director
Executive Officer

Number of Company shares owned: 10,421
Important concurrent positions:
Director, Managing Executive Officer, ADI
Date of birth: June 13, 1964
Biography:
April 1988 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in corporate planning, compliance, etc. Present position since June 2022



Mariko Bando

Outside Director

Chairperson of the Remuneration Committee

Attendance record: Board of Directors' meetings 12 of 12 (100%)
Number of Company shares owned: 6,600
Reasons for appointment and expected role:
Held prominent positions as Director of Gender Equality Bureau of the Cabinet Office, President of Showa Women's University, etc. She has a wealth of knowledge and experience in the fields of public administration and education, as well as in the promotion of diversity, and is expected to supervise management and provide advice to management in general.
Important concurrent positions:
President of Showa Women's University
Director, Mitsubishi Research Institute, Inc. (Outside Director)
Director, ITOKI CORPORATION (Outside Director)
Date of birth: Aug. 17, 1946

July 1969	Entered the Prime Minister's Office
Oct. 1985	Counselor to the Prime Minister's Secretariat, Cabinet Councilor
July 1989	Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency
July 1994	Director of Gender Equality Bureau, Cabinet Secretariat
April 1995	Vice-Governor of Saitama Prefecture
June 1998	Consul General of Japan in Brisbane, Australia
Jan. 2001	Director General of Gender Equality Bureau, Cabinet Office
Oct. 2003	Director, Incorporated Educational Institution, Showa Women's University
April 2007	President, Showa Women's University
April 2014	Chancellor, Incorporated Educational Institution, Showa Women's University
July 2016	Chairperson of the board, Showa Women's University (present)
June 2017	Director, the Company (present)



Junichi Tobimatsu

Outside Director

Chairperson of Governance Committee

Attendance record: Board of Directors' meetings 12/12 (100%)
Number of Company shares owned: 0
Reasons for appointment and expected role:
He has a wealth of knowledge and experience concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. We expect him to supervise management and provide advice on all aspects of management in relation to ensuring the soundness of the Group's management.
Important concurrent positions:
Attorney-at-law, GAIEN PARTNERS
Director, amana inc. (Outside Director)
Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member))
Director, CANDEAL Co., Ltd. (Outside Director (Auditor))
Date of birth: Aug. 15, 1972

April 1998	Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)
June 2004	Registered as Attorney-at-law in New York
April 2010	Associate Professor, Graduate School of Law and Political Science, the University of Tokyo
July 2016	Attorney-at-law, Tobimatsu Law (currently, GAIEN PARTNERS) (present)
June 2018	Director, the Company (present)



Rochelle Kopp

Outside Director

Chairperson of Nomination Committee

Attendance record: Board of Directors' meetings 12/12 (100%)
Number of Company shares owned: 0
Reasons for appointment and expected role:
She has a wealth of knowledge in the field of cross-cultural communication and experience as a management consultant. We expect her to supervise management and provide advice on all aspects of management in relation to the global expansion of the Group.
Important concurrent positions:
Managing Principal, Japan Intercultural Consulting
Director (Outside Director), Lightworks Corporation
Date of birth: June 29, 1964

June 1986	Business analyst, ZS Associates International, Inc.
June 1987	Senior business analyst, ZS Associates International, Inc.
Aug. 1988	International Public Relations Specialist, The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)
Oct. 1992	Consultant, IPC Group, Inc.
July 1994	Managing Principal, Japan Intercultural Consulting (present)
Jan. 2015	Professor of Global Leadership Course, Business Break Through University
April 2019	Professor of Faculty of Foreign Studies, The University of Kitakyushu
June 2020	Director, the Company (present)



Akemi Ishiwata

Outside Director

Attendance record: Board of Directors' meetings 10/10 (100%)
Number of Company shares owned: 100
Reasons for appointment and expected role:
As an Executive Officer of Kao Corporation, she has a wealth of knowledge on sustainability and experience in public relations and corporate branding. We expect her to supervise management and provide advice on all aspects of management from a wide range of perspectives.
Important concurrent positions:
—
Date of birth: Aug. 23, 1960

April 1983	Entered Bristol-Myers Company
Dec. 1985	Entered Kao Corporation ("Kao") Assigned to Kao Life Science Laboratory
March 2003	Product Development Manager, Household Business Division, Kao
Dec. 2005	Section Chief, Consumer Research Center, Kao
March 2010	General Manager, Consumer Research Center, Kao
March 2015	Executive Officer, Supervisor of Corporate Communications Division, Kao
Jan. 2021	Executive Fellow, Kao
Jan. 2022	Special Mission Fellow, Kao
June 2022	Director, the Company (present)



Jun Suzuki

Outside Director

Newly appointed

Number of Company shares owned: 2,500
Reasons for appointment and expected role:
Held prominent positions as the General Representative in Europe of the TEIJIN Group of TEIJIN LIMITED, Representative Director, President and CEO of TEIJIN LIMITED, etc. He has extensive knowledge of international business and experience as a manager, and is expected to supervise management and provide advice on management in general.
Important concurrent positions:
Senior Advisor, TEIJIN LIMITED
Date of birth: Feb. 19, 1958

April 1983	Entered Teijin Limited
April 2011	Teijin Group Chief Representative in Europe, Teijin Limited President, Teijin Holdings Netherlands B.V.
April 2012	Teijin Group Corporate Officer, Teijin Limited
April 2013	Teijin Group Managing Executive Officer, Teijin Limited
June 2013	Director, Managing Executive Officer, Teijin Limited
April 2014	Representative Director, President & CEO, Teijin Limited
April 2022	Director, Chairperson, Teijin Limited
April 2023	Director, Senior Advisor, Teijin Limited
June 2023	Senior Advisor, Teijin Limited (present) Director, the Company (present)

Audit & Supervisory Board Members



Atsuko Suto

Audit & Supervisory Board Member (Full-time)

Number of Company shares owned: 6,579
Important concurrent positions:
—
Date of birth: May 21, 1967

April 1990	Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd.
April 2020	Administrative Director, General Manager of Accounting Dept., ADI
April 2021	Advisor, ADI
June 2021	Audit & Supervisory Board Member, the Company (present)



Keiji Suzuki

Audit & Supervisory Board Member (Full-time)

Newly appointed

Number of Company shares owned: 2,100
Important concurrent positions
—
Date of birth: June 18, 1968

April 1991	Entered Mitsui Fire & Marine Insurance Co., Ltd.
April 2016	General Manager, Accounting Dept., MSI
April 2018	General Manager, Corporate Risk Management Dept., MSI General Manager, Corporate Risk Management Dept., the Company
April 2019	General Manager, Corporate Risk Management Dept.
April 2022	Executive Officer, General Manager, Corporate Risk Management Dept.
June 2023	Audit & Supervisory Board Member, the Company (present)



Kunio Chiyoda

Outside Audit & Supervisory Board Member

Attendance record:
Board of Directors' meetings 11/12 (91.7%)
Audit & Supervisory Board meetings 11/11 (100%)
Number of Company shares owned: 6,300
Reasons for appointment:
As an accounting and auditing professional, he has served in positions such as a university professor and public institution committee member. We appointed him because he performs a supervisory function for management by expressing opinions, recommendations, and other views on accounting and auditing on the Board of Directors and elsewhere.
Important concurrent positions:
Director, Terasaki Electric Co., Ltd. (Outside Director, Audit and Supervisory Committee Member)
Director, Seiwa Electric MFG Co., Ltd. (Outside Director, Audit and Supervisory Committee Member)
Date of birth: Jan. 2, 1944

May 1971	Registered as Certified Public Accountant
April 1976	Assistant Professor, College of Business Administration, Ritsumeikan University
April 1984	Professor, College of Business Administration, Ritsumeikan University
April 1999	Dean of College of Business Administration, Member of the Board, Ritsumeikan University
April 2009	Professor, Graduate School of Accountancy, Kumamoto Gakuen University
April 2012	Professor of Graduate School of Accountancy, Waseda University
April 2013	Chairperson, Certified Public Accountants and Auditing Oversight Board
June 2016	Audit & Supervisory Board Member, the Company (present)



Kyoko Uemura

Outside Audit & Supervisory Board Member

Attendance record:
Board of Directors' meetings 11/12 (91.7%)
Audit & Supervisory Board meetings 10/11 (90.9%)
Number of Company shares owned: 500
Reasons for appointment:
As a legal expert, she previously served as a judge and an attorney-at-law, etc. We appointed her because she performs a supervisory function for management by expressing opinions, recommendations, and other views based on her knowledge and experience on the Board of Directors and elsewhere.
Important concurrent positions:
Attorney-at-Law, Miyama, Koganemaru & Associates
Outside Director of SoftBank Corp.
Date of birth: July 22, 1961

April 1994	Assistant Judge, Osaka District Court
April 2004	Judge, Numazu Branch, Shizuoka Family Court
April 2005	Judge, Yokohama District Court
April 2008	Admitted as Attorney-at-Law, LM Law Offices
June 2017	Audit & Supervisory Board Member, the Company (present)
Oct. 2018	Attorney-at-Law, Miyama, Koganemaru & Associates (present)

Executive Officers

Chairman of the Board **Yasuyoshi Karasawa**

Vice Chairman of the Board **Yasuzo Kanasugi**

President & Group CEO **Noriyuki Hara**

Executive Vice President, Group CFO **Tetsuji Higuchi**
Corporate Planning Dept., Assistant Supervisor of Digital Innovation Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., Assistant Supervisor of International Business Planning Dept., Internal Audit Dept.*, Capital Policy

Senior Executive Officer, Group CRO **Satoru Tamura**
Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept.

Managing Executive Officer, Group CSuO **Naomi Motojima**
Corporate Sustainability Dept., DE&I

*For the Internal Audit Department, Executive Vice President Higuchi is responsible for operations other than those that Senior Executive Officer Tamura oversees.

Executive Officers

Shinichiro Funabiki / Assist Management
Keisuke Niiro / Assist Management
Tamaki Kawate / International Business Planning Dept.
Tomoyuki Shimazu / Assist Management
Toshiya Kawabe / General Manager of Human Resources and General Administration Dept.
Yusuke Shirai /Assist Management
Takuma Hayakawa / Financial Services Business
Takuya Tsuda / Data Management Dept., Information Technology Planning Dept., Group CIO, Group CISO
Hiroyoshi Owada / General Manager of Corporate Planning Dept.
Hiroshi Arakawa / Underwriting & Reinsurance
Hiroshi Tatematsu / Sales
Tomoyuki Motoyama / Digital Innovation Dept., Administration Group CDO (DX Promotion)
Mitsuru Sato / Claims Services
Sachiko Hori / General Manager of Corporate Risk Management Dept.

For more information related to corporate governance, see the Group's official website.

- **Corporate Governance (https://www.ms-ad-hd.com/en/group/value/corporate.html)**
- Basic Policies on Corporate Governance
- Corporate Governance Stance
- Supervision System (Board of Directors)
- Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
- Auditing
- Nomination and Remuneration
- Remuneration Committee
- Criteria for the Selection of Board Members and for the Independence of Outside Directors and Outside Audit & Supervisory Board Members
- Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters

Message from an Outside Director



Akemi Ishiwata
Outside Director (Independent Director)

Q1. What are your impressions of the management of the Board of Directors and the state of discussions after completing your first year as an Outside Director?

I was very nervous at my first board meeting, as it was my first time serving as an Outside Director for the MS&AD Insurance Group (MS&AD). Even in such a situation, I was impressed by the integrity and active exchange of opinions among all members. The fact that the Chairman of the Board of Directors encourages everyone to speak and creates an atmosphere where it is easy to express one's opinions is a major factor.

Another unique feature of the Company is the diversity of its Outside Directors, including Directors and Audit & Supervisory Board Members. I have learned a lot not only from the members as experts in their fields but also from the perspectives of women and of those from countries outside Japan. There were many instances where Internal Directors answered questions posed by Outside Directors, deepening the discussion. For many years, I worked for Kao Corporation, a manufacturer of everyday household products, so I needed to learn about the insurance business from the ground up. However, I was able to feel comfortable attending board meetings thanks to the attentive support of the secretariat. Overall, I feel that the board meetings have a good atmosphere.

Q2. What is your assessment of MS&AD's human assets strategy and initiatives to promote DE&I?

As of April 2023, the ratio of female managers was 19.5%, which is still far from the target of 30%, but the steady increase in the number is commendable, and I hope it will continue to grow. As about half of new hires are women, it should not take much time to increase the number of sectional managers, but the challenge is how to increase the number of general managers. Although not limited to the insurance industry, it will first be necessary for companies to support women to elevate their mindsets, to help them become more prepared and confident to take on management responsibilities, and to expand the pool of potential candidates.

In selecting human assets, it is a good idea to select several people at the same time, not just one. There's a difference between a single person and multiple people in the team atmosphere and the people chosen can have their concerns eased. This was my impression when I participated in the Association of Female General Managers network comprising members from group companies, and I found that women have different concerns than men. Therefore, a forum where people can share their concerns is valuable, and I believe it has a motivating and calming effect, so I hope it will continue in the future.

Without diversity, there is no innovation. Human assets strategies must always emphasize diversity, and not just women.

Q3. Which areas are you focusing on in the current Medium-Term Management Plan (2022–2025)?

Because I was involved in sustainability at Kao for a long time, I have been focusing on sustainability as the foundation supporting the basic strategies of the Medium-Term Management Plan and its three priorities: Symbiosis with the global environment, Safe and secure society, and Happiness of diverse people.

The manufacturing and insurance industries are completely different in terms of emissions of carbon dioxide and other greenhouse gases. Emissions obviously vary depending on if the industry has factories. But also, for example, the amount of hot water used to rinse out shampoo in Scope 3, which is related to the use and disposal of products, must be converted into greenhouse gases. This makes a big difference in emission volumes, especially outside of the company. Therefore, while the direction of the efforts toward decarbonization is different between the two companies, they share the same goal of creating a safe and secure society. I therefore feel that there are things in common that transcend industry boundaries.

Sustainability activities are never completed by one company alone, and the involvement of various stakeholders, especially employees, is essential. It is necessary to clearly communicate what MS&AD seeks and gain the empathy and cooperation of stakeholders and engage employees. In my opinion, the most important thing is to help employees integrate sustainability into their own lives, as in, "I am going to change my work in this way."

I find the Sustainability Contest an interesting way to make sustainability a personal issue. Employees come up with their own ideas to solve social issues and propose them to management. Many of the ideas are original, and to me the very act of thinking about CSV (Creating Shared Value with society) and entering the contest is more meaningful than whether the idea wins a prize. Many people will also gain new insights by sharing ideas widely within the Group.

The concept of ESG has evolved dramatically over the past 10 years within the trend toward creating a sustainable society. In line with this, the scope of information disclosure is increasingly broadening. However, rather than simply disclosing information for the sake of disclosing it, I feel that it is also necessary to work toward helping customers and investors better understand the Company's aspirations by effectively presenting proprietary metrics that other companies do not disclose and that are of interest to the public.

Q4. What do you think is needed to improve customer satisfaction and customer experience?

Until now, I was involved in consumer research, qualitatively examining how consumers' sense of values is changing. Regardless of the industry, as people's sense of values changes, products and services must also change in response. Even when speaking of security and safety, what kind of security and safety customers are looking for differs from era to era.

It is difficult to objectively measure which metrics of improvement indicate that customers are truly satisfied or that value has increased, yet such changes should never be overlooked. Knowing what the other party wants is fundamental to business. While the use of data and digital are indeed effective, sometimes it is necessary to make decisions with the human eye.

Q5. What are your expectations of MS&AD in the future?

Society's desire for security and safety is bound to increase in these days of frequent damage from typhoons, torrential rains, and earthquakes, and the increasing severity of natural catastrophe caused by global warming becoming a social problem. I feel that insurance plays a critical role in terms of the social infrastructure that supports people's lives. It is essential for employees to work with a sense of fulfillment and enthusiasm to provide customers and stakeholders with a high level of quality in terms of security and safety.

Last year, I had the opportunity to meet with front-line employees, and that experience made me believe that integrity and diligence are MS&AD's strengths. I would like to see MS&AD continue to grow and boost its corporate value by creating an environment in which such employees can fully demonstrate their abilities and play an active role.

Basic Knowledge about the Insurance Industry

We have prepared this section as reference material to help readers gain a better understanding of the insurance industry and the Company's business operations and business strategies. We are striving to provide accurate and fair information, but we cannot guarantee the content of this section.

▶ Non-Life Insurance Industry

■ Market Overview

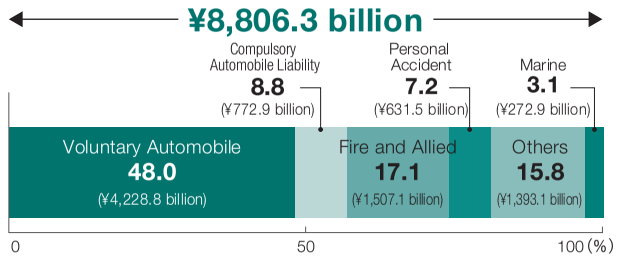
About ¥8.8 Trillion

The Japanese non-life insurance industry's market scale in terms of net premiums written was ¥8,806.3 billion in FY2021 (based on member companies of the General Insurance Association of Japan).

Automobile-Related Insurance Accounts for 60%

Together, voluntary automobile insurance (48.0%) and compulsory automobile liability (8.8%) account for about 60% of the market.

Net Premiums Written by Class of Insurance (FY2021)



Source: General Insurance Association of Japan, FACT BOOK 2022

Market Share of the MS&AD Insurance Group

As of July 2022, there were 55 companies engaged in the non-life insurance business in the Japanese domestic market (including 22 overseas non-life insurance companies). In terms of net premiums written, the MS&AD Insurance Group held a market share of approximately 33%.

■ Types of Insurance and Related Trends

Covering Diverse Risks

We face diverse risks in our daily lives. Non-life insurance products can compensate for economic damages and human losses (e.g., the cost of treating injuries) caused by natural disasters and accidents.

Changing with the Times

Until the 1960s, the non-life insurance market was centered on fire and marine insurance products. With the subsequent rise in the number of automobiles in use, such automobile-related products as Voluntary Automobile Insurance and Compulsory Automobile Liability Insurance have become the main products in the market. In recent years, "others" insurance, such as Liability Insurance, has been growing strongly.

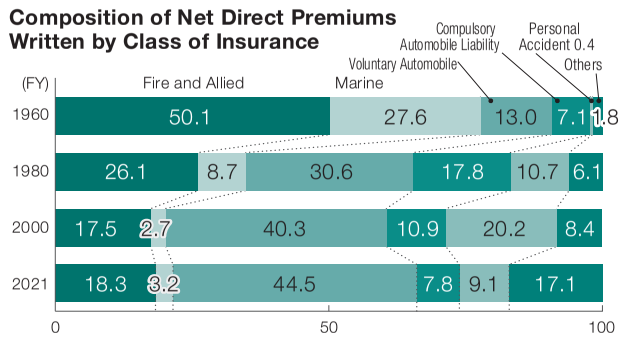
Trend of Increase in Earthquake Insurance

Residential earthquake insurance was developed in 1966, in response to the major earthquake that struck Niigata in Japan in 1964. The number of people obtaining residential earthquake insurance has been trending upward, and the penetration ratio of earthquake insurance in residential fire insurance policies rose to 69.0% (at the end of FY2021).

Residential Earthquake Insurance Operated in Collaboration with Government

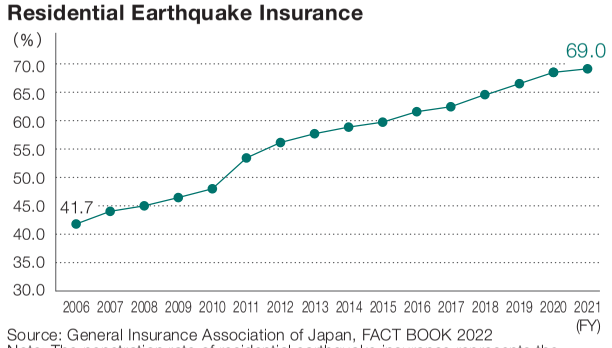
It is difficult to forecast the damage that will occur in the event of an earthquake, so fire insurance alone does not cover building fires and damage caused by earthquakes. To provide coverage for earthquake damage, the government and insurance companies collaborate to operate residential earthquake insurance, and there are no variations among insurance companies with respect to coverage of compensation and insurance premiums.

Composition of Net Direct Premiums Written by Class of Insurance



Source: General Insurance Association of Japan, FACT BOOK 2022
Note: "Net direct premiums written" represents revenues from insurance policies directly provided by each customer.

Trends in the Penetration Rate of Residential Earthquake Insurance



Source: General Insurance Association of Japan, FACT BOOK 2022
Note: The penetration rate of residential earthquake insurance represents the share of fire and allied policies with earthquake coverage.

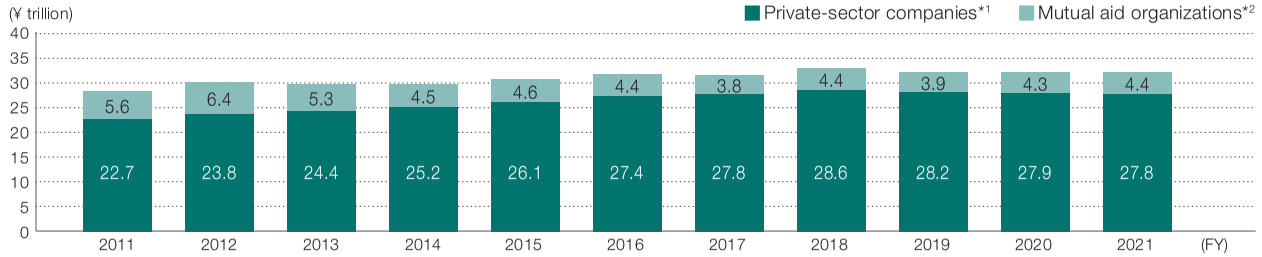
▶ Life Insurance Industry

■ Market Scale

Approximately ¥32 Trillion

The scale of the Japanese life insurance industry's market in terms of life insurance premiums and others in total is approximately ¥32 trillion, making it the world's third largest market.

Scale of Japan's Life Insurance Market (Trends in Life Insurance Premiums)



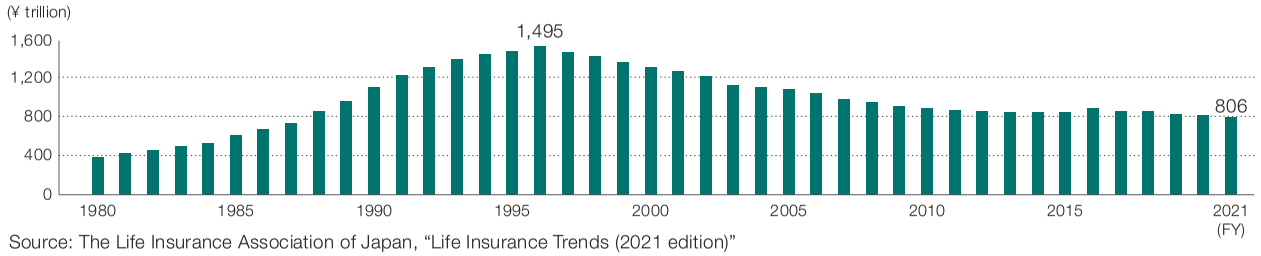
Sources: Prepared by MS&AD Holdings based on materials from the Life Insurance Association of Japan, "Life Insurance Trends (2022 edition)," and Japan Cooperative Insurance Association Incorporated, "COOPERATIVE INSURANCE IN JAPAN FACT BOOK 2022."
*1 Private-sector companies: Each corporate member of the Life Insurance Association of Japan. Figures represent premiums and others.
*2 Mutual aid organizations: Each organization member of the Japan Cooperative Insurance Association Incorporated. Figures represent premiums and other insurance income received (total for life insurance and annuity insurance).

■ Trends in Types of Insurance

Decline in Big-Ticket Death Benefit Needs

The amount of policies in force for individual insurance has been trending downward since peaking in FY1996. Behind this trend is a decline in big-ticket death benefit needs and a shift to third-sector products (medical and cancer insurance) needs.

Trends in Policies in Force (Individual Insurance)

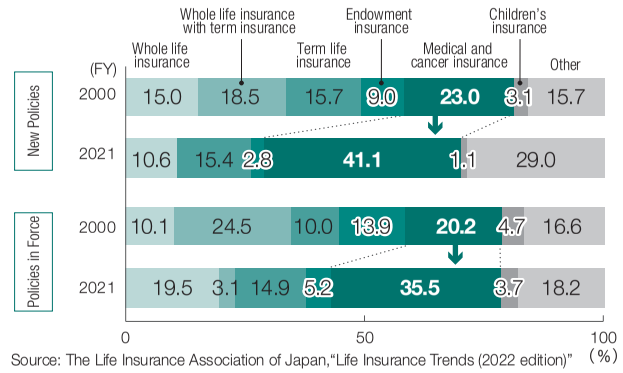


Source: The Life Insurance Association of Japan, "Life Insurance Trends (2021 edition)"
Note: Figures for 2007 and previous years exclude Japan Post Insurance and the former postal life insurance.

Online sales have become common due to COVID-19

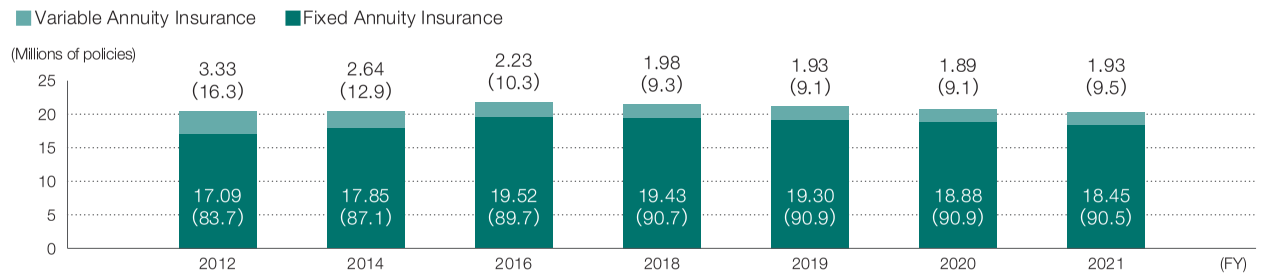
As of the end of FY2021, the number of individual insurance policies in force was 193.01 million, up for the 14th consecutive years. Due to the impact of COVID-19, sales activities combining digital services such as e-mail and online interviews became common in addition to face-to-face sales, and both the number of new individual insurance policies and the volume of new policies increased.
The number of individual annuity insurance policies in force decreased for the fifth consecutive year to 20.39 million (down 1.9% year on year). Regarding the number of policies in force by insurance type, the percentage of variable annuities, which had been declining, increased from 9.1% in FY2020 to 9.5% in FY2021.

Transition of the breakdown of individual life insurance policies



Source: The Life Insurance Association of Japan,"Life Insurance Trends (2022 edition)"

Trends in Policies in Force for Individual Annuity Insurance by Type



Source: The Life Insurance Association of Japan, "Life Insurance Trends (2022 edition)"
Note: Figures in parentheses represent the composition ratio.

The Insurance Industry Trends and Changes in Japan

Environment of the Insurance Industry in Japan

Changes in the Macro Environment

The environment surrounding the insurance industry is changing dramatically. The largest such changes are “the falling birthrate and aging population,” “progress in digital technologies such as autonomous driving,” and “an increase in natural disasters.”

Response to climate change

The intensification of natural disasters in recent years has greatly affected the non-life insurance industry. Because climate change is a serious risk that threatens not only the non-life insurance industry but also people’s lives, livelihoods, and the economy, a global public-private response is required.

The Insurance Industry Following Financial Regulatory Liberalization

Regulatory Liberalization of the Non-Life Insurance Industry

The 1996 revision of the Insurance Business Act brought a shift away from the “convoy system” within the industry and toward liberalization offering the scope for new initiatives. In addition, in response to changes taking place in the insurance industry’s operating environment (insurance product diversification, solicitation channel diversification, and increasing number of agents), the Insurance Business Act revision, which went into full effect in May 2016, included as its main points “the establishment of basic rules for insurance soliciting” and “the introduction of an obligation to put in place a system with respect to insurance solicitors (agents).”

Birth of the Three Mega Insurance Groups

Following the regulatory liberalization of 1996, a progression of mergers and business integrations among non-life insurance companies led to the emergence of the so-called three mega insurance groups: the MS&AD Insurance Group, the Tokio Marine Group, and the Sompo Japan Nipponkoa Group (currently the Sompo Group).

Major Events Following Regulatory Liberalization

1996	April	Revision of the Insurance Business Act ■Mutual entry into the life and non-life insurance business ■Reform of the rating organization system ■Introduction of products and the premium rates notification system, etc.
	October	Mutual entry into the life and non-life insurance business by subsidiaries
1997	September	Approval of risk-subdivision-type automobile insurance
1998	July	Abolition of the obligation for members to use the premium rates calculated by the rating organization
2001	April	Ban on insurance sales by banks partially lifted
2007	September	Implementation of Financial Instruments and Exchange Act
	December	Insurance sales by banks fully liberalized
2010	April	Implementation of the Insurance Act
2014	May	Passing of the law revising the Insurance Business Act
2016	May	Full implementation of the Insurance Business Act revision (implementation of a comparison-recommendation rule and an obligation to grasp customer intentions)

The Insurance Industry Going Forward

Initiatives Regarding Overseas Insurance Markets

Accelerating Overseas Expansion

Major domestic insurance companies are expanding their international business bases given the maturing of the domestic insurance market. In recent years, we have seen many M&A deals in the U.S. market, which is the largest non-life insurance market in the world.

Potential of Emerging Markets

Emerging regions such as Asia, Latin America, the Middle East, and Africa have the potential for significant growth as overseas insurance markets. Among developed countries, the insurance penetration rate (total insurance premiums as a percentage of GDP) averages 9.7%. On the other hand, the insurance penetration rates of emerging markets are relatively low, at 3.0% on average, so those markets can be considered to have growth potential.

Development of Principal Insurance Markets (2021 Total Life and Non-Life Insurance Premiums by Region)

Market or Region	Total Insurance Premiums (¥ billion)	Total Insurance Premiums YoY change	Market Share	Insurance Penetration Rate	Per Capita Premiums (¥)
Americas	335,892.3	3.3%	44.2%	10.0%	327,303
United States/Canada	319,102.8	3.3%	42%	11.4%	862,246
Latin America/the Caribbean	16,789.6	3.7%	2.2%	3.0%	25,595
Europe/Middle East/Africa (EMEA)	220,722.4	6.4%	29%	5.4%	72,242
Developed countries in EMEA	196,430.6	6.6%	25.8%	8.0%	409,295
Central and Eastern Europe/Turkey/Central Asia	9,233.5	4.5%	1.2%	1.1%	18,614
Middle East/Africa	15,058.3	5.0%	2%	2.1%	7,978
Asia Pacific	203,539.5	0.7%	26.8%	5.3%	47,755
Developed countries in Asia Pacific	100,993.2	0.9%	13.3%	9.0%	389,130
China	77,131.0	-1.7%	10.1%	3.9%	53,406
Emerging Asia Pacific except China	25,415.3	7.1%	3.3%	3.3%	9,972
World	**760,154.3**	**3.4%**	**100%**	**7.0%**	**96,839**
(Developed countries)	616,526.5	3.9%	81.1%	9.7%	562,088
(Emerging markets)	143,627.7	1.5%	18.9%	3.0%	21,163

Source: Prepared based on data in “sigma No. 4/2022“ of Swiss Re.
Figures are real figures adjusted for inflation insurance penetration rate = insurance premiums as a share of GDP.
Figures were converted into Japanese yen at the average exchange rate for 2021 (US$1=¥110.80).

Increasing Diversity of Insurance Companies and Sales Channels

Sales channels such as mail-order sales, marketing of insurance products via banks (OTC bank sales), and insurance storefronts have diversified, and the presence of insurance companies specializing in online sales has expanded. In addition, the number of non-life insurance agents has halved in the past 20 years due to the aging and increasing size of agents.

Expanding the Breadth of Products and Services

“Longevity Risk”

Economic risks related to longevity, such as securing living expenses and spending on medical expenses, are increasing.

New Products and Services Related to Medical and Long-Term Nursing Care

The importance of people’s self-help efforts is expected to continue increasing, and the associated role of private-sector insurance companies is becoming large.

Japan’s Insurance Market Viewed from a Global Perspective

Non-Life Insurance

Japan Has the World’s Sixth Largest Market Scale

According to the “sigma” newsletter of Swiss Re, the scale of the non-life insurance market in 147 countries and regions around the world was approximately ¥428 trillion in 2021. The largest market is that of the United States (approximately ¥234 trillion), and Japan’s market is the sixth largest (approximately ¥12 trillion).

Japanese Market Smaller as a Share of GDP

Japan’s insurance premiums as a share of GDP are only 2.2% compared to the global average of 3.9%.

Non-life Insurance Premiums Top 20 Countries (2021)

Ranking	Country/Region	Premium Income (¥ billion)	Premium Income YoY change	Premium Income Market Share	Per Capita Premiums (¥)	As a Share of GDP
1	United States	233,683.5	8.3%	54.6%	704,245	9.1%
2	China	36,638.5	7.2%	8.6%	25,373	1.9%
3	Germany	18,372.6	7.9%	4.3%	220,714	3.9%
4	United Kingdom	12,726.3	11.5%	3.0%	115,121	2.2%
5	France	12,291.6	9.3%	2.9%	164,649	3.4%
6	Japan	11,937.7	-5.3%	2.8%	94,734	2.2%
7	Canada	10,678.0	16.2%	2.5%	279,216	4.8%
8	South Korea	10,098.5	4.7%	2.4%	195,451	5.2%
9	Netherlands	8,739.0	6.5%	2.0%	498,268	7.7%
10	Australia	6,264.6	17.2%	1.5%	243,206	3.5%
11	Italy	5,150.0	7.2%	1.2%	86,978	2.2%
12	Spain	5,046.6	7.7%	1.2%	106,368	3.2%
13	Switzerland	3,627.3	6.1%	0.8%	414,835	4.0%
14	India	3,356.8	11.3%	0.8%	2,438	1.0%
15	Brazil	3,086.3	8.4%	0.7%	14,404	1.7%
16	Belgium	2,724.4	7.5%	0.6%	156,006	2.7%
17	Taiwan	2,699.5	10.0%	0.6%	114,346	3.2%
18	Iran	2,635.3	43.7%	0.6%	31,024	2.0%
19	Mexico	1,898.4	14.8%	0.4%	14,515	1.3%
20	Russia	1,791.5	5.3%	0.4%	12,299	0.9%
-	Other countries (regions)	34,577.1	10.4%	8.1%	-	-
	Total/Average	**428,023.6**	**8.4%**	**100.0%**	**54,514**	**3.9%**

Source: Prepared based on data in “sigma No. 4/2022“ of Swiss Re.
Notes: 1. The “Total/Average” figures are totals of figures for the 147 countries and regions within the scope of the survey in 2021.
2. Exchange rates are the same as those used in the “Development of Principal Insurance Markets” table above.

Life Insurance

Japan Has the World’s Third Largest Market Scale

According to Swiss Re’s “sigma No. 4/2022,” global life insurance premium income amounted to approximately ¥330 trillion in 2021 The figure for Japan was approximately ¥33 trillion, corresponding to 9.9% of the global figure.

Source: Prepared based on data in “sigma No. 4/2022“ of Swiss Re.
Notes: 1. The “Total/Average” figures are totals of figures for the 147 countries and regions within the scope of the survey in 2021.
2. Exchange rates are the same as those used in the “Development of Principal Insurance Markets” table above.

Life Insurance Premiums Top 10 Countries (2021)

Ranking	Country/Region	Premium Income (¥ billion)	Premium Income YoY change	Market Share
1	**United States**	67,548.3	7.5%	20.3%
2	**China**	40,492.5	5.2%	12.2%
3	**Japan**	32,780.2	-1.6%	9.9%
4	**United Kingdom**	31,498.7	19.0%	9.5%
5	**France**	20,547.3	34.9%	6.2%
6	**Italy**	16,176.9	12.9%	4.9%
7	**Germany**	12,183.7	3.0%	3.7%
8	**South Korea**	11,286.8	-1.2%	3.4%
9	**India**	10,712.0	14.2%	3.2%
10	**Taiwan**	9,867.7	-2.3%	3.0%
-	**Other countries/regions**	79,036.5	15.0%	23.8%
-	**Total/Average**	332,130.6	9.9%	100.0%

Glossary of Insurance Terminology

A

Alternative Risk Transfer (ART) Business
A general term referring to the use of techniques other than traditional insurance policies to transfer risks, meaning to provide risk-bearing entities with coverage or protection. ART entails the use of financial technologies and capital markets to provide risk solutions. ART products include derivatives and securitized products, and the typical products include “weather derivatives” and “earthquake derivatives.”

Annualized Premiums
The insurance premium payment method differs depending on the insurance contract. An annualized premium is calculated by adjusting for these differences in payment methods and computing the yearly average paid in premiums. It indicates how much income an insurance company makes from insurance premiums in one year.

Asset Liability Management (ALM)
A general term for the comprehensive management of risks related to assets and liabilities. The value of most of the assets held by insurance companies and other financial institutions is affected by market prices (or market interest rates); in other words, they are at risk. A proper evaluation of risks and returns cannot focus on assets or liabilities alone-the ALM business management methodology seeks to maximize profit, while managing it in a way that pays comprehensive attention to the risk and return of both assets and liabilities.

Assumed Interest Rate
Insurance companies anticipate a certain level of profits from asset management and offer discounts on insurance premiums based on this. This discount rate is called the assumed interest rate.

C

CAPM (Capital Asset Pricing Model)
The capital asset pricing model is used to calculate the rate of return expected by shareholders in the capital market. The correlation of the target company’s stock with the market is determined by the β value (more precisely, the slope estimated by the linear regression equation that explains the fluctuations in the stock prices of the target companies in terms of market price fluctuations). The estimated cost of capital is calculated by adding the risk-free interest rate to the individual equity risk premium, which is the β value multiplied by the equity market risk premium (market return – risk-free interest rate).

Catastrophe Reserves
Most non-life insurance premium rates are set using the “law of large numbers,” but, in a given fiscal year, it is always possible that there will be a major typhoon or other large disaster causing damages on a scale that cannot be absorbed using premium income for that year alone. The catastrophe reserve is provided to prepare to respond to the temporary surge in claims associated with such disasters. For more details, see page 112.

CAT Bond (Catastrophe Bond)
Securities sold by non-life insurance companies to investors to enable the insurance companies to avoid major losses owing to claims paid in connection with major disasters. If there is no occurrence of a disaster on a scale surpassing previously stipulated criterion, then the CAT bonds’ interest and principal will be paid to the investors, but, in the case of such a disaster, the principal will be partially or entirely reduced.

Combined Ratio
An indicator that is the sum of the net loss ratio and the net expense ratio; subtracting this ratio from one gives the underwriting balance ratio. Although the indicator is not adjusted to reflect outstanding claims and underwriting reserve, it reflects profitability for the fiscal period. Used only in the insurance industry, its concept is similar to that of the ratio of operating profit to sales of ordinary companies.

Commissions and Collection Expenses
The total of agent commissions, insurance broker commissions, sales expense, collection expense, reinsurance commissions, and ceded premium commissions. (Note that ceded premium commissions, which are commission incomes pertaining to ceded reinsurance and retrocession premiums, are deductions.)

Compulsory Automobile Liability Insurance (CALI)
To provide relief to victims of traffic accidents, this is compulsory insurance that all motor vehicles must be enrolled in under law. Motorized bicycles are also subject to this requirement. Compulsory automobile liability insurance provides compensation in cases where other persons are killed or injured in traffic accidents, etc. Insurance claims are paid for loss compensation of the other persons.

Core Profit (Fundamental Profit)
Ordinary profit after adjustments for capital profits/(losses) and extraordinary income and losses, which represent profits and losses not stemming from the principal business of life insurance companies; so, Core Profit is an indicator of the profitability of the Company’s principal business operations during a fiscal year. The concept of Core Profit is close to that of ordinary companies’ “operating income” and banks’ “business income.”

Cross-Selling
Concurrent selling of life insurance and non-life insurance products, such as in the case of a non-life insurance agent that sells life insurance products.

D

Direct Insurance
A term used in contrast to reinsurance. When an insurance contract is reinsured, the original insurance that has been reinsured is called direct insurance. It can also be used to refer to all the insurance contracts directly entered into with policyholders by the insurance company.

E

Earned-Incurred Loss Ratio (EI Loss Ratio)
After adjusting for provisions and reversals of loss reserves and ordinary policy liability reserves, the EI loss ratio is an indicator of the loss ratio on a current-period-occurrence basis. It is calculated as follows.
→ Net Loss Ratio
- EI loss ratio = claims incurred ÷ premiums earned
- Claims incurred = period-end net claims paid + (period-end loss reserve – previous period-end loss reserve)
- Premiums earned = previous period-end unearned premiums + net premiums written for the period – period-end unearned premiums

EEV
See “Embedded Value” below.

Embedded Value (EV)
The current value of net assets plus the current value of future profit expected from policies in force (policies in force value). Under current statutory accounting practices, the recognition of costs is concentrated at the time of sales, while the related profits are recognized in subsequent years; so, using those accounting practices to accurately evaluate corporate performance is difficult in some ways. As EV encompasses an evaluation of the current value of future profit expected from policies in force, it is a useful indicator that can be used to supplement statutory accounting practices for the purpose of evaluating companies’ performance and enterprise value.

While the Company has disclosed its EV for some time, since FY2011, it has disclosed its EV calculated based on the European Embedded Value principles (EEV principles*), and this type of EV is referred to as EEV. In addition, the Company’s calculations of EEV employ a market-consistent approach to evaluating liability- and asset-related cash flows that is consistent with the financial products traded in markets.

*The EEV principles were instituted by a CFO Forum (composed of the chief financial officers (CFOs) of major European insurance companies) in May 2004 with the goal of promoting a consistent EV calculation and disclosure method and thereby promoting an increase in transparency.

Enterprise Risk Management (ERM)
A process for determining and evaluating the risks associated with the execution of business operations by an enterprise in an integrated, comprehensive, and strategic manner. It is an integrated risk management method used for maximizing enterprise value.

Equity Ratio
The proportion of equity divided by total assets. Owing to the application of accounting standards concerning financial products and the inclusion of unrealized gains on securities within the balance sheet figures, the equity ratio is also stated based on market value.

ESG
Three concepts of environmental, social, and governance (ESG). In ESG investing, the investor does not focus exclusively on the profit that can be earned from an investment but goes on to consider the impact of the investment on the environment as well as on shareholders, customers, employees, local communities, and other stakeholders. ESG investing essentially entails carrying out CSR when making investment decisions.

Expected Mortality
Based on past statistics, gender-wise and age-wise mortality (or the number of those alive) is predicted, and this information is used for calculating the required amount of insurance premium for future insurance payments. The mortality rate used in these calculations is called the expected mortality.

Expected Operating Expense Ratio
Life insurance companies anticipate all the expenses required for business operation such as concluding contracts, receiving premiums, maintaining and managing policies, and so on in advance. This is called the expected operating expense ratio.

F

Foreign Currency–Denominated Life Insurance
Foreign currency–denominated life insurance calls for the use of a foreign currency (e.g., U.S. dollars, Euros, Australian dollars) to pay insurance premiums and the use of a foreign currency to pay insurance benefits and reimbursements upon policy cancellations. A portion of such life insurance products as whole life insurance, endowment insurance, and fixed/variable individual annuities is sold as foreign currency–denominated products. When the foreign currency benefits from such products are converted into yen, they will be affected by foreign exchange rate fluctuations; so, there is a possibility that the yen-denominated benefits could end up being lower than the yen-denominated value of the premiums paid. The impact of foreign exchange rate fluctuations is referred to as “foreign exchange risk (foreign exchange rate fluctuation risk),” and policyholders and beneficiaries of foreign currency–denominated policies are exposed to those risks.

Full-Time Agents
Agents specializing in the sale of insurance. In the field of non-life insurance, in addition to specialized agents (full-time agents), there are sideline agents that sell insurance alongside their main line of business, such as automobile sales dealers, automobile repair shops, real estate agents, and travel agents.

G

General Insurance Rating Organization of Japan
An insurance rating organization formed by the merger in July 2002 of the Property and Casualty Insurance Rating Organization of Japan (established 1948) and the Automobile Insurance Rating Organization of Japan (established 1964), which were established in accordance with the Act of Non-Life Insurance Rating Organizations. It collects data from member insurance companies and calculates the Reference Loss Cost Rates for automobile insurance, fire insurance, personal accident insurance, and nursing care expense insurance, as well as Standard Rates for compulsory automobile liability insurance and earthquake insurance. It also handles loss adjustment work for compulsory automobile liability, collects insurance data, and conducts research and analysis.

Gross Written Premiums
Premiums written that were received from direct insurance contracts and reinsurance contracts during one fiscal year; they are the premiums written prior to the deduction of reinsurance premiums ceded via reinsurance contracts.

Group Adjusted Profit
Group Adjusted Profit, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and Medium-Term Management Plan (2022–25), is calculated as follows.
Group Adjusted Profit = Consolidated net income + provision for catastrophe reserve and others – other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + equity in earnings of the non-consolidated group companies

Group Adjusted ROE
Group Adjusted ROE, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and the Medium-Term Management Plan (2022–25), is calculated as follows.
Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on B/S of adjusted net assets (consolidated net assets + catastrophe reserve and others – goodwill and other intangible fixed assets)

Group Core Profit
Group Core Profit, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group Core Profit = Consolidated net income – net capital gains/losses on stock portfolio (gains/losses on sales, etc.) – net evaluation gains/losses on credit derivatives – other incidental factors + equity in earnings of the non-consolidated Group companies

Group Return on Equity (Group ROE)
Group ROE, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group ROE = Group Core Profit ÷ consolidated total net assets excluding non-controlling interests (average of beginning and ending amounts of B/S)

I

Income Guarantee Insurance
A type of insurance under which a pension can be claimed after the policyholder's death for the full term of the insurance as decided at the time of entering the contract. The number of times a pension can be claimed depends on the time of death of the policyholder. The minimum number of times a pension can be claimed is guaranteed. If the number of times the pension has been claimed before maturity is less than the guaranteed minimum, the remaining number of times can be claimed.

Incurred but Not Reported Loss (IBNR)
The portion of underwriting reserves corresponding to claims that have been incurred but had not been reported to the company at the end of the period. The IBNR is estimated using statistical methods.
→ Ordinary Outstanding Claims Reserve

Individual Annuity Insurance
Annuity insurance is a financial product used to save premiums and thereby fund the payment of future annuities, and individual annuity insurance is an annuity insurance product provided by private-sector life insurance companies. The annuities are received after the beneficiary reaches an age specified in the policy contract. There are several kinds of individual annuity insurance products defined based on the annuity receipt period, such as whole life annuity with a guarantee period, annuity certain, fixed-term annuity with a guarantee period, and a husband-and-wife annuity.

Insurance Business Act
A law that was enacted to promote the protection of policyholders through ensuring sound and appropriate business operations of insurance companies and fair solicitation of insurance policies. The act lays down organizational and operational rules for insurance businesses, as well as defining the criteria for the administration and supervision of insurance companies and determining the supervision standards and authorities of government units overseeing insurance business operations.

Insurance Claim (Benefit)
In the case of non-life insurance, the sum of money paid by an insurance company to the insured based on the amount of damage incurred due to an insured event. (In the case of life insurance) the sum of money decided beforehand in the insurance contract paid by the insurance company upon the maturity of the contract to the designated beneficiary, in the event of illness or death of the insured person.

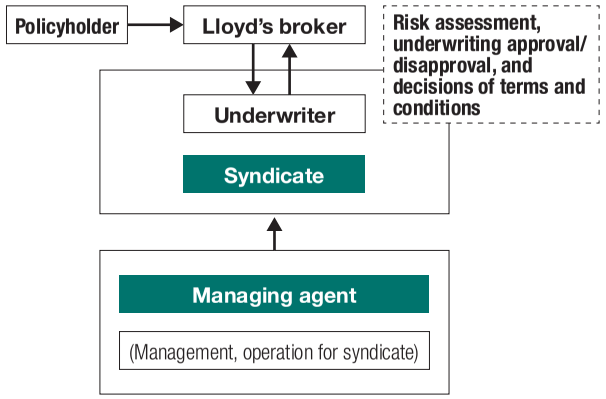
L

Law of Large Numbers
If you roll a die (one dice), a "one" might appear by chance, but if you continue to increase the number of times the die is rolled, the ratio of times that "one" appears will approach one time out of six. As in this case, when the number of trials is increased, the law of large numbers indicates that the results will approach a fixed value. When calculating the probability of accident occurrence, the probability can be forecast by analyzing large volumes of accident data rather than just looking at the accident percentages of a few cases.

Life Insurance Professional
An agent specializing in life insurance or selling life insurance as its main business.

Lloyd's (Insurance Market)
The generic name for an insurance market established in London in the 17th century, having more than a 300-year history. On a day-to-day basis, huge and complex risks are brought to Lloyd's, where that risk is assessed, premiums decided, and insurance underwritten by underwriters that have a high level of specialized expertise and that belong to individual syndicates (the risk underwriting bodies at Lloyd's). Lloyd's is supervised by the British authorities and has a strong management and supervisory system unique to Lloyd's. It is not easy to become a Lloyd's member (syndicate fund contributor) or establish a syndicate as many strict requirements must be satisfied.

As of the end of December 2022, it was underwritten by 77 Lloyd's syndicates, and the gross written premiums in FY2022 for the whole of the Lloyd's market amounted to approximately £46.7 billion.



Long-Term Care Insurance (Nursing Care Insurance)
A kind of insurance that can provide benefits for the purpose of providing long-term nursing care. In Japan, there exists both public long-term care insurance and private long-term care insurance products. Among the latter type of products, there are products that will provide a lump-sum benefit and/or annuities in cases where the beneficiary requires nursing due to being bedridden or suffering dementia for a specified period. There are also products that will provide a lump-sum benefit and/or annuities based on the public long-term care insurance system's primary nursing care requirement authorization.

Loss Adjustment Expense
Personnel expenses and non-personnel expenses (including depreciation costs) as well as various taxes related to the loss adjustment and insurance claim payment operations.

M

Medical Insurance
Medical insurance provides benefits to policyholders when they are hospitalized due to illness or injury or undergo specified types of surgical operations. Some medical insurance policies also provide death benefits on the decease of the beneficiary, but the amount of such benefits is generally small.

Motor Channel Agent
Sideline agents that sell insurance as a side business but are mainly automobile repair shops, used car sales dealers, or automobile-related service providers or motorbike shops. Automobile dealerships that also sell insurance are excluded from this category.

N

Net Claims Paid
Net claims paid is obtained by totaling (adding or subtracting as indicated) items ❶ to ❹ listed below, and plainly shows the amount of insurance claims paid. The payment of insurance claims is the main expenditure involved in the non-life insurance business.

❶ Direct claims paid
–) ❷ Reinsurance claims ceded
+) ❸ Reinsurance claims paid
–) ❹ Retrocession claims ceded
❺ Net claims paid (Income statement item)

Net Expense Ratio
The net expense ratio is obtained by adding the commissions and collection expense to operating expenses and general administrative expenses incurred in the insurance underwriting business and dividing this by net premiums written. It is an indicator of the operational efficiency of an insurance company. The net expense ratio can also be called simply the "expense ratio."

Net Loss Ratio
The net loss ratio is obtained by adding net claims paid and loss adjustment expenses, and dividing this by net premiums written, and it indicates the company's insurance underwriting business performance. It can also be called the "published loss ratio" or the "loss ratio." The net loss ratio is what is called a "written paid basis" indicator, as it can be calculated based simply on written premium and paid claims during the accounting period in question.
→ Earned-Incurred Loss Ratio (EI Loss Ratio)

Net Premiums Written
Net premiums written is obtained by totaling (adding or subtracting as indicated) items ❶ to ❹ listed to the right, and plainly shows the income earned from the non-life insurance business (excluding deposit premiums from policyholders).

❶ Direct premiums written
–) ❷ Reinsurance premiums ceded
+) ❸ Reinsurance premiums written
–) ❹ Retrocession premiums ceded
❺ Net premiums written (Income statement item)

Non-Fleet Grade System (Automobile Insurance)
A system of insurance premium discounts and surcharges based on the accident history applied to non-fleet contracts. The term non-fleet contracts refers to contracts where the total number of contract automobiles owned and used by the policyholder (the number of contracts with other insurance companies included) is nine or less. (Cases where the number of automobiles is 10 or more are referred to as "fleet contracts.") The grades are divided into 20 levels (Grade 1 to Grade 20), and the grade is maintained even if the insurance company changes.
For more details, see page 112.

O

Ordinary Outstanding Claims Reserve
A type of outstanding claims reserve set aside based on an estimation of future liability of individual claims that have occurred and been reported but not yet settled.
→ Incurred but Not Reported Loss (IBNR)

Ordinary Underwriting Reserves
The amount of unearned premiums (premium reserve) or the initial year balance, whichever is greater, is set aside as a liability reserve and called the "ordinary underwriting reserve."
- Unearned premiums (premium reserve): Insurance premiums corresponding to the time remaining on an insurance policy, collected beforehand.
- Initial year balance: Premiums received during the fiscal year less claims paid, reserves for outstanding claims, and other expenses incurred under those contracts.

Outstanding Claims
A reserve fund to fund the claim payment for unpaid insurance payment when an accident has occurred before the balance sheet date.

P

Policies in Force
The outstanding amount of valid insurance policies owned by an insurance company at the end of the fiscal year. It is an indication of the grand total amount (e.g., of insurance) guaranteed to policyholders.

Policy Clauses
The policy clauses define the details of the insurance contract, including the policyholder's obligation to pay the insurance premium and duty of disclosure, as well as the payment amount and terms and conditions of payment by the insurance company. There are two kinds of policy clauses: common policy clauses, which are common to all insurance contracts of the same type, and special policy clauses (clauses containing special policy conditions), which are customized for individual contracts by adding to or changing/limiting some of the provisions in the common policy clauses.

Policyholder
The party applying to an insurance company for an insurance contract is called the policyholder. The policyholder is obliged to pay the insurance premium once the contract is concluded.

Policy Reserve
The reserve set aside by the insurance company at the period-end closing of accounts so that it can fulfill its obligation to pay insurance claims based on insurance contracts. It includes outstanding claims and underwriting reserves, and policyholder dividend reserves.

R

Reinsurance
Reinsurance is a form of insurance that an insurance company purchases to share the risks of its insurance policies with another insurance company.
→ Direct Insurance

Reinsurance Premium
An insurance premium received from another insurance company via a reinsurance contract in return for underwriting a part of the risk.

Reinsurance Premium Ceded
An insurance premium paid to another insurance company via a reinsurance contract in return for covering a part of the risk of the original insurance contract, for purposes such as risk diversification.

Reorganization by Function
An unprecedented business model made possible by the 2013 revision of Japan's Insurance Business Act. Reorganization by Function calls for making the most of the strengths of each group insurance company while undertaking business reorganization. While enabling the bypassing of the negative aspects of simple corporate mergers-including temporary costs and the business impediments, time losses, and various other problematic factors that often arise at the time of mergers-Reorganization by Function is designed to realize smooth business integration without slowing the speed of business growth, and it concurrently enables the leveraging of individual companies' strengths and the realization of efficiency in the pursuit of business scale and profitability.

Reserve for Price Fluctuation
In accordance with the Insurance Business Act revised in 1996, this reserve is provided to cover losses incurred from future decreases in prices of assets such as stocks and bonds for which the value is likely to fluctuate.

Retrocession Premium
When a reinsurance company reinsures a certain portion of the accepted reinsurance risks to other reinsurers, a reinsurance company pays a retrocession premium to other reinsurers based on the retrocession contracts.

S

Solvency Margin Ratio
The solvency margin of an insurance company, including its capital and reserves, seen as a percentage of a risk amount greater than what can be ordinarily expected, which might include catastrophic disasters or a massive drop in the price of owned assets. It is an indicator of the soundness of the company's management.
Solvency margin ratio = solvency margin ÷ half of total risk amount greater than what can be ordinarily expected

Strategic Equity
Investments in stocks with the intention of holding the stock over a long period to maintain and strengthen general business relationships with the issuer, while also securing a stable stream of investment income and improving asset value over the long run.

T

Telematics
A combination of "telecommunication" and "informatics," telematics refers to information services provided by equipping automobiles and other mobile objects with communications systems. Telematics automobile insurance refers to automobile insurance with the premium rates calculated based on the collected data that relate to the driver's driving tendency such as miles driven and the driver's use of accelerator and brake functions.

Term Insurance
A type of insurance where the term of the insurance is fixed and the insurance benefits can be claimed only if the policyholder dies during the term. There are no maturity proceeds. This is ordinarily a fixed-amount insurance, where the insurance amount is fixed and remains unchanged throughout the term of insurance, but it could also be a decreasing term insurance, where the insurance premium is fixed and the insurance amount progressively decreases over the insurance term, and increasing term insurance, where the insurance amount increases over the duration of the insurance term.
→ Whole Life Insurance

Third Sector
The third "sector" of insurance, positioned somewhere between the first sector (life insurance) and second sector (non-life insurance), includes many different types of insurance, such as medical insurance, cancer insurance, nursing care insurance, and accident insurance.

Three Surplus Factors (Life Insurance)
The "three surplus factors" refer to three margins: the "administrative expense margin," which is the difference between the planned administrative expense based on the planned expense ratio and the actual administrative expenses; the "risk margin (mortality margin)," which is the difference between the planned payment amounts from insurance, benefits, etc., based on the planned mortality rate and the actual payment amounts from insurance, benefits, etc.; and the "investment yield margin," which is the difference between the planned investment income based on the planned interest rate and the actual investment income. (If the investment yield margin is negative, it will be in a "negative spread" state.) The three surplus factors are a breakdown of "core profit," which is an indicator of the periodic profit and loss situation of a life insurance company.

Tontine-Type Annuity
A tontine-type annuity is a pension arrangement whereby payments to deceased members are terminated and their portion redistributed to surviving members, thus paying more to those who live longer. It originates in a pension system devised by the Italian Lorenzo Tonti.

U

Underwriting Profit (Loss)
Claims payment and loss adjustment expenses, maturity refunds and other underwriting expenses, and operating expenses and other general administrative expenses required for insurance underwriting are subtracted from net premiums written and other underwriting profit, and this is then adjusted to reflect other income and expenditure (such as expenses associated with compulsory automobile liability insurance, etc., corresponding to corporate taxes) to calculate underwriting profit (loss).
As for non-life insurance companies, the principal revenue sources are underwriting income and investment income, and underwriting profit indicates the profitability level of underwriting operations.

Underwriting Reserves
The general term for reserve funds set aside by insurance companies based on the legal requirement, for use toward insurance claims payments and other insurance-related obligations that could arise in the future. Underwriting reserves are broadly classified into five types:
❶ ordinary underwriting reserves, ❷ catastrophe reserves, ❸ contingency reserves, ❹ refund reserves, and ❺ policyholder dividend reserves.

V

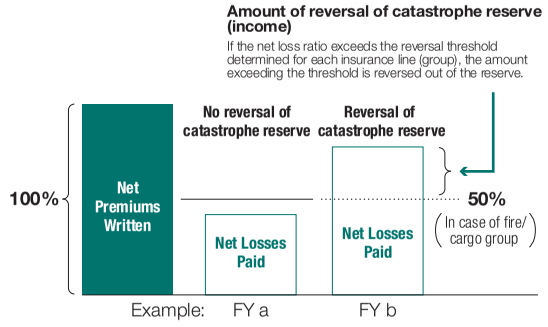
Variable Insurance
An insurance product where the premium is invested in stocks, bonds, and other assets, and the insurance payment or payout upon cancellation varies depending on the performance of the investment. The investment risk (the risk fluctuation in pension or cancellation payout) is borne by the individual policyholder. When the policyholder dies, the beneficiary can claim the basic insurance + variable insurance. The basic insurance is a minimum amount guaranteed to the policyholder irrespective of the investment fund's performance. Even when the variable insurance is negative, the basic insurance can be claimed.

W

Whole Life Insurance
Of the types of insurance providing for the receipt of death benefits on death, this is a type that is not for a fixed period but continues for a lifetime and does not have benefits on maturity.
→ Term Insurance

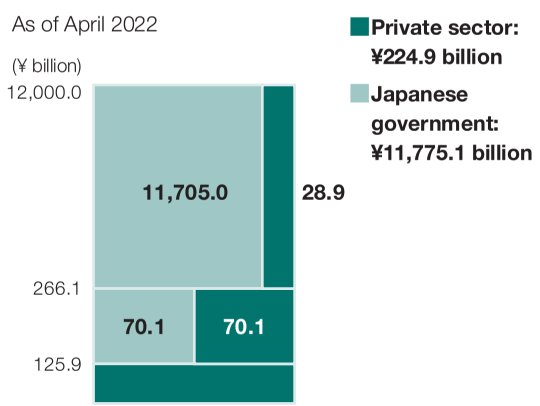
Accounting Line-Item Terminology
Please refer to the Guide Book for the Understanding of Disclosure Materials of Non-Life Insurance Companies 1 (prepared by the General Insurance Association of Japan) and the Life Insurance Company Disclosure Notes Glossary 2 (prepared by the Life Insurance Association of Japan) for details of accounting line items and other pertinent information.
1. https://www.sonpo.or.jp/report/publish/accounting/0004.html (Japanese only)
2. https://www.seiho.or.jp/data/publication/tora/ (Japanese only)

Catastrophe Reserves
- These are reserves that insurance companies set aside to prepare for major disasters (e.g., typhoons, earthquakes) for which the "law of large numbers" does not function.
- The funds are accumulated as reserves (expense posted) at a certain percentage of each fiscal year's net premiums written.
- If a fiscal year's loss ratio (ratio of net losses paid to net premiums written) exceeds a certain threshold, reserves are reversed and posted as income.
- This is one of the mechanisms used to mitigate the impact on an insurance company's fiscal year profit and to guarantee it has a suitable capacity to pay insurance claims.

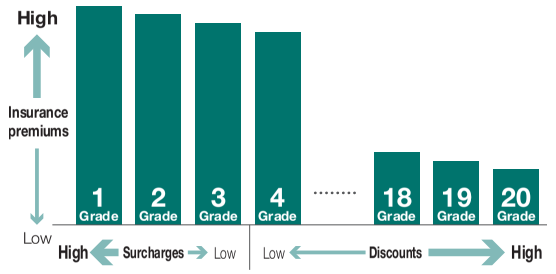


About Residential Earthquake Insurance
Based on Japan's Law Concerning Earthquake Insurance (the Earthquake Insurance Act), residential earthquake insurance is operated jointly by the government and non-life insurance companies. Reflecting the significant impact that earthquakes can have on society, residential earthquake insurance is a prerequisite for and incidental to fire insurance. Recognizing the substantial damage that is likely to occur in the event of a large-scale earthquake, residential earthquake insurance involves a government reinsurance underwriting mechanism in preparation for the payment of massive insurance amounts. For their part, non-life insurance companies forego the accumulation of profits in similar fashion to compulsory automobile liability insurance. Premiums are set aside as a reserve to cover insurance payments in the event of an earthquake in the future.

Government and Private-Sector Burdens
As of April 2022

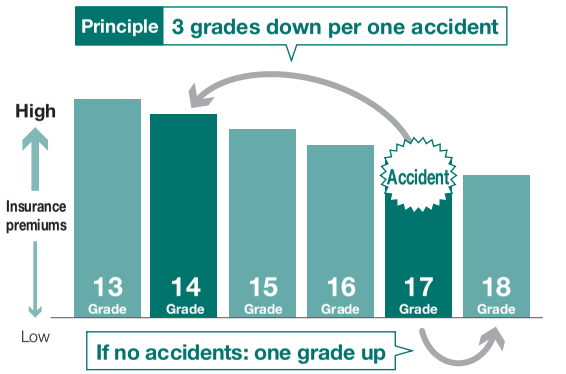


Non-Fleet Grade System (Automobile Insurance)
- This system applies discount percentages to grades defined from Grade 1 to Grade 20.

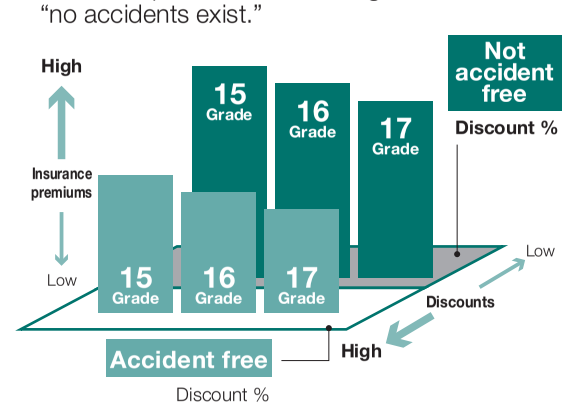


- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

*Depending on the accident type and the type of claim received, there are cases where the grade drops by only a one-grade increment and cases where the matter is not counted as an accident.



- Even at the same grade, discount percentages differ, depending on whether there have been accidents in the past. When "accidents exist," insurance premiums are set higher than when "no accidents exist."

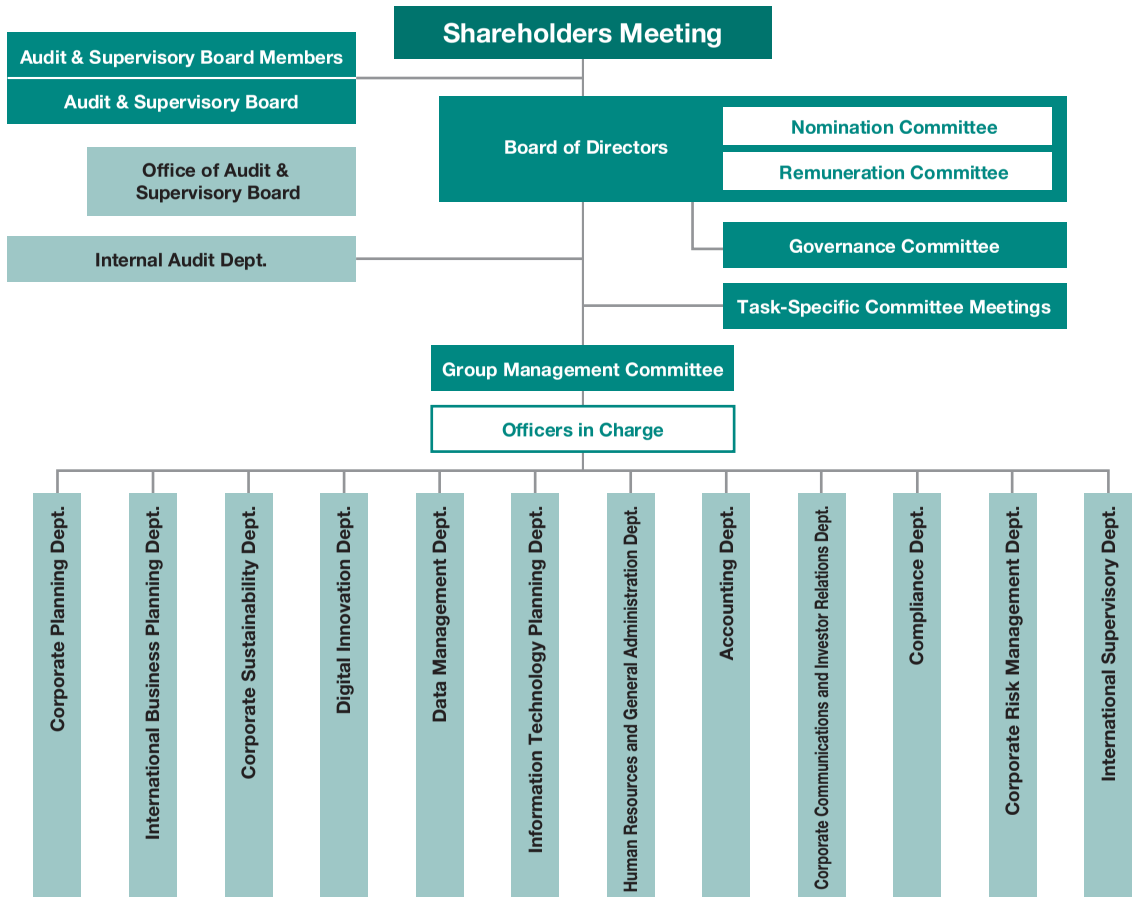


Corporate Profile

MS&AD Insurance Group Holdings is an insurance holding company. The Company controls the entire MS&AD Insurance Group, planning strategies and allocating management resources across the Group, as well as monitoring and overseeing Group companies. The Company has thus established a system for Group corporate governance. The Company will be the force to maximize the total potential of the Group, forming the center of efforts to raise the level of management control, pursue Group synergies, accelerate decision-making, and develop human assets through various business frameworks and personnel systems.

Corporate Name	MS&AD Insurance Group Holdings, Inc.
Date Established	April 1, 2008 (Name changed on April 1, 2010)
Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan
Representative	Noriyuki Hara, Representative Director, President & CEO
Paid-in Capital	¥100,808 million (as of March 31, 2023)
Number of Employees	418 (38,584 on a consolidated basis) (as of March 31, 2023)
Business Description	Activities as an insurance holding company are as follows: 1. Management and administration of non-life insurance companies, life insurance companies, and companies that it might own as its subsidiaries under the Insurance Business Act, and business incidental thereto; 2. Any business associated with the above under the Insurance Business Act.
Stock Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Independent Auditor	KPMG AZSA LLC

MS&AD Insurance Group Holdings, Inc. Organizational Chart (as of April 1, 2023)



Stock and Shareholders (as of March 31, 2023)

1 Summary of Issued Shares

Class of Stock	Common stock	**Total Number of Authorized Shares**	900,000,000
Total Number of Issued Shares	535,967,347	**Number of Shareholders**	82,003

2 Shareholding Profile

Breakdown by Sector

	Japanese Financial Institutions	Japanese Securities Companies	Other Japanese Companies	Foreign Companies and Individuals	Japanese Individuals and Others	Total
Number of Shareholders	175	57	1,610	962	79,199	82,003
Number of Shares Held (Millions)	187.08	34.25	88.15	167.18	59.29	535.96
Percentage of Shares Issued	34.9%	6.4%	16.4%	31.2%	11.1%	100%

Breakdown by Number of Shares Held

	1–99	100–999	1,000–9,999	10,000–99,999	100,000 and Above	Total
Number of Shareholders	23,483	44,625	12,506	1,047	342	82,003
Percentage of All Shareholders	28.6%	54.4%	15.3%	1.3%	0.4%	100%

Breakdown by Region

	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
Number of Shares (Millions)	1.09	2.92	274.99	66.73	16.40	2.10	2.12	2.41	167.16	535.92
Percentage of Shares Issued	0.2%	0.6%	51.3%	12.5%	3.1%	0.4%	0.4%	0.4%	31.2%	100%

3 Major Shareholders

(as of March 31, 2023)

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	78,193	14.60
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	52,610	9.82
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	36,325	6.78
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	28,800	5.38
JP MORGAN CHASE BANK 380055 (Standing agent: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	270 Park Ave., New York, NY 10017, USA (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	16,494	3.08
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Japan	11,635	2.17
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	1776 Heritage Dr., North Quincy, MA 02171, USA (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	9,864	1.84
Barclays Securities Japan Limited	31st Floor, Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku, Tokyo	6,455	1.20
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo	6,077	1.13
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	6,018	1.12
Total		252,474	47.13

Note: The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.
The Company owns 267 thousand treasury shares, but these are omitted from the table above.

4 Changes in Total Number of Issued Shares, Paid-in Capital, and Capital Reserves

Date	Issued Shares		Paid-in Capital		Capital Reserves	
	Increase/Decrease	Balance	Increase/Decrease	Balance	Increase/Decrease	Balance
July 22, 2020*1	181 thousand	593,473 thousand	¥276 million	¥100,276 million	¥276 million	¥729,532 million
July 27, 2021*1	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022*1	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
November 30, 2022*2	(57,800) thousand	535,967 thousand	–	¥100,808 million	–	¥730,064 million

Notes:
1. The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
2. The decrease in the total number of issued shares was due to the retirement of treasury shares.

5 Basic Information

Fiscal Year
April 1 to March 31 of the following year

Annual Shareholders' Meeting
Within three months from the end of each fiscal year

Record Date
Ordinary General Meeting of Shareholders: March 31, every year
Year-end dividends: March 31, every year
Interim dividends: September 30, every year

Method of Public Notification
Electronic reporting can be found online at
https://www.ms-adhd.com/ja/ir/notification.html (Japanese only)
In the event of an incident or other event that prevents electronic reporting, the Company will publish its notifications in the Nikkei newspaper.

Stock Exchange Listings
Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market)

Administrator of Shareholders' Registry
Sumitomo Mitsui Trust Bank, Limited

Place of Business of Administrator of Shareholders' Registry:
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept.
(1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan)

Special Account Management Institution:
Sumitomo Mitsui Trust Bank, Limited*

(Postal Address)
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept.
(2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan)

Telephone Inquiry
0120-782-031

* Following a share exchange effective April 1, 2010, the Company inherited the responsibility for a special account that was established on the same day for the shareholders of Aioi and NDI. As a result, the special account management institution for prior shareholders of these two companies will continue to be Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo).

Group Business Schematic (as of March 31, 2023)

The primary businesses undertaken by MS&AD Holdings and its Group companies (subsidiaries and affiliates), and the main Group companies undertaking each business, are listed below.

Business Overview

MS&AD INSURANCE GROUP HOLDINGS, INC.

★ **MITSUI SUMITOMO INSURANCE COMPANY, LTD. (Mainly the Domestic Non-Life Insurance Business)**

〈International Businesses〉
★ MSIG Holdings (U.S.A.), Inc.〈U.S.A.〉
★ Mitsui Sumitomo Insurance USA Inc.〈U.S.A.〉
★ Mitsui Sumitomo Insurance Company of America〈U.S.A.〉
★ MSIG Specialty Insurance USA Inc.〈U.S.A.〉
★ Transverse Insurance Group, LLC〈U.S.A.〉
★ Transverse Specialty Insurance Company〈U.S.A.〉
★ Transverse Insurance Company〈U.S.A.〉
★ TRM Specialty Insurance Company〈U.S.A.〉
★ Mitsui Sumitomo Seguros S/A.〈BRAZIL〉
★ MS Amlin Corporate Member Limited〈U.K.〉
★ MS Amlin Underwriting Limited〈U.K.〉
★ MSI Corporate Capital Limited〈U.K.〉
★ Mitsui Sumitomo Insurance Company (Europe), Limited〈U.K.〉
★ MS Amlin AG〈SWITZERLAND〉
★ MSIG Insurance Europe AG〈GERMANY〉
★ MS Amlin Insurance SE〈BELGIUM〉
★ MSIG Insurance (Singapore) Pte. Ltd.〈SINGAPORE〉
★ MS First Capital Insurance Limited〈SINGAPORE〉
★ MSIG Mingtai Insurance Co.,Ltd.〈TAIWAN〉
★ MSIG Insurance (Hong Kong) Limited〈HONG KONG〉
★ Mitsui Sumitomo Insurance (China) Company Limited〈CHINA〉
★ MSIG Insurance (Vietnam) Company Limited〈VIETNAM〉
● Cholamandalam MS General Insurance Company Limited〈INDIA〉
● Max Financial Services Limited〈INDIA〉
● Max Life Insurance Company Limited〈INDIA〉
★ PT. Asuransi Jiwa Sinarmas MSIG Tbk〈INDONESIA〉
★ PT. Asuransi MSIG Indonesia〈INDONESIA〉
● Ceylinco Insurance PLC〈SRI LANKA〉
★ MSIG Insurance (Thailand) Public Company Limited〈THAILAND〉
● BPI/MS Insurance Corporation〈PHILIPPINES〉
★ MSIG Insurance (Malaysia) Bhd.〈MALAYSIA〉
● Hong Leong Assurance Berhad〈MALAYSIA〉
★ MSIG Insurance (Lao) Co., Ltd.〈LAOS〉

〈Financial Services Business and Risk-Related Services Business〉
★ MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.〈Japan〉
● Sumitomo Mitsui DS Asset Management Company, Limited〈Japan〉
★ Leadenhall Capital Partners LLP〈U.K.〉
★ MS Financial Reinsurance Limited〈BERMUDA〉

★ **AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED (Mainly the Domestic Non-Life Insurance Business)**

〈Domestic Non-Life Insurance Business〉
★ Little Family SS Insurance Co., Ltd.

〈International Businesses〉
★ DTRIC Insurance Company, Limited〈U.S.A.〉
★ DTRIC Insurance Underwriters, Limited〈U.S.A.〉
★ Aioi Nissay Dowa Europe Limited〈U.K.〉
★ Aioi Nissay Dowa Insurance UK Limited〈U.K.〉
★ Aioi Nissay Dowa Life Insurance of Europe AG〈GERMANY〉
★ Aioi Nissay Dowa Insurance Company of Europe SE〈LUXEMBOURG〉
★ Aioi Nissay Dowa Insurance Company Australia Pty Ltd〈AUSTRALIA〉
★ Aioi Nissay Dowa Insurance (China) Company Limited〈CHINA〉

★ **MITSUI DIRECT GENERAL INSURANCE COMPANY, LIMITED (Domestic Non-Life Insurance Business)**

★ **MITSUI SUMITOMO AIOI LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)**

★ **MITSUI SUMITOMO PRIMARY LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)**

〈International Businesses〉
● Challenger Limited〈AUSTRALIA〉
● BOCOM MSIG Life Insurance Company Limited〈CHINA〉

〈Financial Services Business and Risk-Related Services Business〉
★ MS&AD InterRisk Research & Consulting, Inc.

Notes: 1. The primary consolidated subsidiaries and other entities in each business are listed.
2. The symbols indicate the following: ★: Consolidated subsidiary ●: Equity-method affiliate

Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Oct. 21, 1918	Domestic Non-Life Insurance	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic Non-Life Insurance	¥100,005 million	100.0	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	June 3, 1999	Domestic Non-Life Insurance	¥39,106 million	100.0	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic Life Insurance	¥85,500 million	100.0	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Sept. 7, 2001	Domestic Life Insurance	¥41,060 million	100.0	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Aug. 1, 2019	Domestic Non-Life Insurance	¥75 million	-	97.3%
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1 billion	-	100.0
MS&AD InterRisk Research Institute & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Risk-Related Services	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Oct. 21, 1988	International	US$1,362 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Jan. 28, 1988	International	US$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	March 29, 2001	International	US$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Jan. 11, 1994	International	US$5,000 thousand	-	100.0
Transverse Insurance Group, LLC	Delaware, U.S.A.	June 26, 2018	International	US$107,695 thousand	-	100.0
Transverse Specialty Insurance Company	Dallas, U.S.A.	Nov. 18, 1982	International	US$5,000 thousand	-	100.0
Transverse Insurance Company	Dallas, U.S.A.	March 14, 1961	International	US$4,200 thousand	-	100.0
TRM Specialty Insurance Company	Dallas, U.S.A.	Nov. 5, 1987	International	US$2,500 thousand	-	100.0
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Dec. 12, 1978	International	US$4,500 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Feb. 2, 2007	International	US$2,500 thousand	-	100.0
Mitsui Sumitomo Seguros S/A.	São Paulo, Brazil	Dec. 15, 1965	International	BRL619,756 thousand	-	100.0
Aioi Nissay Dowa Europe Limited	London, U.K.	Nov. 8, 2017	International	UK£350,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Dec. 11, 2017	International	UK£135,100 thousand	-	100.0
MS Amlin Corporate Member Limited	London, U.K.	Sept. 19, 1994	International	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	London, U.K.	Nov. 29, 1988	International	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	London, U.K.	Jan. 7, 2000	International	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	July 28, 1972	International	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	London, U.K.	April 30, 2008	Financial Services	US$2,850 thousand	-	80.0
MS Amlin AG	Zurich, Switzerland	Aug. 19, 2010	International	CHF10,000 thousand	-	100.0
MSIG Insurance Europe AG	Cologne, Germany	April 20, 2012	International	€184,000 thousand	-	100.0
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Dec. 8, 2005	International	€5,000 thousand	-	100.0
MS Financial Reinsurance Limited	Hamilton, Bermuda	Nov. 21, 2011	Financial Services	¥46 million	-	100.0%
MS Amlin Insurance SE	Brussels, Belgium	Jan. 4, 2016	International	€140,000 thousand	-	100.0
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Nov. 12, 2004	International	€41,875 thousand	-	100.0
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Sept. 23, 2004	International	S$333,442 thousand	-	100.0
MS First Capital Insurance Limited	Singapore, Singapore	Dec. 9, 1950	International	S$26,500 thousand	-	97.7
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Aug. 1, 2008	International	A$87,800 thousand	-	100.0
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Sept. 22, 1961	International	NT$2,535 million	-	100.0
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Sept. 8, 2004	International	HK$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C	Jan. 23, 2009	International	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Sept. 6, 2007	International	RMB500,000 thousand	-	100.0
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Feb. 2, 2009	International	VND300,000 million	-	100.0
PT. Asuransi Jiwa Sinarmas MSIG Tbk	Jakarta, Indonesia	July 17, 1984	International	IDR210,000 million	-	80.0
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Dec. 17, 1975	International	IDR100,000 million	-	80.0
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	April 14, 1983	International	THB142,666 thousand	-	86.4
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	April 28, 1979	International	MYR1,511 million	-	65.4 [1.4]
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Sept. 18, 2009	International	US$2,000 thousand	-	51.0
56 other companies						

2. EQUITY-METHOD AFFILIATES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
au Insurance Company, Limited	Minato-ku, Tokyo	Feb. 23, 2010	Domestic Non-Life Insurance	¥3,150 million	-	49.0%
Sumitomo Mitsui DS Asset Management Company, Limited	Minato-ku, Tokyo	July 15, 1985	Financial Services	¥2,000 million	-	15.0
Challenger Limited	Sydney, Australia	Sept. 13, 1985	International	A$2,513 million	15.2%	-
BoCommLife Insurance Company Limited	Shanghai, P.R.C.	July 4, 2000	International	RMB5,100 million	37.5	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Nov. 2, 2001	International	INR2,988 million	-	40.0
Max Financial Services Limited	Nawanshahr, India	Feb. 24, 1988	International	INR690,065 thousand	-	21.9
Max Life Insurance Company Limited	Chandigarh, India	July 11, 2000	International	INR19,188 million	-	[87.0]
Ceylinco Insurance PLC	Colombo, Sri Lanka	Feb. 11, 1987	International	LKR1,324 million	-	15.0
BPI/MS Insurance Corporation	Makati, Philippines	Oct. 1, 1965	International	PHP350,000 thousand	-	48.5
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Dec. 20, 1982	International	MYR200,000 thousand	-	30.0
Two other companies						

Note: Figures in brackets [ ] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

1996 Start of Japan's Big Bang (financial system reform)

1997 Development of original products

1998 Deregulation of premium rate

1999 2000 Diversification of insurance products

2001 End of Japan's Financial Big Bang, First industry realignment

2002 2006 2009 Second industry realignment, Strengthening of policyholder protection/deregulation

2010 2012 2013 2016 Strengthening corporate governance

2023 Digital innovation

- 1996 ● Revision of the Insurance Business Act
  - Mutual entry into non-life and life insurance business by subsidiaries
  - Reform of Insurance Rating Organization system
  - Introduction of products and premium rates notification system
- 1997 ● Approval of risk-subdivision-type automobile insurance
- 1998 ● Abolition of obligation for members to use the premium rates calculated by the Rating Organization (Transitional Measures: 2 years)
  ● Introduction of an insurance holding company system
- 2001 ● Ban on OTC bank sales of insurance partially lifted
- 2006 ● Review of the policyholder protection system
  ● Introduction of a small-amount, short-term insurance system
- 2007 ● Implementation of Financial Instruments and Exchange Act
  ● OTC bank sales of insurance fully liberalized
- 2010 ● Implementation of the Insurance Act
- 2012 ● Review, etc., of regulations relating to the transfer of insurance contracts
- 2013 ● Introduction of an insurance soliciting subcontracting system
- 2016 ● Establishment of basic rules for insurance soliciting
  ● Development, etc., of regulations relating to insurance solicitation
- 2021 ● Digitization of ancillary operations and addition of operations that contribute to regional revitalization, etc.

History of the MS&AD Insurance Group

Mitsui Marine & Fire Insurance Co., Ltd. (Founded in 1918)
In 1918, this company was established as Taisho Marine & Fire Insurance Co., Ltd., with the support of a wide range of companies from many industries centered on Mitsui & Co., Ltd. Besides beginning direct underwriting operations in Thailand in 1934 and undertaking other moves to expand its overseas sales systems from an early stage, the company initiated fund procurement through the issuance of depositary receipts in London from 1964 and otherwise responded to the era of internationalization. It merged with Shin Nippon Fire in 1941 and with Mitsui Fire in 1944. In 1991, it changed its name to Mitsui Marine & Fire.

Sumitomo Marine & Fire Insurance Co., Ltd. (Founded in 1893)
This company was established as Osaka-based Osaka Insurance in 1893 by interests related to the copper and trading industries. Another predecessor company, Tokyo-based Fuso Marine, was established in 1917. Its management was later transferred to Sumitomo, and it was renamed Sumitomo Marine. Osaka Insurance and Sumitomo Marine merged in 1944, creating Osaka Sumitomo Marine. In 1954, the company's head office was moved to Tokyo, and the company's name was changed to Sumitomo Marine. In response to Japanese companies' moves to establish overseas operations, it progressively built up an overseas sales system.

Dai-Tokyo Fire & Marine Insurance Co., Ltd. (Founded in 1918)
Established in 1918 as Tokyo Dosan Fire, which was engaged in the basic fire insurance business, this company merged with Toshin Fire, which was engaged in the general fire insurance business, in 1944 to create Dai Tokyo Fire. From the early 1960s, Dai Tokyo Fire proactively worked to expand its automobile insurance business. It built one of the industry's top claims handling systems in automobile insurance and organized a network of car repair and maintenance shops, thereby earning the epithet "Dai Tokyo of car repair and maintenance agencies."

Chiyoda Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Otaru Cargo Fire, this company merged with Okura Fire of the Okura zaibatsu in 1944. In 1945, it merged with the former Chiyoda Fire, which was established as a sister company of Chiyoda Life, and it changed its name to Chiyoda Fire in 1946. After the war, Chiyoda Fire cooperated with Tokai Bank and built strong ties with the financial industry in the greater Nagoya region. After building ties with Toyota Motor Sales Co., Ltd., it developed as a company with particularly strong operations in automobile insurance.

Dowa Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Yokohama Fire, it merged with four companies based in the Kansai region—Kobe Marine, Kyodo Fire, and Asahi Marine—in 1944 to create Dowa Fire. After the war, it redeveloped aviation insurance and developed satellite insurance products, earning a reputation as being particularly strong in the aerospace field, and it maintained one of the industry's top levels of financial soundness.

Established in 1996: **Nissay General Insurance Co., Ltd.**

Business started in 2000: **Mitsui Direct General Insurance Co., Ltd.**

Established in 1996:
- **Mitsui Mirai Life Insurance Co., Ltd.**
- **Sumitomo Marine Yu-Yu Life Insurance Co., Ltd.**
- **Dai-Tokyo Shiawase Life Insurance Co., Ltd.**
- **Chiyoda Kasai Ebisu Life Insurance Co., Ltd.**

Note: Because the 1996 Revision of the Insurance Business Act removed the prohibition of life and non-life insurance companies moves to enter each other's insurance sector through subsidiaries, Mitsui Marine & Fire, Sumitomo Marine & Fire, Dai-Tokyo Fire & Marine, and Chiyoda Fire & Marine each established a life insurance subsidiary and began engaging in the life insurance business.

Merged in 2001: **Mitsui Sumitomo Insurance Co., Ltd.**

Merged in 2001: **Aioi Insurance Co., Ltd.**

Merged in 2001: **Nissay Dowa General Insurance Co., Ltd.**

Merged in 2001:
- **Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.**
- **Aioi Life Insurance Co., Ltd.**

Business started in 2002: **Mitsui Sumitomo CitiInsurance Life Insurance Co., Ltd.**

Company name changed in 2005: **Mitsui Sumitomo MetLife Insurance Co., Ltd.**

Established in 2008: **Mitsui Sumitomo Insurance Group Holdings (MSIGHD)**
Mitsui Sumitomo Insurance Co., Ltd., Mitsui Sumitomo Kirameki Life Insurance Co., Ltd., Mitsui Sumitomo MetLife Insurance Co., Ltd., and Mitsui Direct General Insurance Co., Ltd., became subsidiaries of MSIGHD.

2010 Establishment of the MS&AD Insurance Group

Company name changed in 2010: **MS&AD Insurance Group Holdings, Inc.**

Mitsui Sumitomo Insurance Co., Ltd.

Merged in 2010: **Aioi Nissay Dowa Insurance Co., Ltd.**

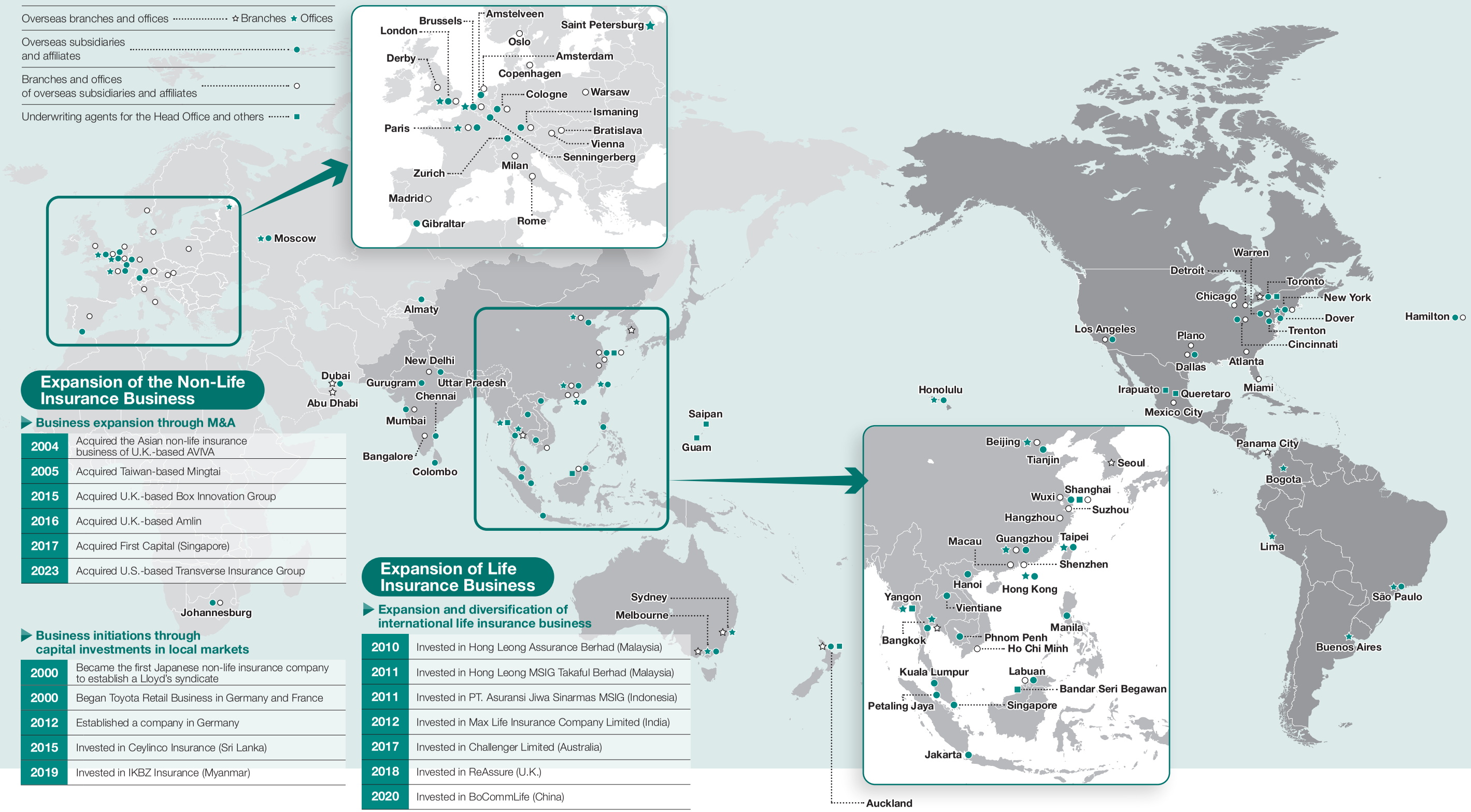
Mitsui Direct General Insurance Co., Ltd.

Inaugurated in 2011: **Mitsui Sumitomo Aioi Life Insurance Co., Ltd.**

Company name changed in 2011: **Mitsui Sumitomo Primary Life Insurance Co., Ltd.**

- 2019 Sumitomo Mitsui DS Asset Management Company, Limited established
- 2011 au Insurance Company, Limited, established
- 2019 Little Family SS Insurance Co., Ltd., established
- 2022 Mitsui Direct General Insurance Co., Ltd., becomes a wholly owned subsidiary
- 2020 MS&AD GRAND ASSISTANCE Co., Ltd., established

Group Network and History of International Business (as of July 1, 2023)



Expansion of the Non-Life Insurance Business

▶ Business expansion through M&A

2004	Acquired the Asian non-life insurance business of U.K.-based AVIVA
2005	Acquired Taiwan-based Mingtai
2015	Acquired U.K.-based Box Innovation Group
2016	Acquired U.K.-based Amlin
2017	Acquired First Capital (Singapore)
2023	Acquired U.S.-based Transverse Insurance Group

▶ Business initiations through capital investments in local markets

2000	Became the first Japanese non-life insurance company to establish a Lloyd's syndicate
2000	Began Toyota Retail Business in Germany and France
2012	Established a company in Germany
2015	Invested in Ceylinco Insurance (Sri Lanka)
2019	Invested in IKBZ Insurance (Myanmar)

Expansion of Life Insurance Business

▶ Expansion and diversification of international life insurance business

2010	Invested in Hong Leong Assurance Berhad (Malaysia)
2011	Invested in Hong Leong MSIG Takaful Berhad (Malaysia)
2011	Invested in PT. Asuransi Jiwa Sinarmas MSIG (Indonesia)
2012	Invested in Max Life Insurance Company Limited (India)
2017	Invested in Challenger Limited (Australia)
2018	Invested in ReAssure (U.K.)
2020	Invested in BoCommLife (China)

Developing Business in Major Countries/Regions

1924	1934	1956	1957	1958	1962	1966	1969	1970	1974	1977	1978	1997	1999	2001	2003	2005	2010	2015
U.K. (Office)*	Thailand	U.K.	U.S./ Hong Kong	Singapore/ Germany	Malaysia	Australia	Indonesia	New Zealand	Brazil	Philippines	France	Vietnam	Taiwan	China (Shanghai)	India	Cambodia	Laos	Myanmar/ South Africa (Office)*

Items not marked with * indicate the year in which a direct insurance license was acquired.

Global Network (as of July 1, 2023)

☆: Overseas Branches ★: Overseas Offices ●: Major Subsidiaries and Associates
△: Branches or Offices of Major Subsidiaries and Associates ■: Underwriting Agents for the Head Office

ASIA AND OCEANIA

SINGAPORE	MS&AD Holdings	● Interisk Asia Pte Ltd
	MSI	● MSIG Asia Pte. Ltd. ● MSIG Insurance (Singapore) Pte. Ltd. ● MS First Capital Insurance Limited
	ADI	● Aioi Nissay Dowa Services Asia Pte. Ltd.
THAILAND	MS&AD Holdings	● InterRisk Asia (Thailand) Co., Ltd.
	MSI	☆ Thailand Branch ● MSIG Insurance (Thailand) Public Company Limited ● MSI Holding (Thailand) Company Limited ● MSIG Service and Adjusting (Thailand) Company Limited ● Calm Sea Service Company Limited ● MBTS Broking Services Company Limited ● Ueang Mai Co., Ltd. ● Yardhimar Company Limited
	ADI	★ Bangkok Representative Office ● Aioi Bangkok Insurance Public Company Limited ● Bangkok Chayoratn Company, Limited ● Bangkok Chayolife Company, Limited
MALAYSIA	MSI	● MSIG Insurance (Malaysia) Bhd. ● MSIG Berhad ● Hong Leong Assurance Berhad ● Hong Leong MSIG Takaful Berhad
PHILIPPINES	MSI	● BPI/MS Insurance Corporation
INDONESIA	MSI	● PT. Asuransi MSIG Indonesia ● PT. Asuransi Jiwa Sinarmas MSIG Tbk.
REPUBLIC OF KOREA	MSI	☆ Korea Branch
PEOPLE'S REPUBLIC OF CHINA	MS&AD Holdings	● InterRisk Consulting (Shanghai) Co., Ltd. ● BOCOM MSIG Life Insurance Company Limited
	MSI	● Mitsui Sumitomo Insurance (China) Company Limited △ Guangdong Branch Shenzhen Marketing Service Department △ Beijing Branch △ Jiangsu Branch Suzhou Marketing Service Department △ Shanghai Marketing Division ★ Beijing Representative Office ● MSIG Management (Shanghai) Co. Ltd
	ADI	★ China General Representative Office ★ Guangzhou Representative Office ● Aioi Nissay Dowa Insurance (China) Company Limited △ Aioi Nissay Dowa Insurance (China) Company Limited Zhejiang Branch ● Guang Ai Insurance Brokers Ltd.
HONG KONG	MSI	● MSIG Insurance (Hong Kong) Limited
	ADI	★ Hong Kong Representative Office
MACAU	MSI	△MSIG Insurance (Hong Kong) Limited Macau Branch
TAIWAN	MSI	● MSIG Mingtai Insurance Co., Ltd.
	ADI	★ Taipei Representative Office
VIETNAM	MSI	● MSIG Insurance (Vietnam) Company Limited △ MSIG Insurance (Vietnam) Company Limited, Ho Chi Minh City Branch
INDIA	MSI	● Cholamandalam MS General Insurance Company Limited ● Cholamandalam MS Risk Services Limited ● Max Financial Services Limited ● Max Life Insurance Company Limited
MYANMAR	MSI	★ Yangon Representative Office
CAMBODIA	MSI	● Asia Insurance (Cambodia) Plc.
LAO PEOPLE'S DEMOCRATIC REPUBLIC	MSI	● MSIG Sokxay Insurance Co., Ltd.
AUSTRALIA	MS&AD Holdings	● Challenger Limited
	MSI	☆ Oceania Branch ★ Oceania Branch Melbourne Office
	ADI	☆ Australian Branch ★ Sydney Representative Office ★ Melbourne Representative Office ● Aioi Nissay Dowa Insurance Company Australia Pty Ltd
NEW ZEALAND	MSI	☆ New Zealand Branch
	ADI	☆ New Zealand Branch ● Aioi Nissay Dowa Management New Zealand Limited
SRI LANKA	MSI	● Ceylinco Insurance PLC

THE AMERICAS

U.S.A.	MSI	★ New York Representative Office ● MSIG Holdings (U.S.A.), Inc. ● Mitsui Sumitomo Insurance Company of America ● Mitsui Sumitomo Insurance USA Inc. ● Mitsui Sumitomo Marine Management (U.S.A.), Inc. △ New York Office △ Warren Office △ Los Angeles Office △ Cincinnati Office △ Atlanta Office △ Chicago Office △ Detroit Office △ Dallas Office ● Seven Hills Insurance Agency, LLC ● MSIG Specialty Insurance USA Inc. ● MSIG Insurance Services, Inc. ● MS Distribution Holdings Inc. ● Transverse Insurance Group, LLC ● Transverse Specialty Insurance Company ● Transverse Insurance Company ● TRM Specialty Insurance Company ● MSI GuaranteedWeather, LLC ● Vortex Insurance Agency, LLC ● MSR Capital Partners, LLC
	ADI	★ New York Representative Office ★ Honolulu Representative Office ● Aioi Nissay Dowa Insurance Services USA Corporation ● MOTER Technologies, Inc. ● Toyota Insurance Management Solutions USA, LLC ● Advanced Connectivity, LLC ● Connected Analytic Services, LLC ● DTRIC Insurance Company, Limited ● DTRIC Insurance Underwriters, Limited ● DTRIC Management Company, Limited

GUAM (U.S.A.)	ADI	■ Takagi & Associates, Inc.
SAIPAN (U.S.A.)	ADI	■ Takagi & Associates, Inc.
CANADA	MSI	☆ Canada Branch ■ Chubb Insurance Company of Canada
BERMUDA	MSI	● SPAC Insurance (Bermuda) Limited ● MSI GuaranteedWeather Trading Limited ● MS Financial Reinsurance Limited
MEXICO	MSI	△ MSIG Holdings (U.S.A.), Inc. Mexican Representative Office c/o Mapfre Tepeyac, S.A.
PANAMA	MSI	☆ Panama Branch
BRAZIL	MSI	● Mitsui Sumitomo Seguros S/A. ★ São Paulo Representative Office
COLOMBIA	MSI	★ Bogotá Representative Office
PERU	MSI	★ Lima Representative Office
ARGENTINA	MSI	★ Buenos Aires Representative Office

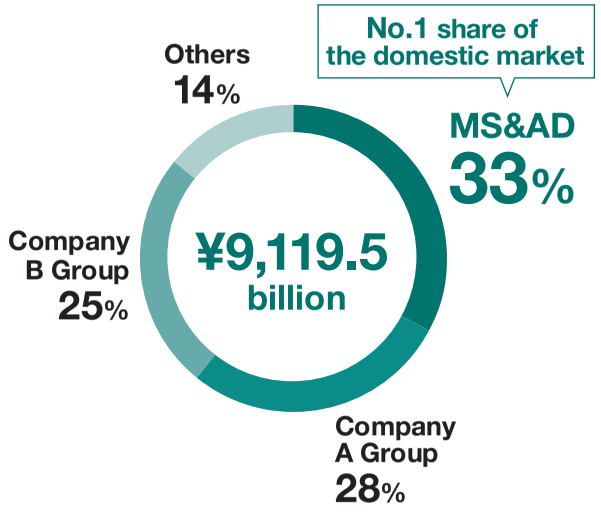
EUROPE, THE MIDDLE EAST, AND AFRICA

UNITED KINGDOM	MSI	★ London Representative Office ● MS Amlin Corporate Services Limited ● MS Amlin Underwriting Limited ● MS Amlin Corporate Member Limited ● MS Amlin Investment Management Limited ● Mitsui Sumitomo Insurance Company (Europe), Limited △ Mitsui Sumitomo Insurance Company (Europe), Limited Derby Office ● MSIG Corporate Services (Europe) Limited ● Leadenhall Capital Partners LLP
	ADI	★ London Representative Office ● Aioi Nissay Dowa Europe Limited ● Aioi Nissay Dowa Insurance UK Limited ● Aioi Nissay Dowa Insurance Management Limited ● Aioi R&D Lab Limited △ Toyota Insurance Management SE UK Branch ● Box Innovation Group Limited ● Insure The Box Limited △ Insure The Box Limited UK Branch ● ITB Services Limited ● ITB Web Limited ● ITB Telematics Solutions LLP ● ITB Premium Finance Limited
GERMANY	MSI	● MSIG Insurance Europe AG △ MSIG Insurance Europe AG Region Germany
	ADI	● Toyota Insurance Management SE ● Aioi Nissay Dowa Life Insurance of Europe AG ● AD Information and Data Services (Europe) GmbH △ Aioi Nissay Dowa Insurance Company of Europe SE German Branch
AUSTRIA	ADI	△ Toyota Insurance Management SE Austrian Branch
NETHERLANDS	MSI	△ MSIG Insurance Europe AG The Netherlands Branch
FRANCE	MSI	△ MSIG Insurance Europe AG France Branch
	ADI	★ Paris Representative Office △ Aioi Nissay Dowa Insurance Company of Europe SE French Branch △ Toyota Insurance Management SE French Branch
BELGIUM	MSI	● MS Amlin Insurance SE △ MSIG Insurance Europe AG Belgium Branch △ MSIG Corporate Services (Europe) Limited Belgium Branch
	ADI	★ Brussels Representative Office △ Aioi Nissay Dowa Insurance Company of Europe SE Belgian Branch △ Toyota Insurance Management SE Belgian Branch
LUXEMBOURG	ADI	● Aioi Nissay Dowa Insurance Company of Europe SE
SWITZERLAND	MSI	● MS Amlin AG
SPAIN	MSI	△ MSIG Insurance Europe AG Spain Branch
	ADI	△ Aioi Nissay Dowa Insurance Company of Europe SE Spanish Branch △ Toyota Insurance Management SE Spanish Branch
ITALY	MSI	△ MSIG Insurance Europe AG Italy Branch
	ADI	△ Aioi Nissay Dowa Insurance Company of Europe SE Italian Branch △ Toyota Insurance Management SE Italian Branch
SLOVAKIA	MSI	△ MSIG Insurance Europe AG Slovakia Branch
RUSSIA	MSI	★ Moscow Representative Office ★ St. Petersburg Representative Office
	ADI	★ Moscow Representative Office ● LLC Toyota Insurance Management (Insurance Brokers) ● LLC Toyota Insurance Management (Insurance Agency)
NORWAY	ADI	△ Toyota Insurance Management SE Norwegian Branch
UNITED ARAB EMIRATES	MSI	☆ UAE Branch(Dubai) ☆ UAE Branch(Abu Dhabi)
REPUBLIC OF SOUTH AFRICA	MSI	△ Mitsui Sumitomo Insurance Company (Europe), Limited Johannesburg Representative Office
	ADI	● Toyota Insurance Management South Africa Proprietary Limited
KAZAKHSTAN	ADI	● Toyota Insurance Management (Insurance Broker) LLP ● Autosan Kazakhstan LLP
DENMARK	ADI	△ Toyota Insurance Management SE Danish Branch
POLAND	ADI	△ Toyota Insurance Management SE Polish Branch

MS&AD Positioning Partnership

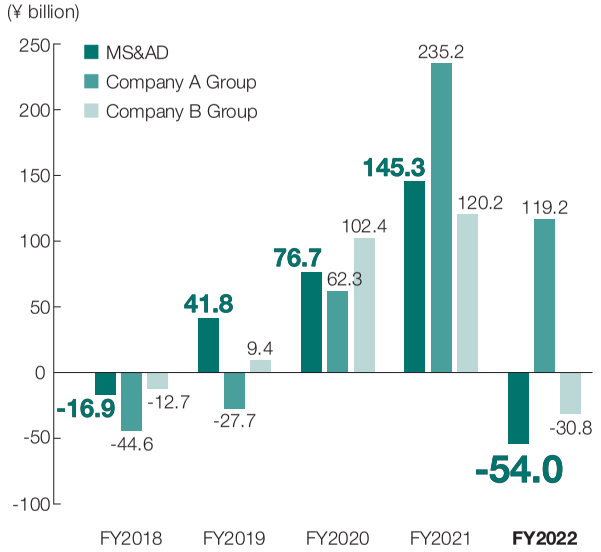
Domestic Non-Life Insurance Business — The insurance group most chosen by customers in Japan

Share of Net Premiums Written* (FY2022)



Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan
*The figures for MS&AD are simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance. The figures for other insurance groups are the simple sums of the non-consolidated figures for the domestic companies in each group.

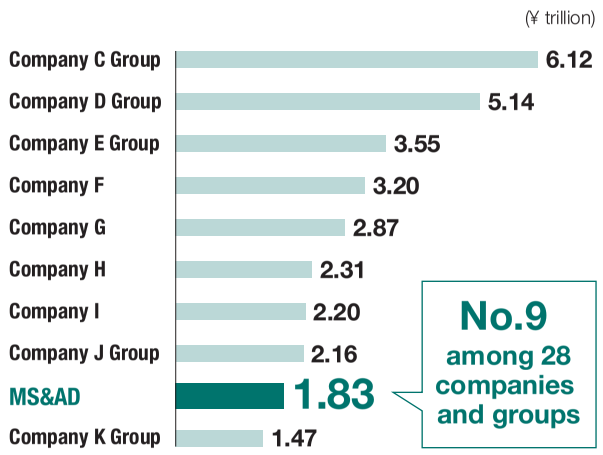
Underwriting Profit (before reflecting catastrophe reserves)*



Source: Prepared by MS&AD based on publicly announced information from each insurance company
*The figures for MS&AD are the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. The figures for other insurance groups are the simple sums of the non-consolidated group figures excluding the direct insurance companies of each group.

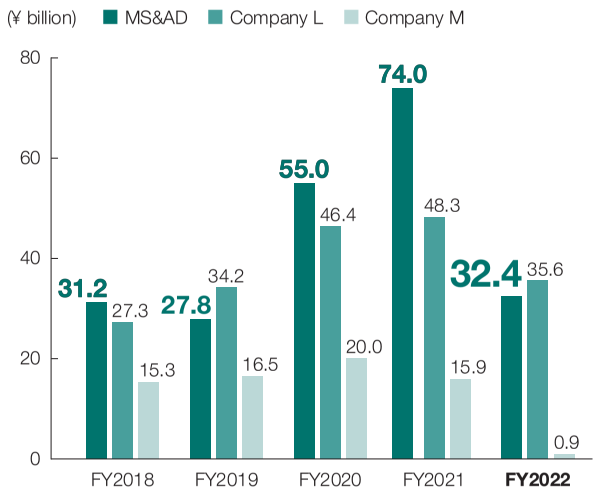
Domestic Life Insurance Business — No.9 in premiums income among domestic life insurance companies/groups

Domestic life insurance companies/groups'* premiums and others ranking (FY2022)



Source: Prepared by MS&AD based on publicly announced information from each insurance company
*The figures for "Group" are calculated based on the non-consolidated sums of each group company.

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

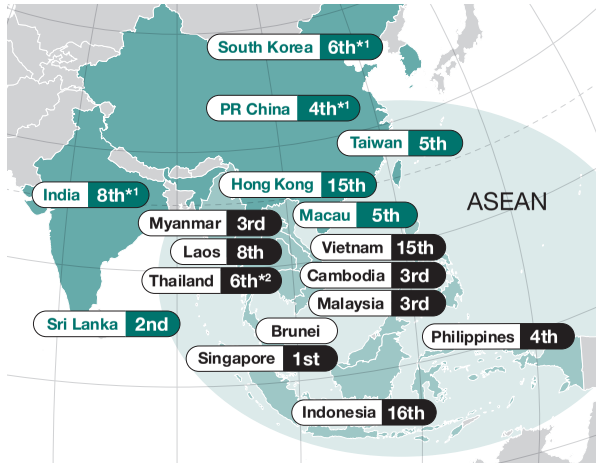


Source: Prepared by MS&AD based on publicly announced information from each insurance company

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

Positioning in the non-life insurance market in ASEAN and Asian countries (FY2021)

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



FY2021 Gross Written Premiums Ranking of the ASEAN Countries

Figures in parentheses are the sum of GWP*2 for the following countries (rough estimation): Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam

No.1 MS&AD 〈Approx. **¥207.1** billion〉

No.1 in gross written premiums in the ASEAN region

No.2 Company A 〈Approx. ¥179.5 billion〉

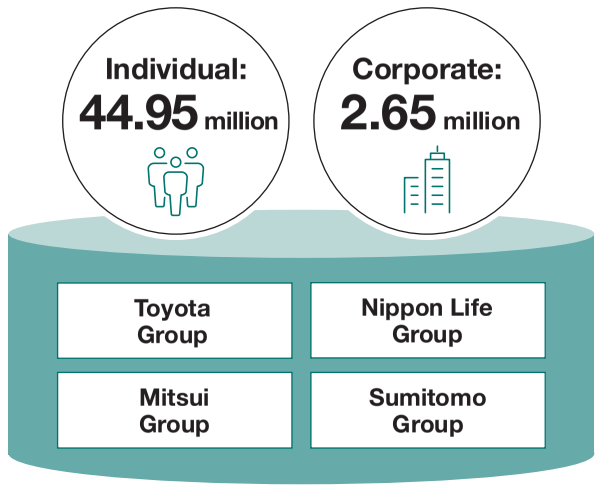
No.3 Company B 〈Approx. ¥133.2 billion〉

Source: Prepared by MS&AD based on publicly announced corporate information from each country and region (reinsurance companies excluded)
*1 Ranking for foreign-based insurance companies (The ranking for South Korea is for direct net premiums written of foreign-based insurance companies, and the ranking for India is for private non-life insurance companies.)
*2 GWP: Gross Written Premiums

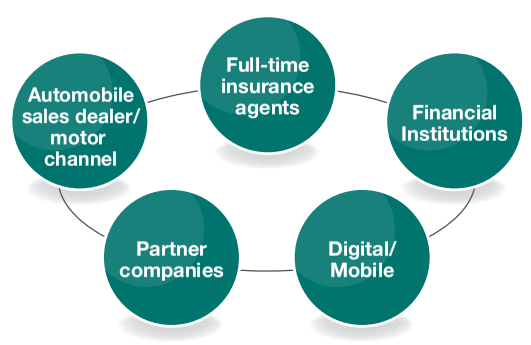
Partnerships, etc. — Diverse partnerships and sales channels

Strong customer base and one of Japan's leading corporate groups

Number of domestic customers of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance



Diverse channels and agent networks



Number of domestic non-life insurance agents **77,789**
(As of March 31, 2023)

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group.

As of July 1, 2023

Rating Agency	Rating Assigned	MS&AD Holdings	Mitsui Sumitomo Insurance Co., Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Standard & Poor's	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
	Long-Term Issuer Credit Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
Moody's	Insurance Financial Strength Rating	-	A1 (Stable)	A1 (Stable)	-	-
	Long-Term Issuer Rating	-	A1 (Stable)	-	-	-
Rating and Investment Information, Inc. (R&I)	Issuer Rating	-	AA (Stable)	AA (Stable)	-	-
	Insurance Claims Paying Ability	-	-	-	AA (Stable)	AA (Stable)
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims	-	-	AA+ (Stable)	-	-
	Long-Term Issuer Rating	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)	-	-
A.M. Best	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	-
	Issuer Credit Rating	-	aa (Stable)	aa (Stable)	-	-

Credit Ratings for Overseas Insurance Companies

The table below indicates information about credit ratings of overseas subsidiaries.

As of July 1, 2023

Rating Agency	Overseas Subsidiaries	Credit Rating
Standard & Poor's	Mitsui Sumitomo Insurance Co. (Europe), Ltd. MSIG Insurance (Hong Kong) Ltd. MSIG Insurance (Singapore) Pte. Ltd. MSIG Insurance Europe AG	Financial Strength Rating A+ (Stable)*1
	Aioi Nissay Dowa Insurance Company of Europe SE Aioi Nissay Dowa Insurance UK Ltd.	Financial Strength Rating A+ (Stable)*2
	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable)
	Mitsui Sumitomo Insurance (China) Co., Ltd. MSIG Mingtai Insurance Co., Ltd. MS Amlin AG MS Amlin Insurance SE	Financial Strength Rating A (Stable)
Moody's	Syndicate 2001 MS Amlin AG	Insurance Financial Strength Rating A1 (Stable)
	Mitsui Sumitomo Insurance Co. (Europe), Ltd.	Insurance Financial Strength Rating A1 (Stable)*1
A.M. Best	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable) Issuer Credit Rating aa (Stable)
	MS First Capital Insurance Limited Syndicate 2001	Financial Strength Rating A (Stable) Issuer Credit Rating a+ (Stable)
	Transverse Specialty Insurance Company Transverse Insurance Company TRM Specialty Insurance Company	Financial Strength Rating A (Stable) Issuer Credit Rating a+ (Negative)
	MS Amlin AG MS Amlin Insurance SE	Financial Strength Rating A (Stable) Issuer Credit Rating a (Stable)
	DTRIC Insurance Company Ltd. DTRIC Insurance Underwriters, Ltd. Aioi Nissay Dowa Insurance (China) Co., Ltd.	Financial Strength Rating A– (Stable) Issuer Credit Rating a– (Stable)

*1. Applicable to the same ratings as Mitsui Sumitomo Insurance with the guarantee on insurance/reinsurance policies issued by Mitsui Sumitomo Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.
*2. Applicable to the same rating as Aioi Nissay Dowa Insurance with the guarantee on insurance/reinsurance policies issued by Aioi Nissay Dowa Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

Domestic Non-Life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (MSI)

Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group. Drawing on its wide range of partnerships mainly centering on the Mitsui and Sumitomo groups, MSI is leveraging the full range of its capabilities to develop and roll out global insurance and financial services that meet every conceivable need of customers around the world.

Corporate Profile
President: **Shinichiro Funabiki (concurrently serving as Executive Officer of MS&AD Holdings)**
Date Established: **October 1918**
Number of Employees: **12,572 (as of March 31, 2023)**
Head Office: **9, Kanda-Surugadai 3-chome, Chiyoda-ku, Tokyo**
URL **https://www.ms-ins.com/english/**

Principal Indicators (Non-Consolidated)

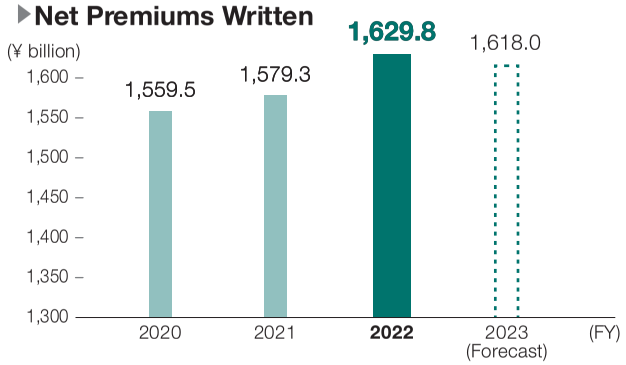
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	1,512.4	1,547.9	1,559.5	1,579.3	1,629.8	1,618.0
Growth rate of net premiums written	0.8%	2.3%	0.8%	1.3%	3.2%	(0.7%)
Net loss ratio	66.2%	63.3%	59.8%	59.0%	64.3%	63.5%
Net expense ratio	31.5%	32.0%	32.7%	33.0%	32.5%	32.9%
Combined ratio	97.7%	95.3%	92.5%	92.0%	96.8%	96.4%
Underwriting income	47.3	7.3	23.9	41.0	(15.9)	58.0
Investment income	185.9	93.9	117.8	153.0	165.7	140.0
Ordinary profit	226.4	89.1	131.6	184.2	141.2	185.0
Net income	171.1	94.0	92.2	145.7	107.8	142.0
Net assets	1,832.6	1,640.0	1,925.2	2,089.1	1,962.5	-
Total assets	6,977.1	6,686.0	7,098.1	7,374.3	7,000.0	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	1,226.7	947.8	1,455.0	1,570.2	1,391.9	-
Solvency margin ratio (non-consolidated)	723.2%	701.3%	746.5%	722.5%	684.3%	-
Number of employees	14,577	14,371	14,168	13,453	12,572	-

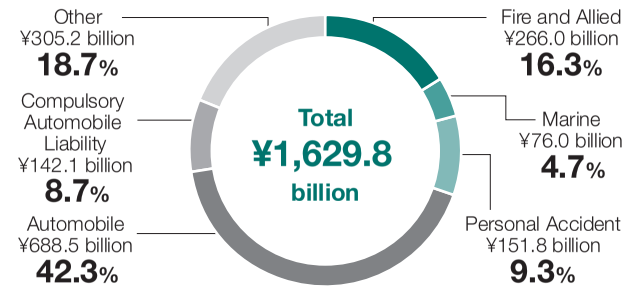
Notes: 1. Net premiums written, net loss ratio, net expense ratio, and combined ratio figures are presented exclusive of Good Result Return premiums of the propriety automobile insurance product "ModoRich," which contains a special clause related to premium adjustment and refund at maturity.
2. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
3. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
4. Combined ratio = net loss ratio + net expense ratio
5. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought and others that are accounted for as investment in securities.

Principal Management Indicators

Net Premiums Written

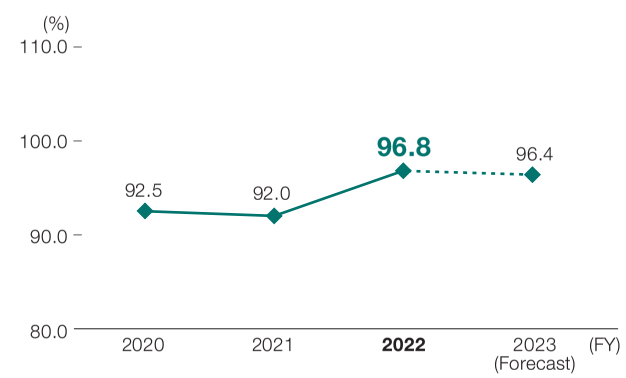


Composition by Class of Insurance (FY2022)

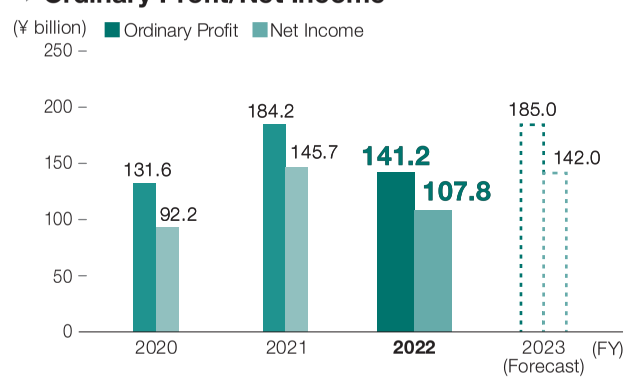


Note: The actual total might differ from the summed total of the percentages in the pie chart above due to the treatment of fractional amounts.

Combined Ratio



Ordinary Profit/Net Income



Domestic Non-Life Insurance Business

Aioi Nissay Dowa Insurance Co., Ltd. (ADI)

Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group. Harnessing the networks of the Toyota and Nippon Life groups as well as the strength of its community-based retail market development capabilities, ADI is working diligently to further develop its business.

Corporate Profile
President: **Keisuke Niiro (concurrently serving as Executive Officer of MS&AD Holdings)**
Date Established: **June 1918**
Number of Employees: **12,741 (as of March 31, 2023)**
Head Office: **28-1, Ebisu 1-chome, Shibuya-ku, Tokyo**
URL **https://www.aioinissaydowa.co.jp/english/**

Principal Indicators (Non-Consolidated)

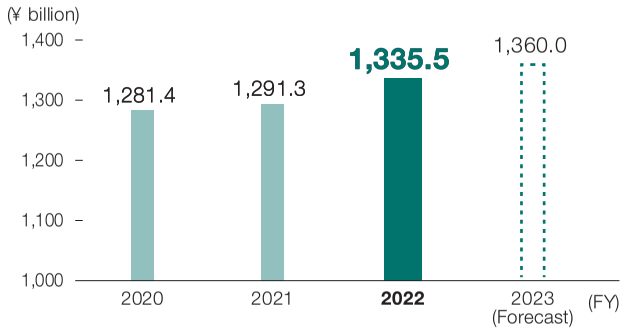
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	1,233.5	1,276.7	1,281.4	1,291.3	1,335.5	1,360.0
Growth rate of net premiums written	0.9%	3.5%	0.4%	0.8%	3.4%	1.8%
Net loss ratio	67.8%	62.0%	58.6%	59.8%	66.6%	62.8%
Net expense ratio	33.8%	34.5%	34.9%	35.0%	34.6%	33.9%
Combined ratio	101.6%	96.5%	93.5%	94.8%	101.2%	96.7%
Underwriting income	15.5	1.1	(12.4)	30.5	0.6	50.0
Investment income	43.0	55.3	48.3	53.1	67.3	43.0
Ordinary profit	61.3	58.6	32.4	80.9	66.7	90.0
Net income	37.3	44.7	21.6	53.9	43.1	60.0
Net assets	735.5	638.0	838.6	798.4	763.7	-
Total assets	3,410.9	3,420.7	3,745.2	3,745.1	3,733.6	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	506.3	375.3	664.9	579.4	528.8	-
Solvency margin ratio (non-consolidated)	688.2%	702.3%	790.9%	758.6%	830.8%	-
Number of employees	13,657	13,775	13,933	13,503	12,741	-

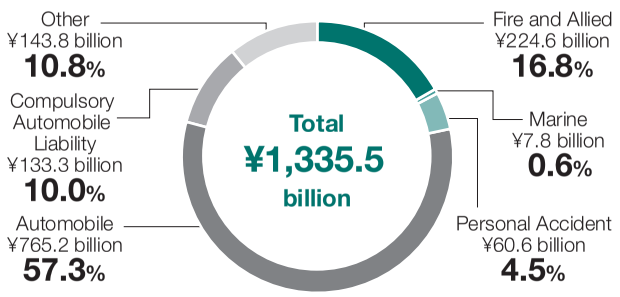
Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
3. Combined ratio = net loss ratio + net expense ratio
4. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes money trusts that are accounted for as investment in securities.

Principal Management Indicators

Net Premiums Written

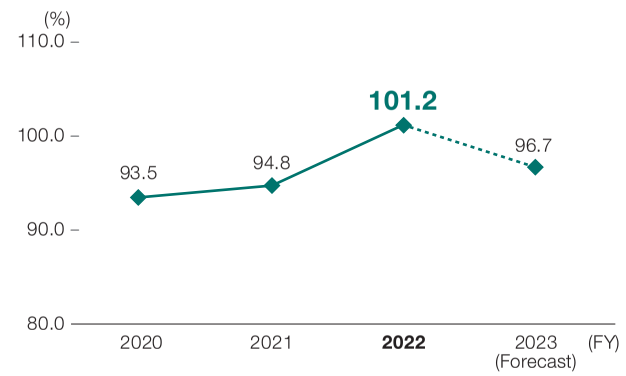


Composition by Class of Insurance (FY2022)

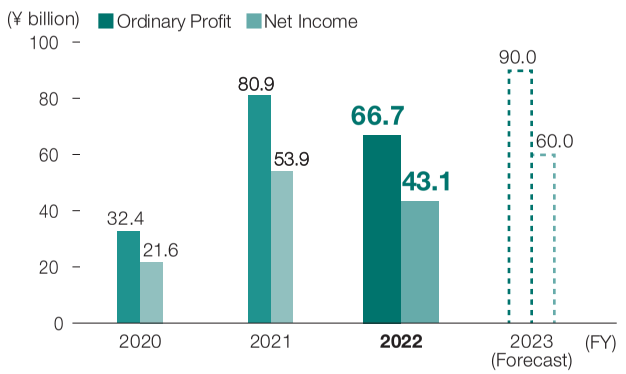


Note: The actual total might differ from the summed total of the percentages in the pie chart above due to the treatment of fractional amounts.

Combined Ratio



Ordinary Profit/Net Income



Domestic Non-Life Insurance Business

Mitsui Direct General Insurance Co., Ltd. (Mitsui Direct General)

Mitsui Direct General is a non-life insurance company that engages in the direct sale of individual voluntary automobile insurance via the Internet and smartphones.

Corporate Profile
President: **Takayuki Kawamura**
Date Established: **June 1999**
Number of Employees: **498 (as of March 31, 2023)**
Head Office: **5-1, Kouraku 2-chome, Bunkyo-ku, Tokyo**
URL **https://www.mitsui-direct.co.jp**
(Japanese language only)

Principal Indicators (Non-Consolidated)

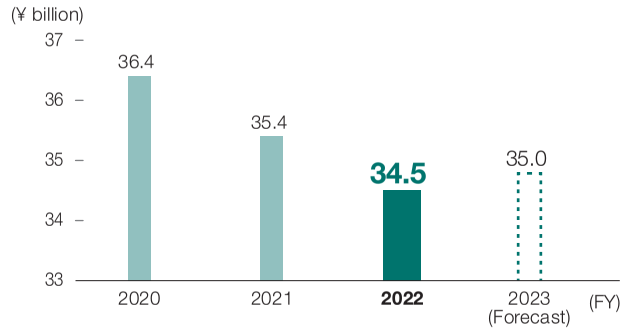
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	36.6	36.3	36.4	35.4	34.5	35.0
Growth rate of net premiums written	(3.2%)	(0.8%)	0.3%	(3.0%)	(2.5%)	1.4%
Net loss ratio	76.2%	74.9%	64.2%	64.4%	67.5%	74.8%
Net expense ratio	25.3%	28.3%	31.3%	33.0%	37.9%	38.4%
Combined ratio	101.5%	103.2%	95.5%	97.4%	105.4%	113.2%
Underwriting income	0.33	0.13	1.37	0.75	(0.37)	(1.31)
Ordinary profit	0.38	0.17	1.41	0.80	(0.56)	(1.17)
Net income	0.24	0.15	0.97	0.82	0.89	(0.89)
Net assets	13.9	14.0	14.9	15.7	16.6	-
Total assets	60.9	59.7	61.8	62.9	62.6	-
Solvency margin ratio (non-consolidated)	497.6%	526.9%	595.8%	653.9%	705.5%	-
Number of employees	545	552	559	528	498	-

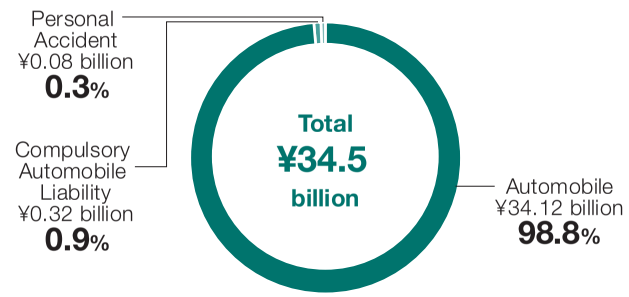
Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
3. Combined ratio = net loss ratio + net expense ratio

Principal Management Indicators

Net Premiums Written

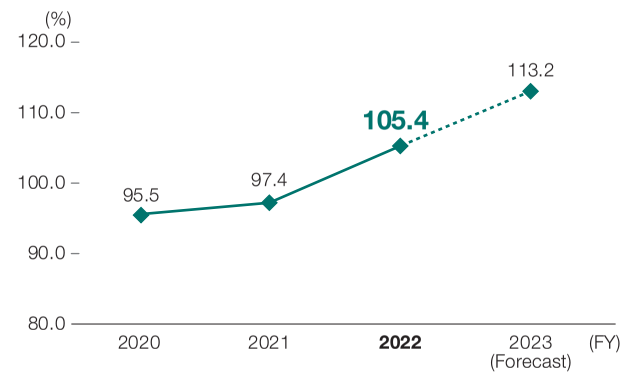


Composition by Class of Insurance (FY2022)

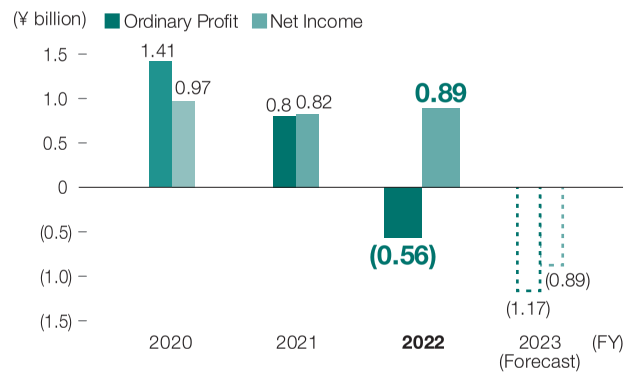


Note: The actual total might differ from the summed total of the percentages in the pie chart above due to the treatment of fractional amounts.

Combined Ratio



Ordinary Profit/Net Income



Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSI Aioi Life)

MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group's marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

Corporate Profile
President: **Shiro Kaji**
Date Established: **August 1996**
Number of Employees: **2,391 (as of March 31, 2023)**
Head Office: **27-2, Shinkawa 2-chome, Chuo-ku, Tokyo**
URL **https://www.msa-life.co.jp**
(Japanese language only)

Principal Indicators (Non-Consolidated)

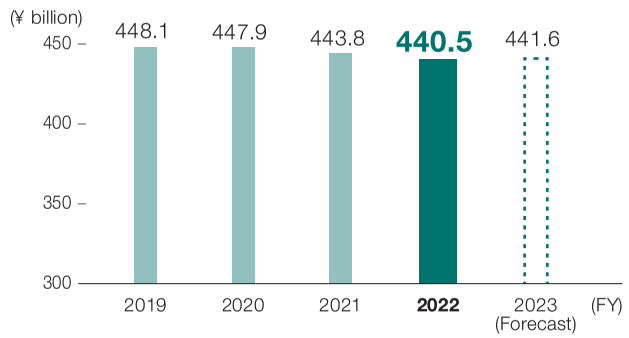
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Amount of new policies	3,114.5	2,068.4	1,769.0	1,690.4	1,456.6	1,312.0
Amount of policies in force	24,533.1	24,458.0	24,266.9	23,847.7	23,249.9	22,744.4
Annualized premiums of policies in force	431.5	448.1	447.9	443.8	440.5	441.6
Ordinary profit	19.5	18.6	25.6	39.0	27.8	45.6
Core profit	15.5	13.6	24.8	34.5	24.9	-
Risk differential gains/(losses)	62.7	62.6	69.4	70.0	58.9	-
Expenses differential gains/(losses)	(13.0)	(10.8)	(5.6)	(1.3)	(2.8)	-
Investment income differential gains/(losses)	(4.3)	(7.9)	(6.7)	(6.7)	(6.6)	-
Net income	7.9	7.5	11.9	21.0	12.7	25.0
Net assets	275.9	260.7	257.4	175.7	126.0	-
Total assets	4,229.6	4,510.4	4,534.3	4,883.7	5,009.1	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	114.0	86.9	73.7	41.2	(29.6)	-
Embedded value (EEV)	819.4	890.2	958.3	923.6	908.0	960.0
Solvency margin ratio	1,681.8%	1,549.3%	1,439.5%	1,151.9%	975.5%	-
Number of employees	2,604	2,588	2,529	2,436	2,391	-

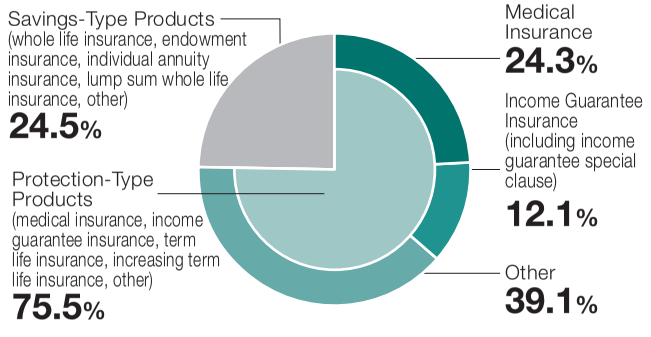
Notes: 1. The amount of new policies, amount of policies in force, and annualized premiums of policies in force are the totals of individual insurance and individual annuity insurance.
2. Core profit is an insurance business profitability indicator that is calculated by deducting "capital gains/(losses)" and "non-recurring income and losses" from ordinary profit.
3. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought, money trusts, and others that are accounted for as an investment in securities.

Principal Management Indicators

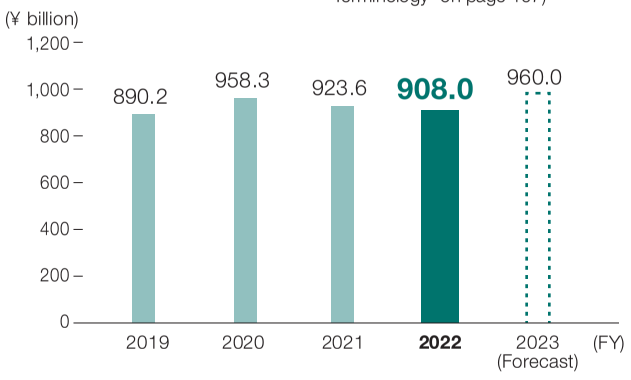
Annualized Premiums of Policies in Force



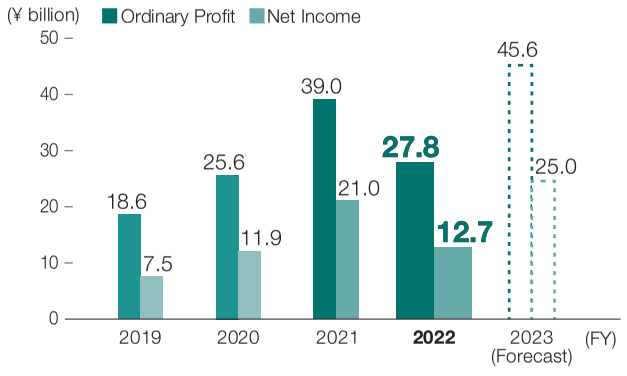
Weight by Type of Product (FY2022)



Embedded Value (EEV) (Refer to the "Glossary of Insurance Terminology" on page 107)



Ordinary Profit/Net Income



Domestic Life Insurance Business

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSI Primary Life)

Specializing in over-the-counter sales via financial institutions, MSI Primary Life is a life insurance company that offers asset building–type and asset inheritance–type products centered on individual annuity insurance and whole life insurance.

Corporate Profile
Representative Director, President: **Jun Kurata**
Date Established: **September 2001**
Number of Employees: **410 (as of March 31, 2023)**
Head Office: **Yaesu First Financial Building, 3-7, Yaesu 1-chome, Chuo-ku, Tokyo**
URL **https://www.ms-primary.com**
(Japanese language only)

Principal Indicators (Non-Consolidated)

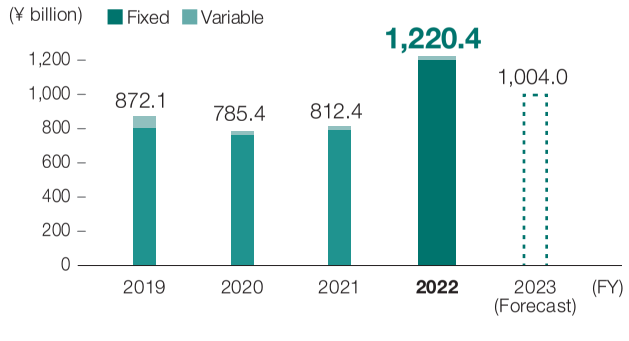
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Premiums income	1,095.6	872.1	785.4	812.4	1,220.4	1,004.0
Amount of new policies	1,118.2	882.7	788.2	819.6	1,279.8	1,077.2
Amount of policies in force	6,678.5	6,514.0	6,595.8	6,803.6	6,932.2	7,113.0
Ordinary profit	35.5	31.4	160.0	87.7	31.0	26.0
Core profit/(loss)	(12.3)	(27.9)	40.8	54.8	73.2	-
Core profit + Capital gains	44.2	27.6	160.8	85.6	38.7	-
Net income	23.3	20.3	43.1	53.0	19.7	16.0
Net assets	195.3	194.8	260.5	241.4	150.1	-
Total assets	6,885.3	6,814.9	7,024.7	7,053.3	6,823.7	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	27.3	(7.4)	51.3	(1.0)	(101.4)	-
Embedded value (EEV)	436.1	348.4	557.4	641.9	664.6	-
Solvency margin ratio	825.4%	746.0%	1,054.8%	1,094.8%	899.3%	-
Number of employees	400	396	390	403	410	-

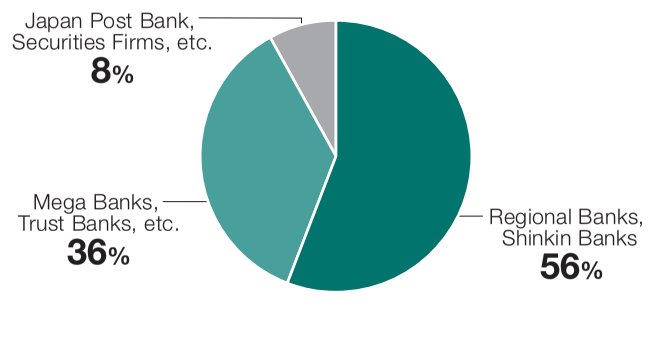
Notes: 1. The amount of new policies and amount of policies in force are the totals of individual insurance and individual annuity insurance.
2. Core profit is a life insurance business profitability indicator that is calculated by deducting "capital gains/(losses)" and "non-recurring income/losses" from ordinary profit. In this business, the sum of "core profit" and "capital gains (losses)" provides a more appropriate indicator of actual profit for the period.
3. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought, money trusts, and others that are accounted for as an investment in securities.

Principal Management Indicators

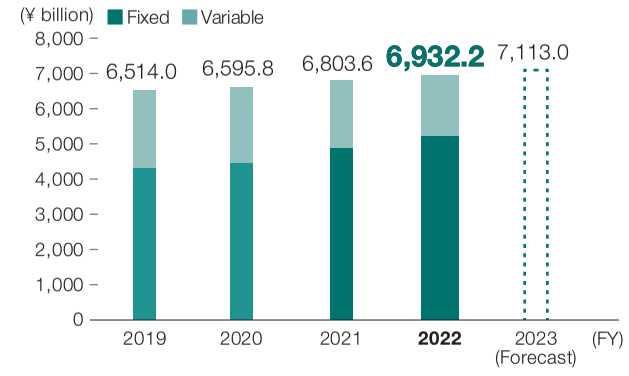
Premiums Income



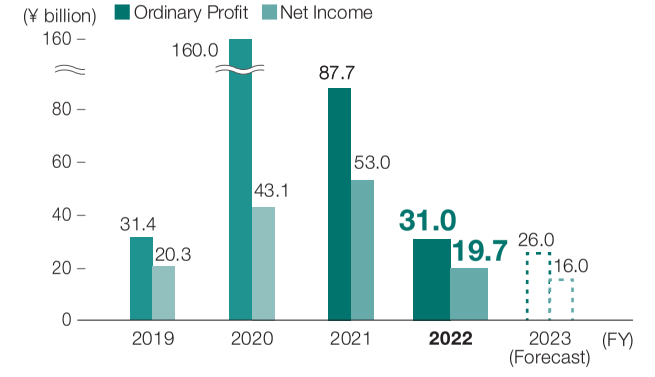
Weight by Type of Sales Channel (FY2022)



Amount of Policies in Force



Ordinary Profit/Net Income



International Business

MS Amlin

Centered on three insurance operating companies—Lloyd's, Reinsurance and Continental Europe Direct Insurance, and a service operating company—MS Amlin is one of the leading insurer brands that provides both insurance and reinsurance services globally.

Principal Indicators

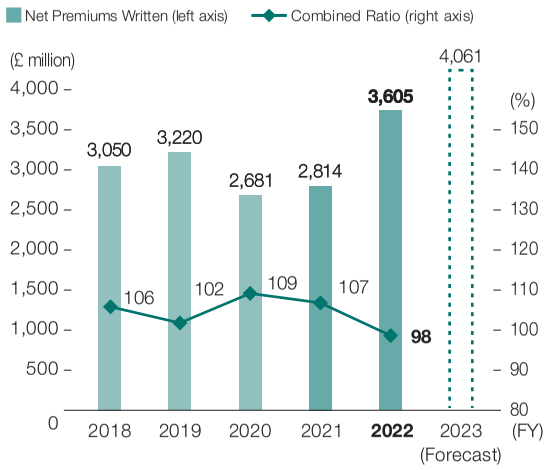
(£ million)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	3,050	3,220	2,681	2,814	3,605	4,061
Growth rate of net premiums written	3.2%	5.6%	(16.7%)	4.9%	28.1%	12.6%
EI claims ratio	71%	67%	75%	73%	64%	-
EI expense ratio	35%	34%	35%	35%	34%	-
Combined ratio	106%	102%	109%	107%	98%	-
Underwriting income/(loss)	(174)	(55)	(277)	(197)	63	311
Investment Income	54	263	144	101	(91)	60
Net income	(94)	55	(222)	(190)	(144)	291

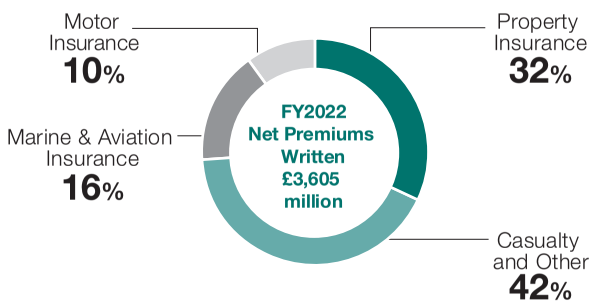
Notes: 1. On a local reporting basis. New accounting standards (IFRS 17, "Insurance Contracts," and IFRS 9, "Financial Instruments") have been applied from FY2023, and the figures for FY2023 (Forecast) are based on the new accounting standards.
In accordance with the change in accounting standards, net premiums written for FY2023 (Forecast) are shown based on the former accounting standards, and underwriting income (loss) and investment income (loss) are shown based on the new accounting standards.
2. The accounting method where securities market fluctuations are reflected in the profit-loss statement has been adopted for investment income (loss) (from the previous accounting standard).
3. The EI expense ratio and combined ratio are calculated by considering foreign exchange gains/losses included in underwriting income.
4. Figures for FY2020 onward are the sum of MS Amlin Underwriting Limited, MS Amlin AG (brand name: MS Reinsurance), MS Amlin Insurance SE, and other services companies.

Principal Indicators

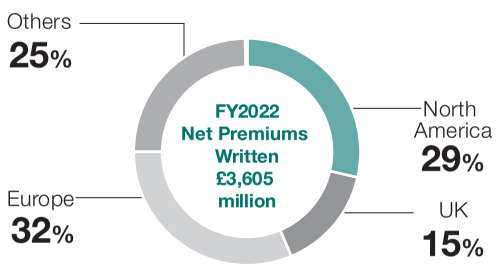
Net Premiums Written and Combined Ratio



Net Premiums Written by Product Line



Net Premiums Written by Geography



Main Entities of MS Amlin (as of March 31, 2023)

Company Name	MS Amlin Underwriting Limited	MS Amlin AG (brand name: MS Reinsurance)	MS Amlin Insurance SE	MS Amlin Corporate Services Limited
Headquarters	London, UK	Zurich, Switzerland	Brussels, Belgium	London, UK
CEO	Andrew Carrier	Robert Wiest	Ludovic Senecaut	Matthew Pasterfield
Number of Employees	Approx. 540	Approx. 230	Approx. 630	Approx. 350
FY2022 Net Premiums Written (£ million)	1,246	1,616	739	–
Business Description	Lloyd's business	Reinsurance business in Switzerland, Bermuda, the United States, etc.	Continental Europe Primary Insurance business with a focus on Belgium, the Netherlands, and France, etc.	Business to provide services such as IT and digital to MS Amlin and other Group companies

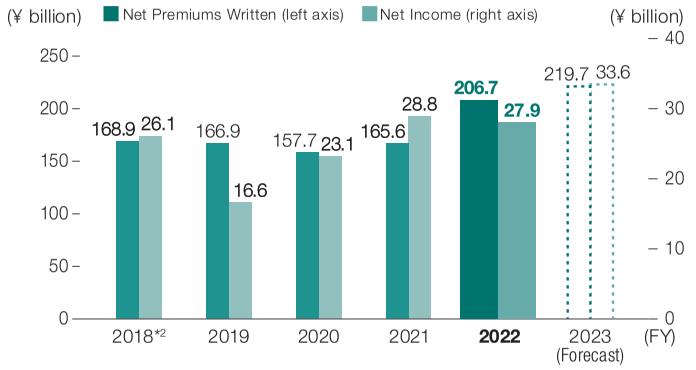
International Business

Asian Region

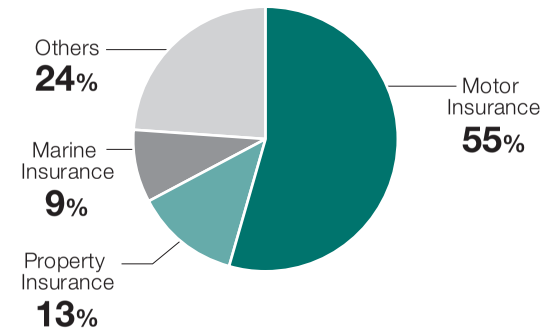
As the sole insurance group with underwriting operations in all 10 ASEAN countries in the Asian region, we are leveraging our solid business base to create further growth and expand locally rooted businesses.

Principal Indicators*1

Net Premiums Written and Net Income



Net Premiums Written by Product Line (FY2022)



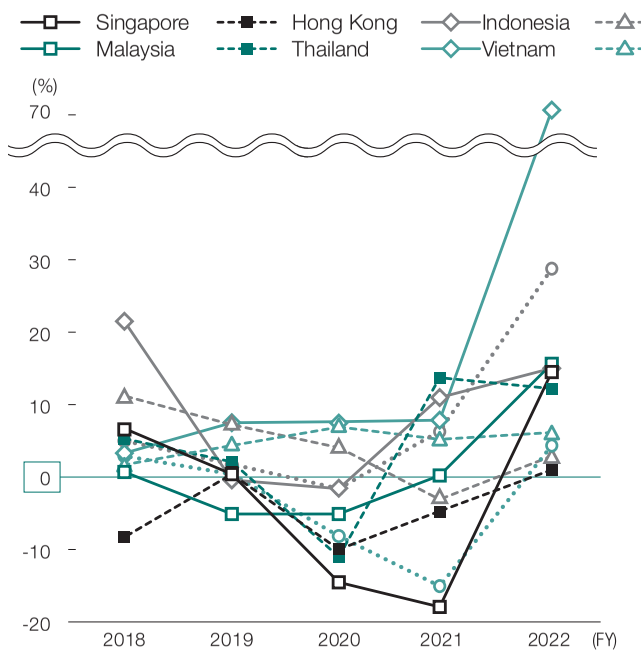
Conditions by Major Country and Region (FY2022)

(¥ billion)

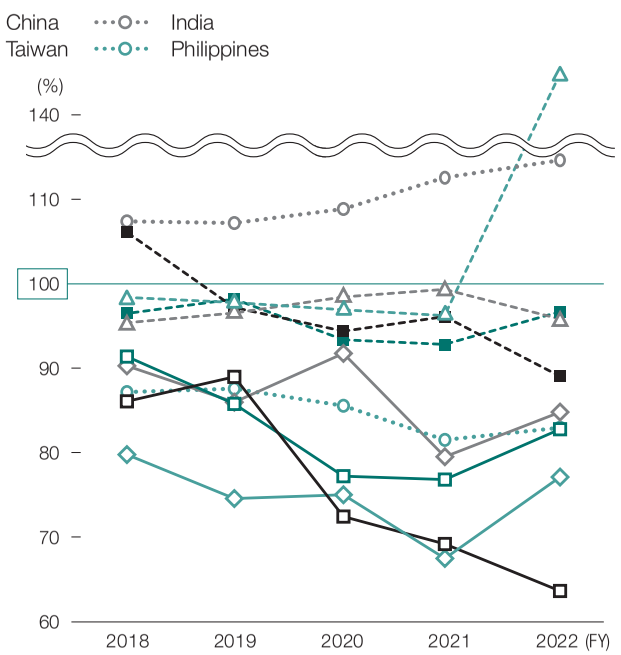
Country/Region	Net Premiums Written	Net Income
Singapore	36.0	12.8
Malaysia	39.3	4.4
Hong Kong	13.2	1.1
Thailand	14.6	0.4
Indonesia	6.1	1.1

Country/Region	Net Premiums Written	Net Income
Vietnam	3.6	0.8
China	47.6	2.8
Taiwan	46.0	0.7
India*3	78.3	2.0
Philippines*3	6.1	0.6

Trends in Premium Growth Rates (FY2017–FY2022)*4,*5



Trends in Combined Ratios (FY2017–FY2022)



*1 Figures are calculated and presented using data for subsidiaries and equity-method affiliates in Asia (excluding countries in Oceania). Figures for overseas offices are not included.
*2 Data reflects consolidated figures for MS First Capital Limited of Singapore from FY2018.
*3 Equity-method affiliates. Net premiums written are shown on a 100% basis, regardless of equity ownership. Net income is presented on an equity ownership basis.
*4 The premium growth rate is the percentage increase in net premiums written (on a local currency basis) from the previous fiscal year.
*5 Singapore's FY2018 premium growth rate has been calculated after considering a comparison with MS First Capital Limited's net premiums written in FY2017 following that company's inclusion in the scope of consolidation in FY2018.

Short Commentary: Group Financial Statements

Commentary 1: Balance Sheet (B/S)

On its consolidated balance sheet as of the end of FY2022, the Group had total assets of ¥25.0 trillion, and the majority of liabilities (¥18.8 trillion) are "policy liabilities"—that is, reserves for paying future insurance claims. On the other hand, the largest asset item is investments in securities, and that has a total fair value of ¥16.1 trillion. Unrealized gains (after tax-effect deduction) in excess of the fair value of investments in securities at acquisition costs are recorded in net unrealized gains/(losses) on securities (¥1.2 trillion). This means that policy liabilities, which account for the majority of the Group's balance sheet liabilities, are invested in securities. In addition, unrealized gains on investments in securities (after tax-effect accounting) accounted for approximately 40% of net assets (¥3.0 trillion).

(¥ billion)

(Main) assets		(Main) liabilities	
Cash, deposits and savings	2,771.9	Policy liabilities	18,869.5
Money trusts	2,082.0	Bonds issued	714.7
Investments in securities	16,149.3	Other liabilities	1,852.3
(of which: stocks)	2,693.5	Deferred tax liabilities	31.1
Loans	959.4	**Total liabilities**	21,944.1
Tangible fixed assets	476.7		
Intangible fixed assets	496.1	(Main) Net assets	
Other assets	1,743.7	**Shareholders' equity**	1,745.2
		Net unrealized gains/losses on securities	1,216.5
		Total net assets	3,056.2
Total assets	25,000.4	Total liabilities and net assets	25,000.4

Commentary 2: Statements of Income (P/L)

①Main components of the statements of income

A summary of the Group's consolidated statements of income (see page 145) is provided below. It consists primarily of underwriting income and expenses and investment income and expenses.

FY2022

Income (+): underwriting income (¥4,482.4 billion); investment income (¥745.7 billion); other ordinary income (¥23.1 billion)
Expenses (-): underwriting expenses (¥4,064.2 billion), of which ¥1.2 billion is provision for underwriting reserves; investment expenses (¥195.6 billion); operating expenses and general and administrative expenses (¥739.3 billion); other ordinary expenses (¥20.8 billion)
Ordinary profit: ¥231.1 billion

FY2021

Income (+): underwriting income (¥4,239.5 billion); investment income (¥858.6 billion); other ordinary income (¥33.7 billion)
Expenses (-): underwriting expenses (¥3,915.3 billion), of which ¥259.9 billion is provision for underwriting reserves; investment expenses (¥108.9 billion); operating expenses and general and administrative expenses (¥696.3 billion); other ordinary expenses (¥20.8 billion) Ordinary profit: ¥390.4 billion

②Underwriting profit and catastrophe reserves for domestic non-life insurance companies

Underwriting profit can be dramatically affected by events such as natural catastrophes. Non-life insurance companies are legally required to build up catastrophe reserves to mitigate that impact. When companies have to pay extremely large insurance claims, they can reverse the catastrophe reserves, which mitigates the impact to a certain degree. The following table indicates past underwriting profit, incurred losses related to natural catastrophes, and changes in catastrophe reserves (net provision). (See page 107 of the "Glossary of Insurance Terminology" for details on catastrophe reserves and page 111 for underwriting profit.)

Impact of natural catastrophes on underwriting profit

(¥ billion)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Underwriting profit/(loss)	(3.0)	(36.1)	28.7	43.9	121.3	89.3	62.8	8.4	11.4	71.5	(15.2)
Impact on underwriting profit (A + B)	(13.2)	(93.3)	(58.5)	(149.7)	(132.9)	(159.0)	(160.8)	(172.3)	(155.1)	(151.9)	(76.6)
Incurred losses due to natural catastrophes (A)	55.1	96.3	27.2	68.1	51.0	114.3	240.7	139.0	89.7	78.1	115.5
Great East Japan Earthquake	1.3	-	-	-	-	-	-	-	-	-	-
2011 Thailand floods	0.6	(23.0)	(5.1)	-	-	-	-	-	-	-	-
2014 massive snowfalls	-	82.1	2.2	0.3	-	-	-	-	-	-	-
Large-scale natural catastrophes including 2017 hurricanes in North America	-	-	-	-	-	41.3	-	-	-	-	-
July heavy rain, Typhoon Nos. 21 and 24 in 2018	-	-	-	-	-	-	183.7	-	-	-	-
Typhoon Nos. 15 and 19 in 2019	-	-	-	-	-	-	-	93.0	-	-	-
Other natural catastrophes	53.2	37.1	30.1	67.7	51.0	73.0	56.9	46.0	89.7	78.1	115.5
Net provision for catastrophe reserves (B)	(41.9)	(3.0)	31.3	81.6	81.8	44.6	(79.8)	33.3	65.3	73.7	(38.8)

* Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
Example: The impact of loss of ¥311.5 billion from natural catastrophes for FY2011 was mitigated by the reversal of catastrophe reserves of ¥139.5 billion and resulted in an underwriting loss of ¥190.0 billion.

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Five-Year Summary (Unaudited)

	Yen in millions					US$ in millions
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
Ordinary income:	¥5,500,438	¥5,168,361	¥4,892,244	¥5,132,042	¥5,251,271	$39,189
Net premiums written	3,497,572	3,573,732	3,500,996	3,609,052	3,934,473	29,362
Ordinary profit	290,847	157,701	306,524	390,499	231,113	1,725
Net income attributable to owners of the parent	192,705	143,030	144,398	262,799	161,530	1,205
Comprehensive income/(loss)	(79,701)	(157,288)	753,938	310,470	(80,923)	(604)
Net assets	2,778,047	2,494,038	3,126,657	3,302,749	3,056,273	22,808
Total assets	23,132,539	23,196,455	24,142,562	25,033,846	25,000,433	186,570

	Yen					US$
Net income attributable to owners of the parent per share - Basic	¥328.72	¥248.36	¥255.79	¥474.52	¥299.80	$2.24
Net income attributable to owners of the parent per share - Diluted	328.60	248.22	255.65	474.32	299.70	2.24
Net assets per share	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94	42.04
Equity ratio	11.89%	10.57%	12.78%	13.02%	12.04%	–
Return on equity	6.77%	5.50%	5.22%	8.29%	5.15%	–
Price earnings ratio	10.25	12.18	12.70	8.38	13.70	–

	Yen in millions					US$ in millions
Cash flows						
Cash flows from operating activities	¥776,724	¥667,896	¥(323,912)	¥236,708	¥194,153	$1,449
Cash flows from investing activities	(252,417)	(330,363)	43,925	(71,976)	480,953	3,589
Cash flows from financing activities	(33,337)	65,321	79,278	58,545	(314,502)	(2,347)
Cash and cash equivalents at the end of year	1,798,526	2,198,680	1,994,434	2,256,216	2,646,431	19,749
Number of employees	41,467	41,582	41,501	39,962	38,584	–

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥134=US$1. For details, see Note 1 of Significant Accounting Policies (p159).

Management's Discussion and Analysis

1. OVERVIEW

This Management Discussion and Analysis (MD&A) provides information on the nature of the businesses conducted by MS&AD Holdings and its affiliates (176 subsidiaries and 32 associates as of March 31, 2023), and the positioning of the principal affiliates within these businesses.

MS&AD is a specified listed company pursuant to the provisions stipulated in Japanese Cabinet Order 49-2 and is regulated under this Order with respect to securities transactions and other matters. As a result, investors should make decisions based on the Group's consolidated financial statements as provided for under the minimal standards criteria of material facts set forth in restrictions on insider trading.

Description of Businesses

1) Domestic Non-Life Insurance Business

MS&AD's domestic non-life insurance business is operated by the following three subsidiaries and others in Japan:

a) Mitsui Sumitomo Insurance Company, Limited ("MSI")
b) Aioi Nissay Dowa Insurance Company, Limited ("ADI")
c) Mitsui Direct General Insurance Company, Limited ("Mitsui Direct General")

2) Domestic Life Insurance Business

MS&AD's domestic life insurance business is operated by the following two subsidiaries and others in Japan:

a) Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSI Aioi Life")
b) Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSI Primary Life")

3) International Business

MS&AD's international business is operated by the international divisions of the domestic non-life insurance subsidiaries in Japan and their overseas subsidiaries, and the overseas branches of the domestic non-life insurance subsidiaries.

4) Financial Services Business/Risk-Related Services Business

a) Financial Services Business
MS&AD's financial services business, including asset management, financial guarantees, 401k, ART (alternative risk transfer), personal finance, and venture capital finance, is operated by the domestic non-life insurance subsidiaries; Sumitomo Mitsui DS Asset Management Company, Limited; MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.; Leadenhall Capital Partners LLP; and others.
b) Risk-Related Services Business
MS&AD's risk-related services business, including risk management, is operated by MS&AD InterRisk Research Institute & Consulting, Inc., and others.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

MS&AD Holdings' consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japan GAAP). The preparation of these financial statements requires MS&AD Holdings' management to select and apply accounting policies, and to make several estimates regarding the impact on disclosure of assets and liabilities as well as revenues and expenses. Management bases its estimates on historical experience and other assumptions considered reasonable. Nevertheless, these estimates contain inherent uncertainties and thus could differ from actual results.

Significant accounting policies used in the preparation of MS&AD Holdings' consolidated financial statements are presented in "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under "Section 5. Accounting Status." The following items are considered to be important accounting estimates.

1) Method for Determination of Fair Value

Certain assets and liabilities are recorded on the Company's balance sheet at their fair values. These fair values are determined based on market prices. For certain derivatives for which market prices are not available, reasonable estimates of fair value are made based on the present value of future cash flows, the price of the underlying assets, the contract period, and other factors.

2) Impairment of Securities

Because securities held by the Group companies are subject to the risk of price fluctuations in securities markets, MS&AD applies impairment accounting for securities based on reasonable criteria. If the securities markets decline, an impairment loss could be incurred.

3) Impairment of Fixed Assets

When the profitability of fixed assets declines and investments in these assets are unlikely to be recovered, MS&AD recognizes impairment losses to reflect recoverable amounts under certain circumstances.

The recoverable amount for an asset or asset group is the higher of the net sales value (the value computed by deducting expected disposal expenses from the fair value of an asset or asset group) and the value in use (the present value of expected future cash flows resulting from the continual usage and subsequent disposal of an asset or asset group).

Accordingly, the amount of the impairment loss for fixed assets depends on estimated future cash flows based on the assumption and forecasts that MS&AD considers reasonable. Consequently, an additional impairment loss could be incurred in the event of changes in the related business environment, in the event of a change in the usage of fixed assets or in the event of changes in real estate or leasing market prices.

4) Deferred Tax Assets

In determining recoverable deferred tax assets, future taxable income is estimated based on the assumptions and forecasts that MS&AD considers reasonable. Because the recoverable amount of deferred tax assets depends on estimates of future taxable income, the amount of deferred tax assets could fluctuate in the event of a subsequent change in estimates of future taxable income.

5) Allowance for Credit Losses

In preparation for losses on bad debts, MS&AD records estimated amounts deemed to be unrecoverable as an allowance for credit losses. Unrecoverable amounts and recorded allowances for credit losses could change from their initial estimates due to changes in the financial condition of debtors.

6) Outstanding Claims

MS&AD estimates and sets aside reserves as outstanding claims for any unpaid amounts of its payment obligations as determined or recognized by insurance contracts. Claim payments and recorded outstanding claims could change from their initial estimates due to such factors as the progress of loss adjustment, the results of legal judgments, and exchange rate fluctuations.

7) Underwriting Reserves

To meet future obligations in accordance with insurance contracts, MS&AD sets aside underwriting reserves. It could, therefore, become necessary to increase underwriting reserves in the event of unforeseen losses due to significant changes in the business environment, operating conditions, and other factors.

8) Retirement Benefit Expenses and Retirement Benefit Obligations

Retirement benefit expenses and retirement benefit obligations are calculated based on certain assumptions that include discount rates, future retirement rates, and mortality rates. However, future retirement benefit expenses and obligations could change if actual results differ from the assumptions used, or if it becomes necessary to change the assumptions.

3. SUMMARY OF BUSINESS RESULTS

In fiscal 2022, although the global economy showed signs of recovery due to the relaxing of COVID-19 restrictions, the economic outlook remained uncertain due to the increased upward pressure on commodity prices and the impact of monetary policies by various countries aimed at curbing inflation arising from the rising costs of raw materials and other factors caused by the protracted Ukraine conflict.

The Medium-Term Management Plan (2022-2025), which started from this fiscal year, is aiming for "Growing Together with Society as a Platform provider of risk solution." We have been working to become a "corporate group that supports a resilient and sustainable society" under the three basic strategies of "Value (value creation)," "Transformation (business transformation)," and "Synergy (Group synergy)."

Value (Value creation)	Through the global implementation of "CSV × DX(*1)," the following initiatives were undertaken with the aim of providing value to all stakeholders and enhancing corporate value, as well as increasing the profitability of our business, products, and services and strengthening our earnings base. [Details of Initiatives] • Development of products and services that come before and after coverage and protection, such as "Accident Risk AI Assessment(*2)," and establishment of a sales structure • Implementation of measures to improve and expand profitability of the domestic non-life insurance business, including premium rate revisions for fire insurance, development of disaster prevention and mitigation services, and sales expansion of strategic products for casualty insurance
Transformation (Business transformation)	The following initiatives were undertaken with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as transforming the business, product, and risk portfolios to build a stable earnings base. [Details of Initiatives] • Business investment in the U.S. MGA(*3) market in international operations and expansion of domestic life insurance business and new business areas • Using DX to establish new business sectors and developing more advanced risk consulting services with InterRisk Research & Consulting playing a central role • Reducing strategic equity holdings by 206.6 billion yen, exceeding the revised target (150 billion yen) for FY2022
Synergy (Group synergy)	The following initiatives were undertaken with the aim of realizing further growth by strengthening collaboration by leveraging the diversity of the Group, improving productivity by deepening Group standardization, collaboration, and integration, and realizing synergies on a global basis. [Details of Initiatives] • Implementation of the "One Platform Strategy" to improve quality and productivity in areas such as products, claims services, and administrative work for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance • Sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products • Global synergies including the sharing and mutual use of expertise and skills of Group companies in Japan and overseas through the TENKAI Project(*4) and other initiatives

(*1) CSV (Creating Shared Value) × DX (Digital Transformation)
An initiative to achieve sustainable growth and increase corporate value by improving productivity and competitiveness through a combination of CSV (Creating Shared Value with Society) and DX (Digital Transformation).

(*2) Accident Risk AI Assessment
A service for local governments that uses AI to quantify the risk of traffic accidents for each location (road segment and intersection) and visualize it on a map.

(*3) MGA (Managing General Agent)
An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.

(*4) TENKAI Project
An initiative where, to maximize the synergy of our Group, our know-how, technology, and services are deployed both domestically and internationally for accelerating our efforts to enhance our corporate value and sustainable growth.

As a result of these efforts, earnings for the current consolidated fiscal year to date are as follows.

Ordinary income was ¥5,251.2 billion, due to underwriting income of ¥4,482.4 billion, investment income of ¥745.7 billion and other ordinary income of ¥23.1 billion. At the same time, ordinary expenses amounted to ¥5,020.1 billion, including ¥4,064.2 billion in underwriting expenses, ¥195.6 billion in investment expenses, ¥739.3 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥20.8 billion.

As a result, ordinary profit for the current fiscal year was ¥231.1 billion, reflecting a year-on-year decrease of ¥159.3 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income attributable to owners of the parent for the current fiscal year was ¥161.5 billion, reflecting a year-on-year decrease of ¥101.2 billion.

[Key Consolidated Financial Indicators]

(Yen in millions)

	FY2021	FY2022	Change	Change (%)
Net premiums written	¥3,609,052	¥3,934,473	¥325,421	9.0
Life insurance premiums	520,037	453,578	(66,458)	-12.8
Ordinary profit	390,499	231,113	(159,386)	-40.8
Net income attributable to owners of the parent	262,799	161,530	(101,268)	-38.5

Net premiums written increased by ¥325.4 billion to ¥3,934.4 billion from the previous fiscal year, mainly due to increases in the domestic non-life insurance business because of fire insurance and other factors, and in the international business due to increases of revenues in Asia, Europe, and the Americas, as well as the impact of foreign exchange rates and other factors.

Life insurance premiums decreased by ¥66.4 billion from the previous consolidated fiscal year to ¥453.5 billion, mainly due to an increase in refunds of foreign currency–denominated policies that reached the investment target due to the depreciation of the yen and other factors despite an increase in insurance premium revenues.

Ordinary profit decreased by ¥159.3 billion from the previous consolidated fiscal year to ¥231.1 billion, mainly due to an increase in automobile accidents, natural disasters in Japan, an increase in insurance proceeds and benefits due to the spread of COVID-19, a decrease in investment profit/loss in the international business, and other factors.

After adjustments to ordinary profit mainly for extraordinary income, income taxes, and resident taxes, net income attributable to owners of the parent decreased by ¥101.2 billion from the previous consolidated fiscal year to ¥161.5 billion.

Insurance premiums and claims by insurance type are as follows.

a. Direct Premiums Written (including Deposit Premiums from Policyholders)

(Yen in millions)

	Previous consolidated fiscal year (From April 1, 2021, to March 31, 2022)			Current consolidated fiscal year (From April 1, 2022, to March 31, 2023)		
Lines of Insurance	Amount	Composition ratio (%)	Year-on-year increase/ decrease (-) Rate (%)	Amount	Composition ratio (%)	Year-on-year increase/ decrease (-) Rate (%)
Fire and Allied	¥784,527	20.3	3.5	¥877,573	21.2	11.9
Marine	201,365	5.2	5.6	254,672	6.2	26.5
Personal Accident	284,581	7.3	(3.0)	296,170	7.2	4.1
Voluntary Automobile	1,634,984	42.2	2.6	1,672,541	40.4	2.3
Compulsory Automobile Liability	276,076	7.1	(7.0)	279,102	6.7	1.1
Other	692,153	17.9	4.2	756,927	18.3	9.4
Total	¥3,873,688	100.0	2.1	¥4,136,987	100.0	6.8
Deposit premiums from policyholders included	52,185	1.3	(28.2)	41,359	1.0	(20.7)

Notes: 1. The figures represent amounts after the elimination of internal transactions between segments.
2. Direct premiums written (including deposit premiums from policyholders) are the premiums from policyholders minus the surrender benefits and other refunds to policyholders. (Includes deposit premiums from policyholders for savings-type insurance.)

b. Net Premiums Written

(Yen in millions)

	FY2021			FY2022		
Lines of Insurance	Amount	Share (%)	Change (%)	Amount	Share (%)	Change (%)
Fire and Allied	¥620,531	17.2	4.7	¥725,039	18.4	16.8
Marine	159,293	4.4	5.7	199,375	5.1	25.2
Personal Accident	232,288	6.5	2.6	247,630	6.3	6.6
Voluntary Automobile	1,679,430	46.5	2.4	1,730,383	44.0	3.0
Compulsory Automobile Liability	281,282	7.8	(6.5)	275,732	7.0	(2.0)
Other	636,224	17.6	7.7	756,310	19.2	18.9
Total	¥3,609,052	100.0	3.1	¥3,934,473	100.0	9.0

Note: The figures represent amounts after the elimination of internal transactions between segments.

c. Net Claims Paid

(Yen in millions)

	FY2021			FY2022		
Lines of Insurance	Amount	Share (%)	Change (%)	Amount	Share (%)	Change (%)
Fire and Allied	¥412,825	21.2	9.6	¥510,906	22.8	23.8
Marine	66,480	3.4	(11.9)	85,586	3.8	28.7
Personal Accident	111,059	5.7	(1.7)	154,745	6.9	39.3
Voluntary Automobile	844,643	43.4	4.7	952,324	42.5	12.7
Compulsory Automobile Liability	197,440	10.1	(8.2)	183,660	8.2	(7.0)
Other	314,525	16.2	(0.2)	353,975	15.8	12.5
Total	¥1,946,975	100.0	2.4	¥2,241,198	100.0	15.1

Note: The figures represent amounts after the elimination of internal transactions between segments.

Recognition, analysis, and reviewed contents for financial performance and operating results by segment are as follows.

1) Domestic Non-Life Insurance Business (Mitsui Sumitomo Insurance Co., Ltd.)

2) Domestic Non-Life Insurance Business (Aioi Nissay Dowa Insurance Co., Ltd.)

Mitsui Sumitomo Insurance Co., Ltd., and Aioi Nissay Dowa Insurance Co., Ltd., which are core non-life insurance companies of our Group, developed and provide products and services that contribute to CSV in order to contribute to solving social issues such as climate change and growing together with society. Mitsui Sumitomo Insurance Co., Ltd., optionally added a dedicated rear camera to provide clear images of the rear of the vehicle to its voluntary automobile insurance policy (drive recorder voluntary automobile insurance)*1 to meet the needs of society, and provides products and services that contribute to the preservation and restoration of natural capital and biodiversity, including the release of the Special cover for additional expenses against marine pollution which covers the cost of restoration activities for damage to the natural environment in the event of a ship accident. Aioi Nissay Dowa Insurance Co., Ltd., provided "traffic safety EBPM support services*2" to assist local governments in planning and verifying the effectiveness of traffic safety by utilizing accumulated automobile driving data. In addition, it provided products and services that contribute to solving social and local issues, such as the launch of "Wan Nyan de Kyun," a pet insurance policy that provides the industry's extremely wide compensation and preventive services for injuries and illnesses. In addition, the two companies jointly launched the "Disaster Countermeasures Support Insurance," which supports businesses' social contribution activities in the event of disasters such as typhoons, floods, and earthquakes. To help realize a decarbonized society, was the first domestic non-life insurance company to develop and provide a "special agreement for the replacement cost of electric vehicles, etc. ," which covers the cost of acquiring an electric vehicle, etc., as an alternative vehicle in the event of major damage to the contracted vehicle.

*1 Voluntary automobile insurance policy to watch (premium drive recorder)
Voluntary automobile insurance provides services to prevent accidents and reduce the impact of accidents and support recovery using communication-based drive recorders with functions such as "360-degree photography" and the "use of a drive recorder outside the vehicle (photographing and talking)."

*2 Traffic safety EBPM support service
A service that objectively estimates "dangerous intersections" based on telematics data (car driving data such as rapid deceleration) held by local governments and prefectural police when implementing traffic policies such as reviewing school routes and installing signs, and then identifies "reasons for the danger" through detailed analysis of the intersections and proposes "optimal traffic safety measures." EBPM means "evidence-based policy making."

1) Domestic Non-Life Insurance Business (MSI)

Net premiums written increased by ¥50.5 billion to ¥1,629.8 billion, mainly due to increased sales of fire insurance and marine insurance. On the other hand, net loss paid increased by ¥113.3 billion from the previous fiscal year to ¥944.5 billion, mainly due to increases in fire insurance and voluntary automobile insurance. As a result, the net loss ratio was 64.3%, up 5.3 percentage points from the previous year. The net expense ratio decreased 0.5 percentage point from the previous year to 32.5% due to an increase in net premiums written.

Insurance underwriting gains and losses, which are calculated by adding or subtracting deposit premiums from policyholders, maturity refunds to policyholders, provision for outstanding claims, reversal of policy reserve, and similar items, decreased by ¥56.9 billion from the previous fiscal year to a loss of ¥15.9 billion, mainly due to an increase in incurred loss from natural disasters in Japan (sum of net loss paid and provisions to reserves for outstanding claims).

A summary of asset management is as follows.

Investment income as a residual amount after deducting investment gains used for maturity refunds to savings-type insurance policyholders and other usage increased by 24.4 billion from the previous fiscal year to ¥226.1 billion. This was mainly because interest and dividend income was up ¥7.7 billion from the previous year to ¥134.9 billion, and gains on sales of securities increased by ¥19.3 billion from the previous year to ¥110.7 billion. On the other hand, asset management expenses increased by ¥11.6 billion

from the previous year to ¥52 billion, mainly due to an increase in impairment losses on securities of ¥18.7 billion.

As a result, ordinary profit decreased by ¥43 billion from the previous fiscal year to ¥141.2 billion. Net income decreased by ¥37.8 billion from the previous year to ¥107.8 billion.

2) Domestic Non-Life Insurance Business (ADI)

Net premiums written increased by ¥44.2 billion to ¥1,335.5 billion, mainly due to increased sales of fire insurance and voluntary automobile insurance. On the other hand, net loss paid increased by ¥115.1 billion from the previous fiscal year to ¥809.3 billion, mainly due to increases in voluntary automobile insurance and fire insurance. As a result, the net loss ratio was 66.6%, up 6.8 percentage points from the previous year. The net expense ratio decreased by 0.4 percentage point from the previous year to 34.6% due to an increase in net premiums written and other factors.

Insurance underwriting profits reflecting deposit premiums from policyholders, maturity refunds to policyholders, provision for outstanding claims, and reversal of policy reserve, among other factors, decreased by ¥29.8 billion from the previous fiscal year to ¥0.6 billion, mainly due to an increase in incurred loss from automobile accidents and natural disasters in Japan (sum of net loss paid and provisions to reserves for outstanding claims).

A summary of asset management is as follows.

Investment income as a residual amount after deducting investment gains used for maturity refunds to savings-type insurance policyholders and other usage increased by ¥29 billion from the previous fiscal year to ¥100.4 billion. This was mainly because interest and dividend income increased by ¥6.8 billion from the previous year to ¥63.6 billion, and gains on sales of securities grew by ¥26.2 billion from the previous year to ¥50 billion. On the other hand, asset management expenses increased by ¥14.5 billion from the previous year to ¥27.1 billion, mainly due to an increase in derivative transaction expenses.

As a result, ordinary profit decreased by ¥14.2 billion from the previous fiscal year to ¥66.7 billion. Net income decreased by ¥10.7 billion from the previous year to ¥43.1 billion.

3) Domestic Non-Life Insurance Business (Mitsui Direct General)

Mitsui Direct General Insurance Co., Ltd., has launched a new product that embodies the brand concept of "strong and gentle": "Strong and Gentle Automobile Insurance," which is both "strong" for compensation and claims handling and "gentle" for satisfaction thanks to customers choosing products by themselves at reasonable premiums.

The business performance of Mitsui Direct General Insurance Co., Ltd., was as follows.

Net premiums written fell ¥0.8 billion from the previous fiscal year to ¥34.5 billion. On the other hand, net loss paid increased by ¥0.5 billion from the previous year to ¥20.5 billion. The net loss ratio was 67.5%, up 3.1 percentage points from the previous year.

Commission and collection expenses, as well as the general and administrative expenses related to insurance underwriting, increased by ¥1.4 billion from the previous fiscal year to ¥13 billion. The net expense ratio was 37.9%, up 4.9 percentage points from the previous year.

Insurance underwriting gains and losses fell ¥1.1 billion from the previous fiscal year to ¥0.3 billion. Net income reflecting extraordinary profit/(loss), corporate taxes, resident taxes, and other taxation, amounted to ¥0.8 billion.

As a result, net income (segment income) after considering equity ownership increased ¥0.1 billion from the previous year to ¥0.8 billion.

Note: Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written
Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written

4) Domestic Life Insurance Business (MSI Aioi Life)

At Mitsui Sumitomo Aioi Life Insurance Co., Ltd., we have created a new type of medical insurance for hospital admissions and surgeries that provides coverage for receiving a lump sum payment at the time of hospital admission (including one-day hospitalization). We have also added a special policy clause for cancer insurance that eliminates the need to pay premiums when cancer is definitely diagnosed to improve the attractiveness of our products. In addition to providing coverage through insurance products, we have released a new healthcare service brand, MSA Care, which aims to provide total support for the health of customers by responding to "Prevention and early detection and prevention of worsening and recurrence" and providing insurance products and healthcare services in a unified manner.

The business performance of Mitsui Sumitomo Aioi Life Insurance Co., Ltd., was as follows.

Premiums and other income fell ¥14.4 billion from the previous fiscal year to ¥489 billion, mainly due to a decrease in individual insurance premiums.

Ordinary profit decreased by ¥11.1 billion from the previous fiscal year to ¥27.8 billion, mainly due to an increase in claims for benefits due to COVID-19. Net income decreased by ¥8.3 billion from the previous year to ¥12.7 billion.

5) Domestic Life Insurance Business (MSI Primary Life)

To improve the attractiveness of products that help clients build assets and extend the life of their assets, Mitsui Sumitomo Primary Life Insurance Company, Limited, has increased the number of options available through the new guarantee-focused course and the investment-focused course in "Minori 10 Years," an index-linked pension plan designed to provide a sense of pleasure while protecting pension resources. In addition, we completely revised the "Primary Life My Page" Web service for customers and provided highly convenient services through a new screen design and enhanced service content.

The business performance of Mitsui Sumitomo Primary Life Insurance Co., Ltd., was as follows.

Premiums and other income increased by ¥424.2 billion to ¥1,349.8 billion from the previous fiscal year due to the improvement of the market environment, the revision of core products, and active non-face-to-face sales and training activities.

Ordinary profit decreased by ¥56.7 billion to ¥31 billion compared with the previous fiscal year due to a reaction to the decrease in the burden of provision of policy reserve in the previous fiscal year due to rising interest rates and the burden of provision of policy reserve for foreign currency–denominated insurance newly subject to the standard policy reserve system. Net income decreased by ¥33.2 billion from the previous year to ¥19.7 billion.

6) International Business (Overseas Insurance Subsidiaries)

In our Group, while curbing insurance underwriting for overseas natural catastrophe risks, we promoted initiatives to expand and stabilize the Group's profits through the growth of our international businesses. While making business investments for further business expansion, we also worked to strengthen the governance of overseas entities and the management of overseas natural catastrophe risks and other risks.

Mitsui Sumitomo Insurance Co., Ltd., acquired Transverse Insurance Group, LLC, to expand its presence in the U.S. insurance market to capture the growing MGA market in the United States. In addition, the MS Amlin business continued to improve underwriting results by controlling natural catastrophe risks, carefully selecting underwriting, and raising rates. As a result, despite the impacts of the Russia-Ukraine conflict, the damage caused by Hurricane Ian, and other natural catastrophe, the MS Amlin business became profitable, and its profitability was strengthened. In the Asian region, we continued to develop the retail market by utilizing digital technologies, collaborating with platformers, and developing the corporate market by strengthening regional cooperation taking advantage of the strengths of our respective bases such as MS First Capital Insurance Limited, thereby continuing to achieve stable profits.

Aioi Nissay Dowa Insurance Co., Ltd., promoted the telematics and mobility service business centered on five regions: Japan, the United States, Europe, China, and Southeast Asia. In Europe, we used an AI model jointly developed with Mind Foundry to improve underwriting results by setting rates, streamlining insurance payment operations, and implementing other measures. In addition, in Thailand, the cumulative number of sales of voluntary automobile insurance reflecting driving behavior exceeded 200,000. As an advanced example of data utilization, the company was awarded the Insurtech Initiative of the Year—Thailand at the Insurance Asia Awards 2022. Its innovation initiatives using telematics technology were highly praised and contributed to the improvement of its presence in the Asian region.

Net premiums written increased by ¥231.1 billion from the previous fiscal year to ¥934.1 billion, mainly due to increases in sales in Asia, Europe, and the Americas, as well as the impact of foreign exchange rates.

Ordinary profit decreased by ¥30.5 billion from the previous fiscal year to ¥9 billion, mainly due to the recording of estimated claims related to Russia's invasion of Ukraine, a decrease in investment profit/loss due to fluctuations in financial markets, and a decrease in equity in net income of associates of overseas life insurance affiliates.

Net income (segment income) after considering equity ownership decreased ¥8.8 billion from the previous consolidated fiscal year to ¥15.7 billion.

4. CASH FLOW ANALYSIS

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities increased by ¥560.6 billion over the previous fiscal year to ¥236.7 billion, due in part to a rebound from an increase in foreign currency insurance contracts returns of Mitsui Sumitomo Primary Life Insurance Co., Ltd. in the previous fiscal year. Net cash flows from investing activities decreased by ¥115.9 billion over the previous fiscal year to ¥(71.9) billion, due in part to a decrease in proceeds from sales and redemption of securities, despite a decrease in expenditure on the purchase of securities. In addition, net cash flows provided by financial activities decreased by ¥20.7 billion over the previous fiscal year to ¥58.5 billion, due in part to an increase in expenditure on redemption of corporate bonds, despite an increase in proceeds from the issuance of corporate bonds. As a result, cash and cash equivalents at the end of the fiscal year under review have increased by ¥261.7 billion from the end of the previous fiscal year to ¥2,256.2 billion.

5. BUSINESS ENVIRONMENT AND ISSUES TO BE ADDRESSED FROM THE BUSINESS AND FINANCIAL PERSPECTIVES

The global economy, including Japan's, is expected to sustain a moderate pickup in economic conditions, while there are concerns about the impact of global monetary tightening, downside risks from price increases, and other areas of uncertainty.

The insurance industry is required to play a role as a social infrastructure that responds to various challenges and enhances the resilience of society, even in an uncertain environment such as the frequent occurrence of large-scale natural disasters, the transition to a society with COVID-19, and the rise of geopolitical risks.

Under such circumstances, FY2023 is the second year of the Medium-Term Management Plan and our Group continues to pursue the theme of "Growing Together with Society as a Platform Provider of Risk Solutions," and to realize a corporate group that supports a resilient and sustainable society, works on our business based on the basic strategies of "Value (value creation)," "Transformation (business reforms)," and "Synergy (demonstration of Group synergy)" and the foundations of "Sustainability," "Quality," "Human assets," and "ERM" that support the basic strategies.

Our policies by main business area are as follows.

In the domestic non-life insurance business, we will expand our top line and generate stable profits by taking advantage of our strengths such as "three distinctive non-life insurance companies," "Japan's largest sales network," and "our close relationships with Japan's leading corporate groups." We will continue to work to improve the profitability of fire insurance and improve profitability overall by promoting the "One Platform Strategy" and other initiatives to reduce business expenses.

In the domestic life insurance business, we will enhance customer approaches and expand earnings by leveraging the strengths of Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Company, Limited, in their channels (non-life insurance agents and sales through financial institutions) and increase profits and develop asset building markets through their cooperation to achieve sustainable growth.

In the international business, we will steadily promote initiatives to strengthen profitability, such as the expansion of underwriting of high-profitability policies in the MS Amlin business, for which profitability is recovering; penetration in the U.S. MGA market using Transverse; and the strengthening of the retail business in Asia. In addition, we will make business investments in the United States and Asia, strengthen global synergies, and take other measures. Moreover, to improve capital efficiency, we will monitor profitability and growth and work to improve international business management.

In the risk-related services business, with InterRisk Research & Consulting at the core of the Group, we will strengthen our risk management services, such as services and consulting before and after compensation and protection using digital data to create new business opportunities.

Our Group will continue to enhance capital efficiency by improving profitability in each of these business areas and strive to improve management and corporate value with a focus on capital costs and stock prices.

In addition, based on the three priority sustainability issues of "co-existence with the global environment," "safe and secure society," and "happiness of diverse people," we will contribute to the sustainability of society and work toward the long-term growth of our Group.

6. SOLVENCY MARGIN RATIO

The solvency margin ratios of our company and its domestic insurance subsidiaries are as follows.

Insurance companies build reserves to cover payments of insurance claims.

Moreover, they must secure adequate ability to cover payments even in the event of a crisis beyond the scale of what is ordinarily forecast, such as a major disaster or a significant decline in asset prices. An insurance company's payment capability, including capital and reserves, is known as the solvency margin total amount, "(A)" in the tables below, and its risk amount, "(B)" in the tables below, reflects such a risk exceeding ordinary forecasts. The ratio of (A) to (B) is an index called the solvency margin ratio, "(C)" in the tables below, which is calculated based on the Insurance Business Act.

The solvency margin ratio is an objective decision-making index used by government agencies for monitoring insurance companies and insurance holding companies. A solvency margin ratio of 200% or higher is taken to indicate that an insurance company has sufficient capability to pay insurance claims and other obligations.

1) MS&AD
Consolidated Solvency Margin Ratio

(Yen in millions)

	FY2021	FY2022
(A) Solvency margin total amount	¥5,778,630	¥5,234,013
(B) Risk amount	1,347,114	1,345,950
(C) Solvency margin ratio (A/(B × 1/2)) × 100	857.9%	777.7%

Note: The consolidated solvency margin ratio is calculated based on the provisions in Article 210–11, 3 and Article 210–11, 4 of the Ordinance for Enforcement of the Insurance Business Act and in the Financial Services Agency (FSA) Public Ministerial Announcement No. 23 of 2011.

The solvency margin ratio was 777.7%, down 80.2 percentage points from the end of the previous consolidated fiscal year. This was mainly because the total solvency margin fell ¥544.6 billion from the end of the previous consolidated fiscal year principally due to a decline in the fair value of shares held.

2) MSI
Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	FY2021	FY2022
(A) Solvency margin total amount	¥3,598,612	¥3,405,349
(B) Risk amount	996,144	995,234
(C) Solvency margin ratio (A/(B × 1/2)) × 100	722.5%	684.3%

Note: The non-consolidated solvency margin ratio is calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Article 50 of the Notification of the Ministry of Finance 1996.

The solvency margin ratio was 684.3%, down 38.2 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin dropped ¥193.2 billion from the end of the previous fiscal year principally due to the early redemption of subordinated bonds and a decrease in net unrealized gains/(losses) on investments in securities.

3) Aioi Nissay Dowa Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2021	FY2022
(A) Total solvency margin	¥1,396,160	¥1,327,493
(B) Total risk	368,045	319,545
(C) Solvency margin ratio [(A)/ {(B) × 1/2}] × 100	758.6%	830.8%

Note: See the note for MSI “a. Non-Consolidated Solvency Margin Ratio” regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio increased 72.2 percentage points from the end of the previous fiscal year to 830.8%, mainly due to a decrease in the amount equivalent to the risk of major disasters and a decrease of ¥48.4 billion in the total risk compared with the end of the previous fiscal year.

4) Mitsui Direct General Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2021	FY2022
(A) Total solvency margin	¥17,001	¥17,853
(B) Total risk	5,199	5,060
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	653.9%	705.5%

Note: See the note for MSI “a. Non-Consolidated Solvency Margin Ratio” regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 705.5%, up 51.6 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin increased ¥0.8 billion from the end of the previous fiscal year principally due to an increase in shareholders’ equity as a result of net income.

5) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2021	FY2022
(A) Total solvency margin	¥398,033	¥338,880
(B) Total risk	69,105	69,474
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,151.9%	975.5%

Note: See the note for MSI “a. Non-Consolidated Solvency Margin Ratio” regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 975.5%, down 176.4 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin fell ¥59.1 billion from the end of the previous year principally due to a decrease in net unrealized gains/(losses) on investments in securities (before tax effects) because of a decline in the fair value of bonds held to maturity.

6) Mitsui Sumitomo Primary Life Insurance Company, Limited
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2021	FY2022
(A) Total solvency margin	¥739,516	¥683,942
(B) Total risk	135,086	152,103
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,094.8%	899.3%

Note: See the note for MSI “a. Non-Consolidated Solvency Margin Ratio” regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 899.3%, down 195.5 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin fell ¥55.5 billion from the end of the previous year principally due to a decrease in net unrealized gains/(losses) on investments in securities (before tax effects) because of a decline in the fair value of bonds held to maturity.

Premiums Written and Net Claims Paid — Non-Life Insurance (Unaudited)

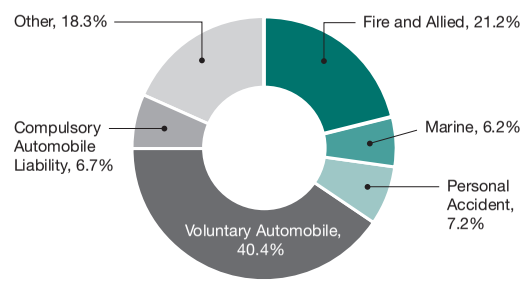
(a) Direct Premiums Written (including deposit premiums from policyholders)

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2018 Amount	FY2018 Change (%)	FY2018 Share (%)	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2022 Amount
Fire and Allied	¥677,543	8.1	18.0	¥734,573	8.4	19.2	¥757,785	3.2	20.0	¥784,527	3.5	20.3	¥877,573	11.9	21.2	$6,549
Marine	184,578	9.5	4.9	185,068	0.3	4.8	190,705	3.0	5.0	201,365	5.6	5.2	254,672	26.5	6.2	1,901
Personal Accident	321,651	0.3	8.6	311,984	(3.0)	8.2	293,409	(6.0)	7.7	284,581	(3.0)	7.3	296,170	4.1	7.2	2,210
Voluntary Automobile	1,550,037	0.3	41.2	1,570,344	1.3	41.0	1,592,952	1.4	42.0	1,634,984	2.6	42.2	1,672,541	2.3	40.4	12,482
Compulsory Automobile Liability	346,258	0.8	9.2	347,736	0.4	9.1	296,911	(14.6)	7.8	276,076	(7.0)	7.1	279,102	1.1	6.7	2,083
Other	681,779	6.0	18.1	677,583	(0.6)	17.7	664,078	(2.0)	17.5	692,153	4.2	17.9	756,927	9.4	18.3	5,649
Total	¥3,761,848	3.1	100.0	¥3,827,289	1.7	100.0	¥3,795,842	(0.8)	100.0	¥3,873,688	2.1	100.0	¥4,136,987	6.8	100.0	$30,873
Deposit premiums from policyholders	¥80,235	(7.1)	2.1	¥75,553	(5.8)	2.0	¥72,635	(3.9)	1.9	¥52,185	(28.2)	1.3	41,359	(20.7)	1.0	309

DIRECT PREMIUMS WRITTEN (FY2022)

Total ¥4,136.9 Billion



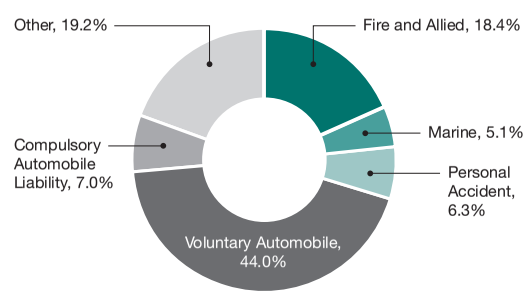
(b) Net Premiums Written

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2018 Amount	FY2018 Change (%)	FY2018 Share (%)	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2022 Amount
Fire and Allied	¥558,427	0.9	16.0	¥589,897	5.6	16.5	¥592,798	0.5	16.9	¥620,531	4.7	17.2	¥725,039	16.8	18.4	$5,411
Marine	152,333	7.0	4.3	147,814	(3.0)	4.1	150,662	1.9	4.3	159,293	5.7	4.4	199,375	25.2	5.1	1,488
Personal Accident	261,273	8.7	7.5	246,806	(5.5)	6.9	226,349	(8.3)	6.5	232,288	2.6	6.5	247,630	6.6	6.3	1,848
Voluntary Automobile	1,593,578	0.4	45.6	1,632,423	2.4	45.7	1,639,651	0.4	46.8	1,679,430	2.4	46.5	1,730,383	3.0	44.0	12,913
Compulsory Automobile Liability	337,844	(4.0)	9.6	347,214	2.8	9.7	300,996	(13.3)	8.6	281,282	(6.5)	7.8	275,732	(2.0)	7.0	2,058
Other	594,114	5.0	17.0	609,575	2.6	17.1	590,537	(3.1)	16.9	636,224	7.7	17.6	756,310	18.9	19.2	5,644
Total	¥3,497,572	1.6	100.0	¥3,573,732	2.2	100.0	¥3,500,996	(2.0)	100.0	¥3,609,052	3.1	100.0	¥3,934,473	9.0	100.0	$29,362

NET PREMIUMS WRITTEN (FY2022)

Total ¥3,934.4 Billion



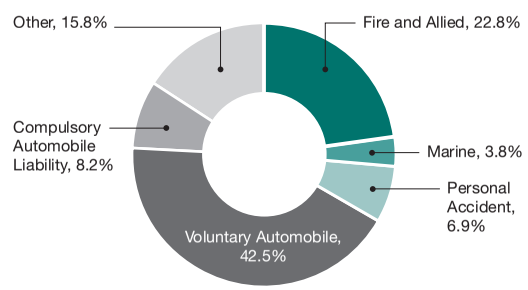
(c) Net Claims Paid

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2018 Amount	FY2018 Change (%)	FY2018 Share (%)	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2022 Amount
Fire and Allied	¥526,294	39.1	24.7	¥405,830	(22.9)	20.0	¥376,673	(7.2)	19.8	¥412,825	9.6	21.2	¥510,906	23.8	22.8	$3,813
Marine	83,445	1.4	3.9	81,804	(2.0)	4.1	75,439	(7.8)	4.0	66,480	(11.9)	3.4	85,586	28.7	3.8	639
Personal Accident	110,904	4.4	5.2	114,146	2.9	5.6	113,025	(1.0)	5.9	111,059	(1.7)	5.7	154,745	39.3	6.9	1,155
Voluntary Automobile	872,529	3.6	40.9	880,237	0.9	43.4	806,808	(8.3)	42.4	844,643	4.7	43.4	952,324	12.7	42.5	7,107
Compulsory Automobile Liability	247,757	(2.1)	11.6	233,215	(5.9)	11.5	215,043	(7.8)	11.3	197,440	(8.2)	10.1	183,660	(7.0)	8.2	1,371
Other	291,224	6.4	13.7	311,978	7.1	15.4	315,258	1.1	16.6	314,525	(0.2)	16.2	353,975	12.5	15.8	2,642
Total	¥2,132,155	10.2	100.0	¥2,027,212	(4.9)	100.0	¥1,902,248	(6.2)	100.0	¥1,946,975	2.4	100.0	¥2,241,198	15.1	100.0	$16,725

NET CLAIMS PAID (FY2022)

Total ¥2,241.1 Billion



Policies in Force and New Policies — Domestic Life Insurance (Unaudited)

(a) Policies in Force

	(Yen in millions)										(US$ in millions)
	FY2018		FY2019		FY2020		FY2021		FY2022		FY2022
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥28,117,507	4.6	¥28,056,161	(0.2)	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	$203,787
Individual annuities	3,094,163	3.6	2,915,890	(5.8)	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	21,453
Group insurance	8,554,605	8.8	8,888,416	3.9	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	73,483
Group annuities	305	1.0	294	(3.4)	297	0.7	277	(6.5)	252	(9.1)	2

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.

(b) New Policies

	(Yen in millions)					(US$ in millions)
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
	Amount	Amount	Amount	Amount	Amount	Amount
Individual insurance	¥3,847,186	¥2,773,532	¥2,434,298	¥2,413,439	¥2,379,027	$17,754
Individual annuities	385,662	177,730	123,035	96,731	357,413	2,667
Group insurance	92,813	96,406	114,945	43,351	68,710	513
Group annuities	–	–	–	–	–	–

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

Investment Assets and Investments in Securities (Unaudited)

(a) Investment Assets

	(Yen in millions)				(US$ in millions)
	FY2021		FY2022		FY2022
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥2,357,002	9.4%	¥2,771,949	11.1%	$20,686
Receivables under resale agreements	–	–	–	–	–
Monetary claims bought	146,489	0.7	142,976	0.6	1,067
Money trusts	2,039,135	8.1	2,082,012	8.3	15,537
Investments in securities	16,959,321	67.7	16,149,338	64.6	120,517
Loans	985,242	3.9	959,497	3.8	7,160
Land and buildings	424,841	1.7	413,872	1.7	3,089
Total investment assets	¥22,912,033	91.5%	¥22,519,646	90.1%	$168,057
Total assets	¥25,033,846	100.0%	¥25,000,433	100.0%	$186,570

(b) Investments in Securities

	(Yen in millions)				(US$ in millions)
	FY2021		FY2022		FY2022
	Amount	Share	Amount	Share	Amount
Government bonds	¥4,685,265	27.6%	¥4,355,273	27.0%	$32,502
Municipal bonds	245,703	1.5	219,781	1.4	1,640
Corporate bonds	1,348,898	8.0	1,298,299	8.0	9,689
Stock	2,905,387	17.1	2,693,594	16.7	20,101
Foreign securities	5,600,327	33.0	5,739,321	35.5	42,831
Other securities	2,173,739	12.8	1,843,066	11.4	13,754
Total	¥16,959,321	100.0%	¥16,149,338	100.0%	$120,517

Note: "Other securities" consists mainly of investment trusts managed in separate accounts.

Consolidated Balance Sheets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
As of March 31, 2022 and March 31, 2023

	Yen in millions		US$ in millions
Assets	2022	2023	2023
Cash, deposits and savings	¥2,357,036	¥2,771,981	$20,686
Monetary claims bought	146,489	142,976	1,067
Money trusts	2,039,135	2,082,012	15,537
Investments in securities	16,959,321	16,149,338	120,517
Loans	985,242	959,497	7,160
Tangible fixed assets:	487,691	476,711	3,558
Land	227,757	220,903	1,649
Buildings	197,084	192,968	1,440
Lease assets	24,153	28,961	216
Construction in progress	3,895	1,707	13
Other tangible fixed assets	34,800	32,169	240
Intangible fixed assets:	443,159	496,124	3,702
Software	154,047	134,958	1,007
Goodwill	124,946	143,247	1,069
Lease assets	164	213	2
Other intangible fixed assets	163,999	217,704	1,625
Other assets	1,529,465	1,743,777	13,013
Assets for retirement benefits	30,265	36,372	271
Deferred tax assets	40,653	122,822	917
Customers' liabilities under acceptances and guarantees	23,000	27,524	205
Bad debt reserve	(7,614)	(8,706)	(65)
Total assets	¥25,033,846	¥25,000,433	$186,570

See accompanying notes to consolidated financial statements.

	Yen in millions		US$ in millions
Liabilities and Net Assets	2022	2023	2023
Liabilities			
Policy liabilities:	¥18,608,139	¥18,869,599	$140,818
Outstanding claims	2,467,600	2,682,482	20,019
Underwriting reserves	16,140,539	16,187,116	120,799
Bonds issued	782,902	714,743	5,334
Other liabilities	1,837,250	1,852,392	13,824
Liabilities for pension and retirement benefits	137,710	141,137	1,053
Reserve for retirement benefits for officers	176	133	1
Accrued bonuses for employees	30,006	28,444	212
Reserve for stock payments	–	1,009	8
Reserves under the special laws:	266,381	277,998	2,075
Reserve for price fluctuation	266,381	277,998	2,075
Deferred tax liabilities	45,528	31,177	233
Acceptances and guarantees	23,000	27,524	205
Total liabilities	21,731,096	21,944,159	163,762
Net Assets			
Shareholders' equity:			
Common stock	100,534	100,808	752
Capital surplus	553,680	345,144	2,576
Retained earnings	1,251,280	1,305,928	9,746
Treasury stock	(159,850)	(6,662)	(50)
Total shareholders' equity	1,745,644	1,745,220	13,024
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	1,565,167	1,216,563	9,079
Net deferred gains/(losses) on hedges	(998)	(21,996)	(164)
Foreign currency translation adjustments	(52,492)	79,704	595
Accumulated actuarial gains/(losses) on retirement benefits	1,566	(9,448)	(71)
Total accumulated other comprehensive income	1,513,242	1,264,822	9,439
Stock acquisition rights	762	558	4
Non-controlling interests	43,099	45,671	341
Total net assets	3,302,749	3,056,273	22,808
Total liabilities and net assets	¥25,033,846	¥25,000,433	$186,570

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2022 and March 31, 2023

	Yen in millions		US$ in millions
	2022	2023	2023
Ordinary income and expenses			
Ordinary income:	¥5,132,042	¥5,251,271	$39,189
Underwriting income:	4,239,589	4,482,431	33,451
Net premiums written	3,609,052	3,934,473	29,362
Deposit premiums from policyholders	52,185	41,359	309
Investment income on deposit premiums from policyholders	35,631	35,591	266
Life insurance premiums	520,037	453,578	3,385
Other underwriting income	22,682	17,428	130
Investment income:	858,664	745,712	5,565
Interest and dividends income	302,615	345,468	2,578
Investment gains on money trusts	170,905	191,350	1,428
Investment gains on trading securities	31,346	–	0
Gains on sales of securities	145,320	195,948	1,462
Gains on redemption of securities	5,526	2,355	18
Gains on derivative transactions	–	44,502	332
Investment gains on separate accounts	58,239	–	0
Other investment income	180,341	1,678	13
Transfer of investment income on deposit premiums from policyholders	(35,631)	(35,591)	(266)
Other ordinary income:	33,788	23,127	173
Gains on equity method investments	16,711	2,373	18
Other ordinary income	17,076	20,754	155
Ordinary expenses:	4,741,543	5,020,158	37,464
Underwriting expenses:	3,915,377	4,064,285	30,330
Net claims paid	1,946,975	2,241,198	16,725
Loss adjustment expenses	198,925	207,021	1,545
Commissions and collection expenses	725,349	781,162	5,830
Maturity refunds to policyholders	180,991	165,278	1,233
Dividends to policyholders	58	51	0
Life insurance claims	471,410	531,253	3,965
Provision for outstanding claims	127,190	125,486	936
Provision for underwriting reserves	259,922	1,262	9
Other underwriting expenses	4,554	11,571	86
Investment expenses:	108,908	195,669	1,460
Investment losses on money trusts	14,206	28,438	212
Investment losses on trading securities	–	19,631	147
Losses on sales of securities	17,708	65,613	490
Impairment losses on securities	36,254	23,208	173
Losses on redemption of securities	240	360	3
Losses on derivative transactions	28,062	–	0
Investment losses on separate accounts	–	32,700	244
Other investment expenses	12,435	25,716	192
Operating expenses and general and administrative expenses	696,390	739,317	5,517
Other ordinary expenses:	20,866	20,886	156
Interest expense	15,482	10,383	77
Provision for bad debts	–	1,315	10
Losses on bad debts	137	408	3
Other ordinary expenses	5,247	8,778	66
Ordinary profit	390,499	231,113	1,725

	Yen in millions		US$ in millions
	2022	2023	2023
Extraordinary income and losses			
Extraordinary income:	¥14,990	¥34,615	$258
Gains on sales of fixed assets	14,990	34,615	258
Extraordinary losses:	35,462	30,271	226
Losses on sales of fixed assets	6,296	10,216	76
Impairment losses on fixed assets	2,684	1,801	13
Provision for reserves under the special laws:	21,405	11,616	87
Provision for reserve for price fluctuation	21,405	11,616	87
Other extraordinary losses	5,076	6,637	50
Income before income taxes	370,027	235,456	1,757
Income taxes - current	72,024	35,737	267
Income taxes - deferred	32,054	34,704	259
Total income taxes	104,078	70,441	526
Net income	265,948	165,014	1,231
Net income attributable to non-controlling interests	3,149	3,484	26
Net income attributable to owners of the parent	¥262,799	¥161,530	$1,205

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2022 and March 31, 2023

	Yen in millions		US$ in millions
	2022	2023	2023
Net income	¥265,948	¥165,014	$1,231
Other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	(62,428)	(347,106)	(2,590)
Net deferred gains/(losses) on hedges	(15,409)	(21,362)	(159)
Foreign currency translation adjustments	109,422	129,610	967
Accumulated actuarial gains/(losses) on retirement benefits	(2,261)	(11,042)	(82)
Share of other comprehensive income of equity method investments	15,199	3,962	30
Total other comprehensive income	44,521	(245,938)	(1,835)
Total comprehensive income	¥310,470	¥(80,923)	$(604)
Allocation:			
Comprehensive income attributable to owners of the parent	¥304,979	¥(86,889)	(648)
Comprehensive income attributable to non-controlling interests	5,490	5,966	$45

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2022 and 2023

2022

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,276	¥553,428	¥1,078,850	¥(119,267)	¥1,613,287
Changes for the year:					
Issuance of new shares	258	258			516
Dividends paid			(90,369)		(90,369)
Net income attributable to owners of the parent			262,799		262,799
Repurchase of treasury stock				(40,847)	(40,847)
Disposal of treasury stock		(6)		264	258
Cancellation of treasury stock					–
Changes in equity resulting from increase in capital of consolidated subsidiaries					–
Changes in equity resulting from transactions with non-controlling shareholders					–
Net changes of items other than shareholders' equity					
Total changes for the year	258	252	172,430	(40,582)	132,357
Ending balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥1,630,325	¥14,997	¥(178,080)	¥3,819	¥1,471,062	¥1,019	¥41,288	¥3,126,657
Changes for the year:								
Issuance of new shares								516
Dividends paid								(90,369)
Net income attributable to owners of the parent								262,799
Repurchase of treasury stock								(40,847)
Disposal of treasury stock								258
Cancellation of treasury stock								–
Changes in equity resulting from increase in capital of consolidated subsidiaries								–
Changes in equity resulting from transactions with non-controlling shareholders								–
Net changes of items other than shareholders' equity	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	43,734
Total changes for the year	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	176,092
Ending balance	¥1,565,167	¥(998)	¥(52,492)	¥1,566	¥1,513,242	¥762	¥43,099	¥3,302,749

See accompanying notes to consolidated financial statements.

2023

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644
Changes for the year:					
Issuance of new shares	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			161,530		161,530
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	–
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling shareholders		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	54,648	153,187	(424)
Ending balance	¥100,808	¥345,144	¥1,305,928	¥(6,662)	¥1,745,220

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	¥(998)	¥(52,492)	¥1,566	¥1,513,242	¥762	¥43,099	¥3,302,749
Changes for the year:								
Issuance of new shares								548
Dividends paid								(106,881)
Net income attributable to owners of the parent								161,530
Repurchase of treasury stock								(54,946)
Disposal of treasury stock								205
Cancellation of treasury stock								–
Changes in equity resulting from increase in capital of consolidated subsidiaries								(30)
Changes in equity resulting from transactions with non-controlling shareholders								(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,051)
Total changes for the year	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,476)
Ending balance	¥1,216,563	¥(21,996)	¥79,704	¥(9,448)	¥1,264,822	¥558	¥45,671	¥3,056,273

See accompanying notes to consolidated financial statements.

2023

(US$ in millions)

	Shareholders'equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	750	4,132	9,338	(1,193)	13,027
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(798)		(798)
Net income attributable to owners of the parent			1,205		1,205
Repurchase of treasury stock				(410)	(54,946)
Disposal of treasury stock		(0)		2	2
Cancellation of treasury stock		(1,552)		1,552	–
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(6)			(6)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(1,556)	408	1,143	(3)
Ending balance	752	2,576	9,746	(50)	13,024

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	11,680	(7)	(392)	12	11,293	6	322	24,647
Changes for the year:								
Issuance of new shares								4
Dividends paid								(798)
Net income attributable to owners of the parent								1,205
Repurchase of treasury stock								(410)
Disposal of treasury stock								2
Cancellation of treasury stock								–
Changes in equity resulting from increase in capital of consolidated subsidiaries								(0)
Changes in equity resulting from transactions with non-controlling shareholders								(6)
Net changes of items other than shareholders' equity	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,836)
Total changes for the year	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,839)
Ending balance	9,079	(164)	595	(71)	9,439	4	341	22,808

Consolidated Statements of Cash Flows

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2022 and March 31, 2023

	Yen in millions		US$ in millions
	2022	2023	2023
I. Cash flows from operating activities:			
Income before income taxes	¥370,027	¥235,456	$1,757
Depreciation	84,806	93,105	695
Impairment losses on fixed assets	2,684	1,801	13
Amortization of goodwill	12,305	13,888	104
Increase/(decrease) in outstanding claims	126,516	130,527	974
Increase/(decrease) in underwriting reserves	249,527	(4,722)	(35)
Increase/(decrease) in bad debt reserve	(6,426)	834	6
Increase/(decrease) in reserve for retirement benefits for officers	(64)	(42)	(0)
Increase/(decrease) in accrued bonuses for employees	960	(2,818)	(21)
Increase/(decrease) in reserve for stock payments	–	1,009	8
Decrease/(increase) in assets for pension and retirement benefits	–	(19,911)	(149)
Increase/(decrease) in liabilities for pension and retirement benefits	(26,016)	3,232	24
Increase/(decrease) in reserve for price fluctuation	21,405	11,616	87
Interest and dividends income	(302,615)	(345,468)	(2,578)
Losses/(gains) on money trusts	(156,698)	(162,912)	(1,216)
Losses/(gains) on investments in securities	(127,990)	(89,490)	(668)
Losses/(gains) on derivative transactions	28,062	(44,502)	(332)
Investment losses/(gains) on separate accounts	(58,239)	32,700	244
Interest expense	15,482	10,383	77
Foreign exchange losses/(gains)	(166,796)	(28,571)	(213)
Losses/(gains) on disposal of tangible fixed assets	(11,977)	(30,006)	(224)
Losses /(gains) on equity method investments	(16,711)	(2,373)	(18)
Decrease/(increase) in other assets	(39,250)	(119,068)	(889)
Increase/(decrease) in other liabilities	(11,216)	91,225	681
Others, net	(26,820)	54,428	406
Subtotal	(39,047)	(169,676)	(1,266)
Interest and dividends received	400,993	447,284	3,338
Interest paid	(15,768)	(10,449)	(78)
Income taxes refunded/(paid)	(109,469)	(73,004)	(545)
Net cash provided by/(used in) operating activities (a)	236,708	194,153	1,449
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	6,289	(37,643)	(281)
Purchase of monetary claims bought	–	(4,812)	(36)
Proceeds from sales and redemption of monetary claims bought	10,577	12,135	91
Purchase of money trusts	(513,061)	(487,409)	(3,637)
Proceeds from sales of money trusts	292,136	512,110	3,822
Purchase of securities	(3,688,774)	(3,523,042)	(26,291)
Proceeds from sales and redemption of securities	3,915,082	4,184,931	31,231
Investment in loans	(196,039)	(211,739)	(1,580)
Collection of loans	195,900	234,847	1,753
Net increase/(decrease) in cash collateral under securities lending transactions	23,151	10,125	76
Others, net	(45,671)	(128,777)	(961)
Subtotal (b)	(409)	560,726	4,185
(a + b)	236,298	754,879	5,633
Acquisition of tangible fixed assets	(28,130)	(24,625)	(184)
Proceeds from sales of tangible fixed assets	20,594	48,588	363
Acquisition of intangible fixed assets	(53,020)	(57,007)	(425)
Acquisition of subsidiaries resulting in changes in scope of consolidation	(10,101)	(45,002)	(336)
Others, net	(908)	(1,725)	(13)
Net cash provided by/(used in) investing activities	(71,976)	480,953	3,589
III. Cash flows from financing activities:			
Repayments of borrowings	–	(98,381)	(734)
Issuance of bonds	149,684	–	0
Redemption of bonds	(176,191)	(72,000)	(537)
Net increase/(decrease) in payables under repurchase agreements	116,998	(22,519)	(168)
Net increase/(decrease) in cash collateral under securities lending transactions	110,259	53,229	397
Repurchase of treasury stock	(40,847)	(55,745)	(416)
Dividends paid to shareholders	(90,264)	(106,753)	(797)
Dividends paid to non-controlling interests	(3,708)	(2,284)	(17)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	–	(2,471)	(18)
Others, net	(7,385)	(7,575)	(57)
Net cash provided by/(used in) financing activities	58,545	(314,502)	(2,347)
IV. Effect of exchange rate changes on cash and cash equivalents	38,504	29,610	221
V. Net increase/(decrease) in cash and cash equivalents	261,781	390,215	2,912
VI. Beginning balance of cash and cash equivalents	1,994,434	2,256,216	16,837
VII. Ending balance of cash and cash equivalents	¥2,256,216	¥2,646,431	$19,749

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MS&AD Insurance Group Holdings, Inc. and its Consolidated Subsidiaries
As of and for the years ended March 31, 2022 and March 31, 2023

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2023 have been translated into US dollar at the rate of ¥134=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2023. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

101 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Transverse Insurance Group, LLC ("Transverse") and 12 other companies have been included in the scope of consolidation since the year ended March 31, 2023 as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

As Phoenix Underwriters Limited is no longer a subsidiary due to completion of liquidation, it has been excluded from the scope of consolidation since the year ended March 31, 2023.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.

MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

12 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Reiwa Insurance Company, Ltd.), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 93 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these subgroups were reclassified as available-for-sale securities. This was mainly due to the improvement in ALM (asset and liability Management) efficiency in line with the decrease in the balance of underwriting reserves for these subgroups. As a result of this change, securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512 million yen at the time of transfer on September 30, 2022.

(v) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for share delivery

To provide for the delivery of the Company's shares in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the end of the year ended March 31, 2023.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method. Gains and losses on certain currency option contracts are accounted for under the fair value hedge method, and gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)
Among the above hedging relationships, the exceptional treatment prescribed in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force ("PITF") No. 40, March 17, 2022) is applied to all hedge relationships included in the scope of application of PITF No. 40. The details of the hedging relationships to which PITF No. 40 is applied are as follows:

Hedge accounting method:	Deferred hedge accounting
Hedging instruments:	Interest rate swaps
Hedged items:	Floating rate bonds
Type of hedging transaction:	Transaction to fix cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of consolidated tax return filing system

The Company and certain domestic consolidated subsidiaries applied the consolidated tax return filing system for the year ended March 31, 2022.

(iv) Application of the group tax sharing system

The Company and certain domestic consolidated subsidiaries applied the group tax sharing system for the year ended March 31, 2023.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, goodwill of ¥124,946 million and ¥143,247 million were recognized, respectively. In addition, goodwill of ¥41,067 million and ¥35,384 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, outstanding claims of ¥2,467,600 million and ¥2,682,482 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.
For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in

consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation.

8. Change in accounting policy

(Application of "Accounting Standard for Fair Value Measurement" and Others)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement," Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement," the Group has applied new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 9 "Information on financial instruments" of Notes to Consolidated Balance Sheets.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

10. Additional information

(Share compensation plan for employees)

Effective from the year ended March 31, 2023, the Company has entered into a share compensation plan for employees (the "Plan") of its consolidated subsidiaries MSI, ADI, Mitsui Direct, MSAL, and MSPL (the "Participating Companies").

(i) Overview of the transaction

Pursuant to the Plan, shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company's shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of Company's shares from the stock market in a lump sum that are expected to be delivered, based on funds contributed by the Participating Companies through the Company.

(ii) Company's shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the year ended March 31, 2023 is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-based share compensation plan for overseas consolidated subsidiaries)

Certain overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, "the Plan") for employees and officers subject to certain conditions.

(i) Overview of the transaction

The Plan is a scheme to determine the number of shares to be granted based on the average performance during a certain period, and to deliver the Company's shares or pay the cash equivalent to the Company's shares converted at fair value.
To prepare for future deliveries under the Plan, a trust set up using the cash contributed by subsidiaries that implemented the Plan acquired the Company's shares from the stock market.

(ii) Shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net assets section at the carrying amount in the trust (excluding incidental expenses). The carrying amounts of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were ¥799 million and ¥1,660 million. The number of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were 213 thousand shares and 440 thousand shares, respectively.

(Application of the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System")

Effective from the year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

NOTES TO CONSOLIDATED BALANCE SHEETS

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
Accumulated depreciation	415,853	430,206
Accelerated depreciation	12,162	11,629

Note: As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2022 and March 31, 2023 were ¥12,162 million and ¥11,629 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
Securities (Domestic stocks)	30,238	30,255
Securities (Foreign securities)	269,031	287,723
Securities (Other securities)	24,604	28,113
Total	323,874	346,092

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
Bankrupt and quasi-bankrupt loans	75	5
Doubtful loans	121	722
Loans overdue for three months or more	204	99
Restructured loans	1,024	301
Total	1,425	1,128

Note: Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the “Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc.” (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of “risk-monitoring loans” based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

4. The amounts of assets pledged as collateral are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
Assets pledged as collateral:		
Cash, deposits and savings	19,662	30,360
Money trusts	2,521	2,750
Securities	748,974	775,768
Total	771,158	808,879

Note: The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in Other liabilities are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
	227,342	204,822

5. The amounts of securities loaned under securities lending agreements are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
	754,059	699,408

6. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
	1,888,006	1,569,434

7. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥64,113 million and ¥29,682 million, respectively in a negative liability position as of March 31, 2022 and March 31, 2023. These amounts were not included in Customers’ liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

8. The unutilized balances of commitment lines to third parties are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
	16,513	12,100

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the backoffice and risk management departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. (as of March 31, 2021, financial instruments in which the fair values are not practically determinable) are not included in the following table (see Note 3 and Note 4).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

	Yen in millions			
	Carrying amount			
March 31, 2022	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	129,326	4,368	133,695
(b) Money trusts	–	1,652,272	386,862	2,039,135
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	–	39,752
Domestic stocks	8,165	–	–	8,165
Foreign securities	418,245	345,549	100,330	864,125
Others	11,639	1,868,003	–	1,879,642
Available-for-sale securities				
Domestic bonds	1,746,410	1,344,937	–	3,091,347
Domestic stocks	2,782,250	–	–	2,782,250
Foreign securities	1,091,583	2,351,167	223,560	3,666,310
Others	17,676	181,720	26,405	225,802
Derivative transactions (*1):				
Currency	122	20,887	–	21,010
Interest rate	74	21,196	–	21,271
Equity	–	2,021	–	2,021
Bond	4,185	–	–	4,185
Credit	–	848	–	848
Others	–	–	379	379
Total assets	6,115,239	7,922,797	741,906	14,779,944
Derivative transactions (*1):				
Currency	70	68,273	–	68,344
Interest rate	99	7,791	–	7,891
Equity	6,042	501	–	6,544
Bond	1,250	–	–	1,250
Credit	–	2,507	–	2,507
Others	–	–	696	696
Total liabilities	7,462	79,075	696	87,233

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥2,190 million as an asset and ¥47,239 million as a liability.

	Yen in millions			
	Carrying amount			
March 31, 2023	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	116,562	3,091	119,654
(b) Money trusts	–	1,495,842	586,170	2,082,012
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	–	45,278
Domestic stocks	5,802	–	–	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	–	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	–	2,658,520
Domestic stocks	2,577,273	–	–	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions (*1):				
Currency	–	26,395	–	26,395
Interest rate	519	27,423	–	27,942
Equity	3,457	124	–	3,581
Bond	6,471	–	–	6,471
Credit	–	866	–	866
Others	–	–	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions (*1):				
Currency	–	30,107	–	30,107
Interest rate	507	23,037	–	23,544
Equity	1,198	463	–	1,661
Bond	8,690	–	–	8,690
Credit	–	756	–	756
Others	–	–	691	691
Total liabilities	10,395	54,364	691	65,451

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥3,886 million as an asset and ¥9,716 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings, and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

		Yen in millions					
		Fair value					
March 31, 2022		Level 1	Level 2	Level 3	Total	Carrying amount	Difference
(a)	Monetary claims bought	–	12,794	–	12,794	12,794	–
(c)	Securities:						
	Held-to-maturity securities						
	Domestic bonds	1,228,416	126,907	–	1,355,323	1,220,261	135,061
	Foreign securities	–	3,852	–	3,852	3,875	(22)
	Debt securities earmarked for underwriting reserves						
	Domestic bonds	1,679,742	128,728	–	1,808,470	1,928,505	(120,034)
	Foreign securities	19,822	745,950	–	765,773	762,307	3,466
	Investments in associates	156,496	2,829	–	159,325	89,538	69,787
(d)	Loans					985,242	
	Bad debt reserve (*1)					(67)	
		–	291,971	698,840	990,811	985,174	5,637
Total assets		3,084,478	1,313,034	698,840	5,096,353	5,002,457	93,896
	Bonds issued	–	683,612	101,319	784,931	782,902	2,029
Total liabilities		–	683,612	101,319	784,931	782,902	2,029

(*1) Bad debt reserve for loans is deducted from the carrying amount.

		Yen in millions					
		Fair value					
March 31, 2023		Level 1	Level 2	Level 3	Total	Carrying amount	Difference
(a)	Monetary claims bought	–	23,321	–	23,321	23,321	–
(c)	Securities:						
	Held-to-maturity securities						
	Domestic bonds	1,170,767	122,804	–	1,293,571	1,221,808	71,763
	Foreign securities	–	4,375	–	4,375	4,262	113
	Debt securities earmarked for underwriting reserves						
	Domestic bonds	1,535,481	120,688	–	1,656,169	1,947,747	(291,577)
	Foreign securities	15,174	286,071	–	301,246	313,075	(11,828)
	Investments in associates	136,984	4,128	–	141,113	86,630	54,482
(d)	Loans					959,497	
	Bad debt reserve (*1)					(769)	
		–	258,587	696,555	955,142	958,728	(3,585)
Total assets		2,858,408	819,977	696,555	4,374,941	4,555,574	(180,633)
	Bonds issued	–	605,478	96,280	701,759	714,743	(12,983)
Total liabilities		–	605,478	96,280	701,759	714,743	(12,983)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association (“JSDA”) or prices quoted by counterparty financial institutions. Those based on “Reference Statistical Prices for OTC Bond Transactions” published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

	Yen in millions						
March 31, 2022	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value (*3)(*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	5,927	0	(113)	(1,445)	–	4,368	–
Money trusts	71,571	29,494	7,125	278,672	–	386,862	26,849
Securities:							
Trading securities	75,527	8,886	8,340	7,575	–	100,330	4,946
Available-for-sale securities	171,669	8,632	76,117	(5,453)	(1,000)	249,966	–
Total assets	324,695	47,014	91,469	279,347	(1,000)	741,527	31,795
Derivative transactions (*5)	(789)	1,064	–	(591)	–	(316)	183

(*1) Mainly included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.
(*5) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

	Yen in millions						
March 31, 2023	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	–	3,091	–
Money trusts	386,862	38,063	4,887	156,356	–	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	–	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	–
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions (*4)	(316)	1,009	–	(580)	–	112	752

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.
(*3) Includes increase due to business combination.
(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022 and March 31, 2023, which are not included in “(c) Securities” in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2022
Stocks and other securities without market prices (*1)(*3)	338,763	358,089
Investments in partnerships etc. (*2)(*4)	58,671	71,315
Total	397,435	429,405

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 “Implementation Guidance on Disclosures about Fair Value of Financial Instruments.”
(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 “Revised Implementation Guidance on Accounting Standard for Fair Value Measurement.”
(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2022 and March 31, 2023 were ¥3,552 million and ¥8,237 million, respectively.
(*4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2022 and March 31, 2023 were ¥0 million and ¥4 million, respectively.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

	Yen in millions			
March 31, 2022	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,318,829	37,323	–	850
Monetary claims bought	142,125	–	–	4,180
Securities:				
Held-to-maturity securities:				
Government bonds	–	100,200	136,900	838,900
Corporate bonds	–	23,502	9,600	81,300
Foreign securities	–	1,174	1,579	1,336
Debt securities earmarked for underwriting reserves:				
Government bonds	–	–	–	1,786,200
Municipal bonds	–	–	–	9,000
Corporate bonds	1,100	3,700	4,650	110,300
Foreign securities	26,554	455,767	209,491	66,670
Available-for-sale securities with fixed maturities:				
Government bonds	36,380	321,650	312,940	924,784
Municipal bonds	10,335	57,012	82,504	67,120
Corporate bonds	139,309	503,822	285,034	169,065
Foreign securities	131,134	924,515	949,849	311,014
Loans (*)	136,810	543,874	149,147	90,227
Total	2,942,580	2,972,541	2,141,697	4,460,949

(*) The amounts in the above table do not include ¥196 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥64,966 million of loans without fixed maturities.

	Yen in millions			
March 31, 2023	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,738,594	32,121	–	1,250
Monetary claims bought	134,678	4,750	–	2,976
Securities:				
Held-to-maturity securities:				
Government bonds	3,400	116,500	188,500	770,600
Corporate bonds	500	27,502	31,300	55,100
Foreign securities	–	1,232	1,657	1,402
Debt securities earmarked for underwriting reserves:				
Government bonds	–	–	–	1,807,300
Municipal bonds	–	–	–	9,000
Corporate bonds	3,100	5,050	1,200	110,800
Foreign securities	6,589	91,159	186,015	41,437
Available-for-sale securities with fixed maturities:				
Government bonds	57,290	231,770	308,640	714,724
Municipal bonds	9,210	82,504	58,476	47,471
Corporate bonds	119,995	543,542	241,030	168,090
Foreign securities	196,755	1,160,114	1,245,731	391,244
Loans (*)	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

(*) The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥65,437 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

	Yen in millions					
March 31, 2022	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	22,000	–	100,000	–	150,000	410,000
Total	22,000	–	100,000	–	150,000	410,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

	Yen in millions					
March 31, 2023	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	–	100,000	–	153,840	–	360,000
Total	–	100,000	–	153,840	–	360,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

	Yen in millions	
	March 31, 2022	March 31, 2023
Carrying amount	76,237	76,893
Fair value	143,572	132,640

Notes:
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

The Company's consolidated subsidiary, MSI, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S., and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company
Name of the acquired company: Transverse Insurance Group, LLC
Description of the business: Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination
The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base.

(iii) Date of business combination
January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination
Acquisition of equity interest

(v) Name of the company after the business combination
Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired
100%

(vii) Grounds for determining the acquiring company
The Company's consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements
The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized
US$138 million

(ii) Reason for recognition
The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period
Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	US$ in millions
Total assets	974
(of which, policy liabilities)	473
(of which, intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration
The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed
In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

12. The amounts of net assets per share are as follows:

	March 31, 2022	March 31, 2023
Net assets per share (in ¥)	5,955.21	5,633.94
Stock acquisition rights deducted from net assets (in ¥ million)	762	558
Non-controlling interests deducted from net assets (in ¥ million)	43,099	45,671
Outstanding common stock (in thousands of shares)	547,232	534,268

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Premium income	1,356,791	1,743,707
Surrender benefits and ceding reinsurance premiums paid	(836,753)	(1,290,128)
Life insurance premiums	520,037	453,578

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
	5,761	6,210

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
	178,533	(13,676)

4. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Commission expenses	717,494	772,616
Salaries	303,684	306,745

Note: Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2022

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Tokyo	1	Buildings	1
Idle real estate and real estate for sale	Land and buildings and other	16 properties, including an office building in Ishikawa	2,683	Land Buildings Other	618 1,938 125

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the determination of demolition or other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2023

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings and other	15 properties, including a training center in Kanagawa	1,800	Land Buildings Other	1,132 668 0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to a decline in real estate prices and the disposal in the near future, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of ¥4,721 million in relation to the outside career change support program in MSI and additional retirement benefits of ¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program in MSI.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Basic net income attributable to owners of the parent per share (in ¥)	474.52	299.80
Diluted net income attributable to owners of the parent per share (in ¥)	474.32	299.70

Note: The basis of calculation is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income attributable to owners of the parent (in ¥ million)	262,799	161,530
Average outstanding common stock during the year (in thousands of shares)	553,816	538,791
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (in thousands of shares)	235	173

NOTES TO CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1. Reclassification adjustments and income tax effects of other comprehensive income

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	9,316	(357,047)
Reclassification adjustments	(97,290)	(113,426)
Before income tax effect adjustments	(87,974)	(470,474)
Income tax effects	25,545	123,367
Net unrealized gains/(losses) on securities	(62,428)	(347,106)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(12,451)	(25,474)
Reclassification adjustments	(8,464)	(4,040)
Before income tax effect adjustments	(20,916)	(29,514)
Income tax effects	5,506	8,152
Net deferred gains/(losses) on hedges	(15,409)	(21,362)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	109,422	129,610
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(1,556)	(13,382)
Reclassification adjustments	(1,794)	(2,107)
Before income tax effect adjustments	(3,351)	(15,490)
Income tax effects	1,089	4,447
Actuarial gains/(losses) on retirement benefits	(2,261)	(11,042)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	22,196	3,032
Reclassification adjustments	(6,996)	930
Share of other comprehensive income/(loss) of equity method investments	15,199	3,962
Total other comprehensive income	44,521	(245,938)

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,473	159	–	593,632
Total	593,473	159	–	593,632
Treasury stock:				
Common stock	35,263	11,215	78	46,400
Total	35,263	11,215	78	46,400

Notes:
1. The increase in the total number of common stock issued and outstanding during the year was 159 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the end of the year includes 213 thousand Company's shares held in the trust established under the share compensation plan.
3. The increase in the number of treasury common stock during the year was 11,215 thousand shares, which is due to open market repurchases of 10,988 thousand shares, purchases by the trust established under the share compensation plan of 213 thousand shares, and repurchases of 13 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 78 thousand shares, which is due to exercise of stock acquisition rights of 77 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

		Yen in millions
Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	762
Total		762

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 28, 2021	Common stock	44,656	80	March 31, 2021	June 29, 2021
Board meeting held on November 19, 2021	Common stock	45,712	82.5	September 30, 2021	December 6, 2021

Note: Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 27, 2022	Common stock	53,375	Retained earnings	97.5	March 31, 2022	June 28, 2022

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends resolved at the General shareholders' meeting to be held on June 27, 2022 includes dividends of ¥20 million for the Company's shares held in trust accounts by overseas consolidated subsidiaries that have the performance-based share compensation plan.

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock:				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

Notes:
1. The increase in the total number of common stock issued and outstanding during the year was 134 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The decrease in the total number of common stock issued and outstanding during the year was 57,800 thousand shares, as a result of the cancellation of treasury stock.
3. The number of treasury common stock at the beginning and the end of the year includes 213 thousand and 1,430 thousand Company's shares held in the trust established under the share compensation plan.
4. The increase in the number of treasury common stock during the year was 13,159 thousand shares, which is due to open market repurchases of 11,930 thousand shares, purchases by the trust established under the share compensation plan of 1,216 thousand shares, and repurchases of 12 thousand fractional shares.
5. The decrease in the number of treasury common stock during the year was 57,862 thousand shares, which is due to the cancellation of treasury stock of 57,800 thousand shares, exercise of stock acquisition rights of 61 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

		Yen in millions
Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 27, 2022	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
Board meeting held on November 18, 2022	Common stock	53,570	100	September 30, 2022	December 5, 2022

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 27, 2022 General Shareholders' Meeting includes dividends of 20 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 18, 2022 Board meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 26, 2023	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

1. Reconciliation of balance sheet items to cash and cash equivalents

	Yen in millions	
	2022	2023
Cash, deposits and savings	2,357,036	2,771,981
Monetary claims bought	146,489	142,976
Securities	16,959,321	16,149,338
Time deposits exceeding three months and deposits pledged as collateral	(220,906)	(273,246)
Monetary claims bought other than cash equivalents	(52,699)	(49,408)
Securities other than cash equivalents	(16,933,025)	(16,095,209)
Cash and cash equivalents	2,256,216	2,646,431

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

	Yen in millions
Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

Summary of Business Results of Main Consolidated Subsidiaries

MITSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥759,266	¥621,815
Cash on hand	8	4
Deposits in banks	759,257	621,810
Monetary claims bought	4,368	3,091
Money trusts	474	494
Investments in securities:	5,524,192	5,288,584
Government bonds	701,440	605,721
Municipal bonds	83,840	77,611
Corporate bonds	566,486	534,191
Domestic stocks	1,968,509	1,785,604
Foreign securities	2,106,705	2,166,296
Other securities	97,209	119,158
Loans:	410,660	403,552
Policy loans	4,188	3,319
General loans	406,472	400,232
Tangible fixed assets:	207,534	202,456
Land	75,891	75,299
Buildings	112,725	111,554
Construction in progress	2,257	1,139
Other tangible fixed assets	16,660	14,462
Intangible fixed assets:	93,554	84,760
Software	80,586	61,744
Other intangible fixed assets	12,968	23,016
Other assets:	359,190	358,873
Premiums receivable	6,791	4,917
Due from agencies	121,635	115,480
Co-insurance accounts receivable	10,511	9,018
Reinsurance accounts receivable	46,558	62,050
Foreign reinsurance accounts receivable	50,230	60,903
Agency business accounts receivable	602	786
Other receivables	52,524	34,467
Accrued income	4,465	4,964
Guarantee deposits	10,386	11,808
Deposits with the Japan Earthquake Reinsurance Company	2,944	1,741
Suspense payments	43,940	48,384
Initial margins for future transactions	1,372	1,474
Derivative financial instruments	3,458	2,607
Cash collateral pledged under derivative transactions	3,767	268
Prepaid pension expenses	–	19,783
Customers' liabilities under acceptances and guarantees	16,822	19,362
Bad debt reserve	(1,736)	(2,751)
Total assets	¥7,374,326	¥7,000,023

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥3,755,418	¥3,759,612
Outstanding claims	726,484	767,681
Underwriting reserves	3,028,933	2,991,931
Bonds issued	630,902	580,902
Other liabilities:	621,956	437,504
Co-insurance accounts payable	11,754	14,093
Reinsurance accounts payable	55,772	56,068
Foreign reinsurance accounts payable	26,097	42,856
Agency business accounts payable	520	489
Payables under securities lending transactions	161,831	72,200
Borrowings	198,381	100,000
Income taxes payable	5,300	5,372
Deposits received	59,283	68,201
Unearned income	14	15
Other payables	48,117	32,323
Suspense receipts	21,071	22,310
Derivative financial instruments	12,924	2,675
Cash collateral received under derivative transactions	16,063	16,561
Lease obligations	778	300
Asset retirement obligations	3,990	4,028
Other liabilities	53	6
Reserve for pension and retirement benefits	84,660	86,191
Reserve for retirement benefits for officers	171	130
Accrued bonuses for employees	9,806	9,609
Reserve for stock payments	–	478
Reserves under the special laws:	27,332	31,590
Reserve for price fluctuation	27,332	31,590
Deferred tax liabilities	138,075	112,111
Acceptances and guarantees	16,822	19,362
Total liabilities	5,285,144	5,037,491
(Net assets)		
Common stock	139,595	139,595
Capital surplus:	93,107	93,107
Additional paid-in capital	93,107	93,107
Retained earnings:	704,391	709,093
Legal earned reserve	46,487	46,487
Other retained earnings:	657,904	662,605
Tax-exempted reserve for accelerated depreciation	16,197	15,625
Retained earnings brought forward	641,706	646,980
Total shareholders' equity	937,095	941,796
Net unrealized gains/(losses) on investments in securities	1,134,070	1,006,761
Net deferred gains/(losses) on hedges	18,015	13,972
Total valuation and translation adjustments	1,152,086	1,020,734
Total net assets	2,089,181	1,962,531
Total liabilities and net assets	¥7,374,326	¥7,000,023

MITSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,888,581	¥1,956,362
Underwriting income:	1,682,089	1,724,480
Net premiums written	1,579,325	1,629,832
Deposit premiums from policyholders	38,231	31,397
Investment income on deposit premiums from policyholders	26,543	25,531
Reversal of underwriting reserves	35,031	35,553
Foreign exchange gains	2,180	1,636
Other underwriting income	777	530
Investment income:	201,655	226,104
Interest and dividends income	127,237	134,995
Investment gains on money trusts	203	20
Gains on sales of securities	91,349	110,702
Gains on redemption of securities	206	1,866
Gains on derivative transactions	2,903	–
Foreign exchange gains	6,168	3,936
Other investment income	128	115
Transfer of investment income on deposit premiums from policyholders	(26,543)	(25,531)
Other ordinary income	4,836	5,776
Ordinary expenses:	1,704,347	1,815,137
Underwriting expenses:	1,419,566	1,519,927
Net claims paid	831,256	944,572
Loss adjustment expenses	100,710	103,503
Commissions and collection expenses	300,572	308,339
Maturity refunds to policyholders	128,375	112,220
Dividends to policyholders	50	47
Provision for outstanding claims	57,624	50,595
Other underwriting expenses	976	648
Investment expenses:	40,404	52,098
Losses on sales of securities	599	19,341
Impairment losses on securities	30,708	26,137
Losses on redemption of securities	157	38
Losses on derivative transactions	–	2,294
Other investment expenses	8,940	4,287
Operating expenses and general and administrative expenses	234,209	236,770
Other ordinary expenses:	10,166	6,340
Interest expense	9,740	4,881
Provision for bad debts	3	1,198
Losses on bad debts	0	150
Other ordinary expenses	422	110
Ordinary profit	184,234	141,224
Extraordinary income:	13,777	13,745
Gains on sales of fixed assets	13,777	13,745
Extraordinary losses:	11,682	13,548
Losses on sales of fixed assets	1,958	2,186
Impairment losses on fixed assets	807	466
Provision for reserves under the special laws:	4,193	4,258
Provision for reserve for price fluctuation	4,193	4,258
Other extraordinary losses	4,721	6,637
Income before income taxes	186,329	141,421
Income taxes – current	278	8,658
Income taxes – deferred	40,306	24,863
Total income taxes	40,585	33,522
Net income	¥145,744	¥107,899

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, 2022	March 31, 2023
(A) Total amount of solvency margin	¥3,598,612	¥3,405,349
Total net assets	866,008	879,498
Reserve for price fluctuation	27,332	31,590
Contingency reserve	325	814
Catastrophe reserve	625,266	620,474
General bad debt reserve	78	351
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,415,205	1,255,835
Net unrealized gains/(losses) on land	55,081	52,102
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	380,902	330,902
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	3,642	3,642
Others	232,054	237,421
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	996,144	995,234
General insurance risk (R_1)	144,258	148,949
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	11,064	9,848
Asset management risk (R_4)	821,285	821,033
Business administration risk (R_5)	22,117	22,175
Catastrophe risk (R_6)	129,267	128,932
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	722.5%	684.3 %

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥155,570	¥232,720
Cash on hand	16	18
Deposits in banks	155,554	232,701
Money trusts	2,821	3,050
Investments in securities:	2,643,754	2,536,311
Government bonds	430,559	407,935
Municipal bonds	39,319	23,768
Corporate bonds	305,408	254,975
Domestic stocks	888,329	863,841
Foreign securities	865,355	885,682
Other securities	114,781	100,107
Loans:	245,701	260,537
Policy loans	1,479	1,081
General loans	244,222	259,456
Tangible fixed assets:	181,973	177,201
Land	71,041	69,791
Buildings	96,245	95,434
Lease assets	0	–
Construction in progress	1,620	468
Other tangible fixed assets	13,066	11,507
Intangible fixed assets:	71,174	75,119
Software	33,561	29,714
Other intangible fixed assets	37,613	45,404
Other assets:	366,920	366,106
Premiums receivable	2,949	2,231
Due from agencies	88,264	82,934
Due from foreign agencies	1,688	1,797
Co-insurance accounts receivable	6,718	5,239
Reinsurance accounts receivable	41,772	42,103
Foreign reinsurance accounts receivable	147,666	135,015
Agency business accounts receivable	340	342
Other receivables	33,790	50,742
Accrued income	6,092	5,860
Guarantee deposits	6,408	7,827
Deposits with the Japan Earthquake Reinsurance Company	1,511	677
Suspense payments	25,340	28,621
Derivative financial instruments	4,376	2,714
Prepaid pension expenses	24,930	27,789
Deferred tax assets	45,270	45,624
Customers' liabilities under acceptances and guarantees	8,000	10,000
Bad debt reserve	(966)	(771)
Total assets	¥3,745,150	¥3,733,689

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥2,465,971	¥2,432,837
Outstanding claims	623,230	632,693
Underwriting reserves	1,842,741	1,800,143
Bonds issued	72,000	50,000
Other liabilities:	320,157	392,641
Co-insurance accounts payable	4,334	3,997
Reinsurance accounts payable	41,530	42,691
Foreign reinsurance accounts payable	73,222	66,882
Agency business accounts payable	2,398	2,337
Payables under securities lending transactions	88,775	201,248
Income taxes payable	4,860	3,480
Deposits received	3,419	2,866
Unearned income	16	22
Other payables	50,538	42,826
Suspense receipts	19,774	17,744
Derivative financial instruments	30,082	7,376
Asset retirement obligations	1,204	1,168
Other liabilities	0	0
Reserve for pension and retirement benefits	39,688	42,168
Accrued bonuses for employees	7,054	6,185
Reserve for stock payments	–	446
Reserves under the special laws:	33,797	35,708
Reserve for price fluctuation	33,797	35,708
Acceptances and guarantees	8,000	10,000
Total liabilities	2,946,669	2,969,987
(Net assets)		
Common stock	100,005	100,005
Capital surplus:	81,207	81,207
Additional paid-in capital	52,593	52,593
Other capital surplus	28,614	28,614
Retained earnings:	197,213	199,386
Legal earned reserve	47,411	47,411
Other retained earnings:	149,802	151,974
Retained earnings brought forward	149,802	151,974
Total shareholders' equity	378,426	380,599
Net unrealized gains/(losses) on investments in securities	420,054	383,101
Total valuation and translation adjustments	420,054	383,101
Total net assets	798,480	763,701
Total liabilities and net assets	¥3,745,150	¥3,733,689

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,422,301	¥1,524,367
Underwriting income:	1,343,976	1,414,491
Net premiums written	1,291,344	1,335,557
Deposit premiums from policyholders	13,953	9,962
Investment income on deposit premiums from policyholders	13,654	13,971
Reversal of underwriting reserves	12,710	42,597
Foreign exchange gains	5,768	4,103
Other underwriting income	6,545	8,299
Investment income:	71,469	100,499
Interest and dividends income	56,833	63,636
Investment gains on money trusts	0	0
Gains on sales of securities	23,758	50,026
Gains on redemption of securities	3,637	22
Foreign exchange gains	860	731
Other investment income	34	52
Transfer of investment income on deposit premiums from policyholders	(13,654)	(13,971)
Other ordinary income	6,854	9,376
Ordinary expenses:	1,341,337	1,457,610
Underwriting expenses:	1,129,637	1,233,387
Net claims paid	694,206	809,314
Loss adjustment expenses	78,382	80,318
Commissions and collection expenses	267,882	280,114
Maturity refunds to policyholders	52,615	53,057
Dividends to policyholders	7	3
Provision for outstanding claims	35,598	9,463
Other underwriting expenses	944	1,115
Investment expenses:	12,603	27,165
Losses on sales of securities	6,460	10,880
Impairment losses on securities	3,816	2,271
Losses on redemption of securities	1	2
Losses on derivative transactions	679	10,786
Other investment expenses	1,645	3,224
Operating expenses and general and administrative expenses	196,899	194,884
Other ordinary expenses:	2,197	2,172
Interest expense	789	595
Losses on bad debts	0	0
Other ordinary expenses	1,406	1,576
Ordinary profit	80,964	66,757
Extraordinary income:	916	379
Gains on sales of fixed assets	916	379
Extraordinary losses:	9,452	11,299
Losses on sales of fixed assets	4,256	7,432
Impairment losses on fixed assets	3,295	1,955
Provision for reserves under the special laws:	1,900	1,911
Provision for reserve for price fluctuation	1,900	1,911
Income before income taxes	72,427	55,837
Income taxes – current	31,507	(998)
Income taxes – deferred	(13,052)	13,640
Total income taxes	18,454	12,641
Net income	¥53,973	¥43,195

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥1,396,160	¥1,327,493
Total net assets	348,631	357,293
Reserve for price fluctuation	33,797	35,708
Contingency reserve	1,139	1,388
Catastrophe reserve	359,818	323,213
General bad debt reserve	205	183
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	523,963	478,111
Net unrealized gains/(losses) on land	35,123	36,294
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	5,394	6,594
Others	48,875	51,892
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	368,045	319,545
General insurance risk (R_1)	121,208	124,281
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	5,544	4,959
Asset management risk (R_4)	241,858	242,826
Business administration risk (R_5)	9,042	8,125
Catastrophe risk (R_6)	83,503	34,212
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	758.6%	830.8%

MITSUI DIRECT GENERAL INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥17,499	¥16,341
Deposits in banks	17,499	16,341
Investments in securities:	35,268	33,509
Municipal bonds	18,975	15,829
Corporate bonds	9,842	17,680
Other securities	6,450	–
Tangible fixed assets:	728	761
Buildings	234	213
Other tangible fixed assets	493	547
Intangible fixed assets:	4,393	5,355
Software	3,612	3,624
Other intangible fixed assets	780	1,731
Other assets:	4,917	5,104
Premiums receivable	0	0
Reinsurance accounts receivable	0	55
Other receivables	3,218	3,195
Accrued income	30	33
Income taxes receivable	–	71
Guarantee deposits	439	482
Suspense payments	1,227	1,266
Other assets	0	0
Deferred tax assets	130	1,603
Bad debt reserve	(3)	(2)
Total assets	¥62,933	¥62,674
(Liabilities)		
Policy liabilities:	44,176	42,704
Outstanding claims	23,734	22,692
Underwriting reserves	20,442	20,012
Other liabilities:	2,267	2,486
Reinsurance accounts payable	1	1
Income taxes payable	106	93
Unearned income	24	12
Other payables	1,931	2,175
Suspense receipts	5	4
Asset retirement obligations	198	198
Reserve for pension and retirement benefits	373	432
Accrued bonuses for employees	294	332
Reserve for stock payments	–	10
Reserves under the special laws:	94	100
Reserve for price fluctuation	94	100
Deferred tax liabilities	5	–
Total liabilities	47,212	46,066
(Net assets)		
Common stock	39,106	39,106
Capital surplus:	9,006	9,006
Additional paid-in capital	9,006	9,006
Retained earnings:	(32,284)	(31,390)
Other retained earnings:	(32,284)	(31,390)
Retained earnings brought forward	(32,284)	(31,390)
Total shareholders' equity	15,827	16,721
Net unrealized gains/(losses) on investments in securities	(106)	(113)
Total valuation and translation adjustments	(106)	(113)
Total net assets	15,720	16,607
Total liabilities and net assets	¥62,933	¥62,674

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥35,941	¥36,072
Underwriting income:	35,893	36,027
Net premiums written	35,400	34,530
Investment income on deposit premiums from policyholders	22	25
Reversal of outstanding claims	–	1,041
Reversal of underwriting reserves	470	429
Investment income:	28	23
Interest and dividends income	50	49
Transfer of investment income on deposit premiums from policyholders	(22)	(25)
Other ordinary income	19	21
Ordinary expenses:	35,138	36,633
Underwriting expenses:	23,811	23,701
Net claims paid	19,997	20,544
Loss adjustment expenses	2,791	2,771
Commissions and collection expenses	355	385
Provision for outstanding claims	666	–
Investment expenses:	–	230
Other investment expenses	–	230
Operating expenses and general and administrative expenses	11,324	12,700
Other ordinary expenses:	2	1
Losses on bad debts	–	0
Other ordinary expenses	2	1
Ordinary profit/(loss)	802	(561)
Extraordinary income	–	–
Extraordinary losses:	7	7
Losses on sales of fixed assets	0	1
Provision for reserves under the special laws:	7	6
Provision for reserve for price fluctuation	7	6
Income before income/(loss) taxes	795	(569)
Income taxes – current	184	16
Income taxes – deferred	(209)	(1,479)
Total income taxes	(24)	(1,463)
Net income	¥820	¥894

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥17,001	¥17,853
Total net assets	15,827	16,721
Reserve for price fluctuation	94	100
Contingency reserve	0	0
Catastrophe reserve	1,185	1,143
General bad debt reserve	1	1
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(106)	(113)
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,199	5,060
General insurance risk (R_1)	4,616	4,485
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	0	0
Asset management risk (R_4)	994	964
Business administration risk (R_5)	177	172
Catastrophe risk (R_6)	300	300
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	653.9%	705.5 %

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥107,417	¥416,761
Cash on hand	0	0
Deposits in banks	107,416	416,761
Investments in securities:	4,613,652	4,422,873
Government bonds	3,499,113	3,279,976
Municipal bonds	102,265	102,572
Corporate bonds	624,513	636,994
Domestic stocks	1,001	823
Foreign securities	315,227	341,199
Other securities	71,531	61,306
Loans:	58,990	60,780
Policy loans	58,990	60,780
Tangible fixed assets:	6,855	7,157
Buildings	346	304
Lease assets	5,377	5,728
Other tangible fixed assets	1,131	1,124
Intangible fixed assets:	28,968	25,388
Software	17,571	12,577
Other intangible fixed assets	11,396	12,811
Due from agencies	1,379	1,424
Reinsurance accounts receivable	1,274	1,221
Other assets:	54,370	42,344
Other receivables	31,159	29,678
Prepaid expenses	2,569	2,209
Accrued income	7,595	7,803
Guarantee deposits	332	328
Derivative financial instruments	24	1,079
Suspense payments	920	1,227
Other assets	11,768	18
Deferred tax assets	10,923	31,316
Bad debt reserve	(91)	(89)
Total assets	¥4,883,740	¥5,009,178

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥4,208,571	¥4,362,853
Outstanding claims	38,970	40,386
Underwriting reserves	4,158,746	4,311,933
Reserve for dividends to policyholders	10,854	10,532
Due to agencies	2,949	2,989
Reinsurance accounts payable	309	362
Other liabilities:	480,344	499,428
Payables under repurchase agreements	227,342	204,822
Payables under securities lending transactions	228,535	269,048
Income taxes payable	632	1,024
Other payables	6,190	681
Accrued expenses	7,147	6,229
Unearned income	0	0
Deposits received	113	112
Derivative financial instruments	8,789	1,331
Lease obligations	239	151
Asset retirement obligations	414	408
Suspense receipts	938	590
Other liabilities	–	15,027
Reserve for pension and retirement benefits	4,647	4,990
Reserve for retirement benefits for officers	5	3
Reserve for stock payments	–	63
Reserves under the special laws:	11,126	12,413
Reserve for price fluctuation	11,126	12,413
Total liabilities	4,707,955	4,883,105
(Net assets)		
Common stock	85,500	85,500
Capital surplus:	19,955	19,955
Additional paid-in capital	14,746	14,746
Other capital surplus	5,208	5,208
Retained earnings:	40,662	41,913
Legal earned reserve	3,630	5,924
Other retained earnings:	37,032	35,988
Reserve for specified business investments	49	49
Retained earnings brought forward	36,982	35,938
Total shareholders' equity	146,117	147,368
Net unrealized gains/(losses) on investments in securities	29,667	(21,295)
Total valuation and translation adjustments	29,667	(21,295)
Total net assets	175,784	126,073
Total liabilities and net assets	¥4,883,740	¥5,009,178

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥563,333	¥565,339
Insurance premiums and others:	503,525	489,081
Insurance premiums	501,978	487,124
Reinsurance income	1,546	1,957
Investment income:	57,273	72,266
Interest and dividends income:	50,755	54,347
Interest on deposits	0	0
Interest and dividends on securities	48,830	52,246
Interest on loans	1,651	1,664
Other interest and dividends	273	436
Gains on sales of securities	6,514	17,899
Foreign exchange gains	3	16
Reversal of bad debts	–	2
Other ordinary income:	2,534	3,991
Receipts of annuities with special conditions	821	777
Receipts of deferred insurance claims	1,267	1,193
Other ordinary income	446	2,021
Ordinary expenses:	524,281	537,477
Insurance claims and others:	228,942	270,101
Insurance claims	47,050	50,975
Annuity payments	20,455	21,126
Benefits	34,974	51,584
Surrender benefits	121,193	141,190
Other refunds	3,551	3,442
Reinsurance premiums	1,716	1,782
Provision for underwriting reserves and others:	200,119	154,603
Provision for outstanding claims	5,401	1,416
Provision for underwriting reserves	194,717	153,186
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	1,912	17,483
Losses on sales of securities	1,232	12,461
Impairment losses on securities	–	205
Losses on derivative transactions	222	2,718
Provision for bad debts	3	–
Other investment expenses	454	2,098
Operating expenses	73,860	74,576
Other ordinary expenses:	19,447	20,712
Payments of deferred insurance claims	1,306	1,389
Taxes	7,563	7,630
Depreciation	10,130	10,166
Provision for reserve for pension and retirement benefits	413	342
Other ordinary expenses	32	1,182
Ordinary profit	39,051	27,861
Extraordinary income:	0	1
Gains on sales of fixed assets	0	1
Extraordinary losses:	1,294	1,330
Losses on sales of fixed assets	21	43
Provision for reserves under the special laws:	1,272	1,286
Provision for reserve for price fluctuation	1,272	1,286
Provision for reserve for dividends to policyholders	8,969	8,533
Income before income taxes	28,787	17,999
Income taxes – current	8,839	5,848
Income taxes – deferred	(1,124)	(574)
Total income taxes	7,715	5,273
Net income	¥21,072	¥12,725

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

Yen in 100 millions

	March 31, 2022		March 31, 2023	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,858	¥232,274	3,878	¥226,521
Individual annuities	159	6,203	153	5,977
Group insurance	–	96,180	–	98,467
Group annuities	–	2	–	2

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

	Year ended March 31, 2022				Year ended March 31, 2023			
	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	228	¥16,860	¥16,860	–	209	¥14,534	¥14,534	–
Individual annuities	0	44	44	–	0	32	32	–
Group insurance	–	433	433	–	–	687	687	–
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, 2022	March 31, 2023
Individual insurance	¥4,057	¥4,035
Individual annuities	381	369
Total:	4,438	4,405
Medical coverage, living benefits, etc.	1,524	1,575

(2) New policies

Yen in 100 millions

	Year ended March 31, 2022	Year ended March 31, 2023
Individual insurance	¥267	¥270
Individual annuities	1	1
Total:	269	271
Medical coverage, living benefits, etc.	140	135

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.).

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Business Performance

Yen in millions

	Year ended March 31, 2022	Year ended March 31, 2023	Change
Fundamental revenues:	¥556,869	¥547,420	¥(9,448)
Insurance premiums and others	503,525	489,081	(14,444)
Fundamental expenses	522,293	522,511	217
Fundamental profit	34,576	24,909	(9,666)
Capital gains/(losses)	5,008	3,122	(1,886)
Non-recurring gains/(losses)	(533)	(170)	362
Ordinary profit	39,051	27,861	(11,190)
Extraordinary income	0	1	0
Extraordinary losses	1,294	1,330	35
Provision for reserve for dividends to policyholders	8,969	8,533	(436)
Income taxes	7,715	5,273	(2,441)
Net income	21,072	12,725	(8,346)

Note: Since the year ended March 31, 2023, calculation of fundamental profit has been changed. As a result of the change of hedge costs on foreign exchange etc. included in capital gains/(losses), capital gains/(losses) increased by ¥589 million and fundamental profit decreased by the same amount for the year ended March 31, 2023. Also, the amounts for the year ended March 31, 2022 were restated accordingly. As a result of gains/(losses) on cancellations of investment trusts etc., capital gains/(losses) decreased by ¥56 million and fundamental profit increased by the same amount.

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥398,033	¥338,880
Total capital	134,643	141,791
Reserve for price fluctuation	11,126	12,413
Contingency reserve	40,305	40,478
General bad debt reserve	4	4
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) × 90% (100% in case of negative value)	37,083	(29,576)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	165,324	161,884
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	9,545	11,884
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	69,105	69,474
Insurance risk (R_1)	18,369	18,163
Insurance risk of third sector insurance contracts (R_8)	17,845	18,227
Assumed interest rate risk (R_2)	3,263	3,274
Minimum guarantee risk (R_7)	–	–
Asset management risk (R_3)	53,400	53,702
Business administration risk (R_4)	1,857	1,867
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,151.9%	975.5 %

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥764,012	¥764,633
Deposits in banks	764,012	764,633
Monetary claims bought	80,995	74,996
Money trusts	2,035,737	2,078,352
Investments in securities:	3,748,856	3,451,044
Government bonds	19,266	18,884
Municipal bonds	1,302	–
Corporate bonds	54,543	67,776
Foreign securities	1,789,095	1,801,060
Other securities	1,884,649	1,563,322
Loans:	288,656	261,512
Policy loans	291	237
General loans	288,365	261,275
Tangible fixed assets:	743	1,051
Buildings	274	236
Lease assets	413	728
Other tangible fixed assets	55	86
Intangible fixed assets:	12,553	11,570
Software	12,427	11,464
Lease assets	126	105
Reinsurance accounts receivable	2,482	29,533
Other assets:	39,109	37,419
Other receivables	19,046	14,627
Prepaid expenses	1,322	1,178
Accrued income	12,874	13,365
Guarantee deposits	1,507	5,824
Derivative financial instruments	4,051	1,106
Suspense payments	303	1,313
Other assets	4	4
Deferred tax assets	80,169	113,623
Bad debt reserve	(9)	(4)
Total assets	¥7,053,307	¥6,823,733
(Liabilities)		
Policy liabilities:	6,545,794	6,375,196
Outstanding claims	27,676	22,996
Underwriting reserves	6,518,118	6,352,199
Due to agencies	2,847	5,847
Reinsurance accounts payable	4,950	22,051
Other liabilities:	64,209	72,286
Income taxes payable	4,227	8
Other payables	159	366
Accrued expenses	4,984	5,459
Deposits received	49,113	63,330
Derivative financial instruments	3,845	383
Lease obligations	607	942
Asset retirement obligations	182	185
Suspense receipts	1,088	1,609
Reserve for stock payments	–	11
Reserves under the special laws:	194,031	198,184
Reserve for price fluctuation	194,031	198,184
Total liabilities	6,811,832	6,673,577
(Net assets)		
Common stock	41,060	41,060
Capital surplus:	24,735	24,735
Additional paid-in capital	24,735	24,735
Retained earnings:	182,927	180,820
Legal earned reserve	11,943	16,315
Other retained earnings:	170,983	164,505
Retained earnings brought forward	170,983	164,505
Total shareholders' equity	248,722	246,615
Net unrealized gains/(losses) on investments in securities	(782)	(73,053)
Net deferred gains/(losses) on hedges	(6,465)	(23,405)
Total valuation and translation adjustments	(7,248)	(96,459)
Total net assets	241,474	150,156
Total liabilities and net assets	¥7,053,307	¥6,823,733

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,383,799	¥1,791,523
Insurance premiums and others:	925,619	1,349,832
Insurance premiums	812,496	1,220,420
Reinsurance income	113,123	129,411
Investment income:	453,952	266,420
Interest and dividends income:	65,569	77,123
Interest on deposits	6	115
Interest and dividends on securities	55,895	66,574
Interest on loans	9,497	10,317
Other interest and dividends	169	115
Investment gains on money trusts	156,494	162,891
Investment gains on trading securities	–	117
Gains on sales of securities	14,511	6,238
Gains on redemption of securities	1,666	466
Foreign exchange gains	157,247	19,474
Reversal of bad debts	–	5
Other investment income	223	103
Investment gains on separate accounts	58,239	–
Other ordinary income:	4,227	175,270
Receipts of annuities with special conditions	3,907	4,394
Reversal of outstanding claims	–	4,679
Reversal of underwriting reserves	–	165,919
Other ordinary income	319	277
Ordinary expenses:	1,296,009	1,760,502
Insurance claims and others:	1,174,560	1,641,421
Insurance claims	127,066	150,812
Annuity payments	84,900	86,647
Benefits	265,946	283,121
Surrender benefits	506,654	765,165
Other refunds	3,692	7,557
Reinsurance premiums	186,299	348,117
Provision for underwriting reserves and others:	63,762	–
Provision for outstanding claims	3,466	–
Provision for underwriting reserves	60,295	–
Investment expenses:	3,570	46,533
Interest expense	9	11
Investment losses on trading securities	30	–
Losses on sales of securities	3,447	13,568
Losses on redemption of securities	44	218
Provision for bad debts	9	–
Other investment expenses	28	33
Investment losses on separate accounts	–	32,700
Operating expenses	44,083	59,475
Other ordinary expenses:	10,033	13,072
Taxes	5,564	8,218
Depreciation	4,447	4,850
Other ordinary expenses	21	3
Ordinary profit	87,789	31,020
Extraordinary income:	–	–
Extraordinary losses:	14,031	4,153
Provision for reserves under the special laws:	14,031	4,153
Provision for reserve for price fluctuation	14,031	4,153
Income before income taxes	73,758	26,867
Income taxes – current	23,566	5,878
Income taxes – deferred	(2,819)	1,239
Total income taxes	20,747	7,117
Net income	¥53,011	¥19,749

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

Yen in 100 millions

	March 31, 2022		March 31, 2023	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	665	¥45,874	674	¥46,553
Individual annuities	353	22,161	372	22,768
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

	Year ended March 31, 2022				Year ended March 31, 2023			
	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	87	¥7,273	¥7,273	–	140	¥9,256	¥9,256	–
Individual annuities	13	923	923	–	52	3,542	3,542	–
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, 2022	March 31, 2023
Individual insurance	¥4,284	¥4,632
Individual annuities	2,475	2,618
Total:	6,759	7,250
Medical coverage, living benefits, etc.	6	7

(2) New policies

Yen in 100 millions

	Year ended March 31, 2022	Year ended March 31, 2023
Individual insurance	¥682	¥768
Individual annuities	160	468
Total:	842	1,236
Medical coverage, living benefits, etc.	2	1

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

	Year ended March 31, 2022	Year ended March 31, 2023	Change
Fundamental revenues:	¥1,402,838	¥1,840,205	¥437,367
Insurance premiums and others	925,619	1,349,832	424,212
Fundamental expenses	1,348,807	1,766,964	418,157
Fundamental profit	54,030	73,240	19,209
Capital gains/(losses)	31,635	(34,529)	(66,165)
Non-recurring gains/(losses)	2,124	(7,689)	(9,813)
Ordinary profit	87,789	31,020	(56,769)
Extraordinary income	–	–	–
Extraordinary losses	14,031	4,153	(9,877)
Provision for reserve for dividends to policyholders	–	–	–
Income taxes	20,747	7,117	(13,629)
Net income	53,011	19,749	(33,262)

Note: Since the year ended March 31, 2023, calculation of fundamental profit has been changed. As a result of the change of hedge costs on foreign exchange etc. included in fundamental profit, fundamental profit decreased by ¥9,846 million and capital gains/(losses) increased by the same amount for the year ended March 31, 2023. Also, the amounts for the year ended March 31, 2022 were restated accordingly. As a result of the change of hedge costs on foreign exchange etc., fundamental profit decreased by ¥803 million and capital gains/(losses) increased by the same amount.

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥739,516	¥683,942
Total capital	226,865	238,985
Reserve for price fluctuation	194,031	198,184
Contingency reserve	79,070	86,766
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% (100% in case of negative value)	(5,170)	(122,474)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	188,425	221,476
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	56,293	61,003
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	135,086	152,103
Insurance risk (R_1)	1,331	1,423
Insurance risk of third sector insurance contracts (R_8)	3	3
Assumed interest rate risk (R_2)	29,440	38,168
Minimum guarantee risk (R_7)	1,366	1,016
Asset management risk (R_3)	101,598	109,901
Business administration risk (R_4)	2,674	3,010
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,094.8%	899.3 %

In this report, the following abbreviations appear for company names.

MS&AD, The Group	MS&AD Insurance Group
MS&AD Holdings, The holding company, or the Company	MS&AD Insurance Group Holdings, Inc.
MSI, Mitsui Sumitomo Insurance	Mitsui Sumitomo Insurance Co., Ltd.
ADI, Aioi Nissay Dowa Insurance	Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Direct General, Mitsui Direct General Insurance	Mitsui Direct General Insurance Co., Ltd.
MSI Aioi Life, MSA Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
MSI Primary Life, MSP Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
Aioi, Aioi Insurance	Aioi Insurance Co., Ltd.
NDI, Nissay Dowa General Insurance	Nissay Dowa General Insurance Co., Ltd.
Aioi Life	Aioi Life Insurance Co., Ltd.
MS First Capital	MS First Capital Insurance Limited
Challenger	Challenger Limited

ESG Evaluation

The MS&AD Insurance Group utilizes the assessments provided by global ESG evaluation organizations to improve its sustainability initiatives. As of July 1, 2023, the MS&AD Insurance Group was included in the following ESG-related indices.

Dow Jones Sustainability Indices (Asia Pacific)

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good Index Series

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Index

MSCI Japan ESG Select Leaders Index*

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)*

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

ISS ESG Corporate Rating Prime

Corporate ESG Performance — Prime — RATED BY ISS ESG

* The inclusion of MS&AD Insurance Group Holdings, Inc., in any MSCI Index and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of MS&AD Insurance Group Holdings, Inc., by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Participation in Initiatives

We participate in global initiatives and are working to create shared value with society.

The UN Global Compact*

WE SUPPORT UN GLOBAL COMPACT

United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance

UN environment programme | finance initiative

Principles for Responsible Investment

Signatory of: PRI Principles for Responsible Investment

CDP investor signatory

CDP INVESTOR SIGNATORY

Partnership for Carbon Accounting Financials (PCAF)

PCAF Partnership for Carbon Accounting Financials

30% Club Japan

30% Club GROWTH THROUGH DIVERSITY

The Japan Business Initiative for Biodiversity (JBIB)

JBIB Japan Business Initiative for Biodiversity

Taskforce on Nature-related Financial Disclosures (TNFD)

TNFD Taskforce on Nature-related Financial Disclosures

We are a member of the TNFD Forum.

- **Task Force on Climate-related Financial Disclosures (TCFD)**
- **Principles for Financial Action for the 21st Century**
- **GX League**

* Since 2004, MS&AD Insurance Group Holdings, Inc., has been committed to the corporate responsibility initiatives and principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Third-Party Assurance

To improve the objectiveness and accuracy of the MS&AD Integrated Report 2023, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd., to perform third-party assurance on the following information included in this report.

The third-party assurance process

STEP1	STEP2	STEP3	STEP4
Planning	**Implementation of assurance procedures**	**Review of draft report**	**Submitting the assurance report**
●Examination of the calculation method for the data subject to assurance and the company's outline of business ●Formulation of an assurance engagement plan based on the risk assessment	●Implementation of a site visit and analysis of compiled data, etc.	●Confirmation that required corrections have been completed ●Reviewing the draft report to determine whether the assured information is presented appropriately	●Review by a reviewer not directly involved in the assurance engagement ●Submission of the assurance report

Items subject to the assurance engagement

- Greenhouse gas emissions (pages 18, 47, and 49)
- Total energy consumption (pages 17 and 47)
- Amount of waste discharged (final disposal) (page 18)
- Number and ratio of female managers (pages 29, 48, and 49)
- Number and ratio of global employees (page 48)

Note: Details regarding the method for calculating data can be found on our official website.
www.ms-ad-hd.com/en/csr/data.html

KPMG

Independent Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings, Inc.

We were engaged by MS&AD Insurance Group Holdings, Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☑ (the "Indicators") for the period from April 1, 2022 to March 31, 2023 included in its MS&AD Integrated Report 2023 (the "Report") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Mitsui Sumitomo Insurance Surugadai Bldg selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
October 18, 2023

On the Issuance of the MS&AD Integrated Report 2023

Since FY2015, the MS&AD Insurance Group has published the Integrated Report to provide readers with a deeper understanding of the Group's commitment to medium- to long-term value creation. We believe the issuance of the Integrated Report offers the opportunity for constructive dialogue with many stakeholders, including customers, shareholders, investors, and employees, regarding the Group's "value creation story."

In the Medium-Term Management Plan "Vision 2021," launched in FY2018, the Group has developed management based on its CSV under its aspirations to be by 2030 "a corporate group supporting a resilient and sustainable society." Under the Medium-Term Management Plan (2022–25), launched in FY2022, we will accelerate efforts to translate the Group's deeply rooted high awareness of CSV and DX into getting results such as providing solutions and creating new businesses.

One of our aspirations in the "MS&AD Integrated Report 2023" is that "as a platform provider of risk solutions, we will grow together with society." We introduce this key message and its initiatives in our Special Feature. In addition to reviewing the composition of the value creation story and materiality, the three basic strategies (Value, Transformation, and Synergy) of the Medium-Term Management Plan (2022–25) and the sustainability and other fundamental initiatives that support these strategies are explained, focusing on a summary of the first year of the Plan.

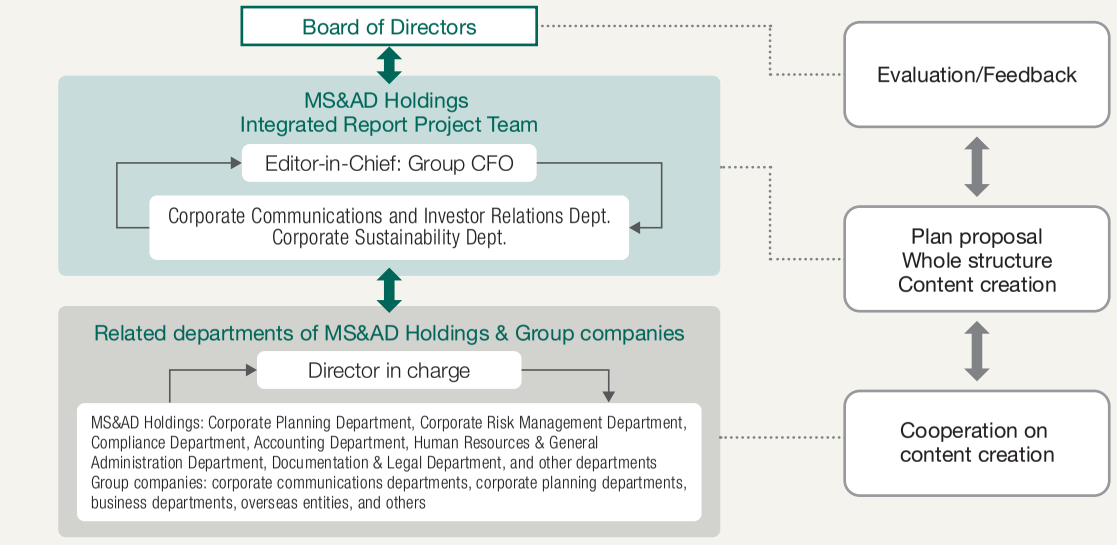
With the goal of improving the objectivity and accuracy of the Integrated Report, we have engaged the services of a third-party assurance firm to independently verify the key nonfinancial data indicated since FY2017. For the results of the third-party verification included in the "MS&AD Integrated Report 2023," see page 189. Moreover, as a representative of the management team, the CEO has included a signed message at the beginning of the Report. As CFO, I am responsible for the editing process and, accordingly, reiterate the importance of ensuring that the assembly process for the Integrated Report is carried out responsibly and that the content in the report is indeed accurate.

With this year's Integrated Report, we hope to promote amicable feelings for the Group by creating an even greater understanding of it among stakeholders such as customers, shareholders, investors, and employees. We continue to value dialogue with all our stakeholders, and with the aim of further improving disclosure and enhancing transparency we invite our stakeholders to share with us their frank opinions.

August 2023

Tetsuji HIGUCHI
Representative Director, Executive Vice President, Group CFO

The MS&AD Integrated Report 2023 Editorial System



Production: Under the direction of the CFO, who is editor-in-chief, two people, other than those in charge of writing, confirm editorial content on every page based on supporting materials and by checking with all relevant departments. In addition, the accuracy and reliability of the report is assured by an independent third party, KPMG AZSA Sustainability Co., Ltd.

Contact Information

(Securities code: 8725)

MS&AD Insurance Group Holdings, Inc.

Tokyo Sumitomo Twin Building (West Tower), 27-2,
Shinkawa 2-chome, Chuo-ku, Tokyo 104-0033, Japan

Corporate Communications and Investor Relations Dept.
Tel.: +81-3-5117-0311, Fax: +81-3-5117-0605
https://www.ms-ad-hd.com/en/ir/contact.html

<Forward-Looking Statements>

These materials contain plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings, Inc., and Group companies. They are based on information available to MS&AD Insurance Group Holdings, Inc., at the present time. Investors are advised that actual results might differ substantially from our forecasts, for various reasons. Actual performance could be adversely affected by 1) economic trends surrounding our business, 2) fierce competition within the insurance sector, 3) exchange rate fluctuations, and 4) changes in tax and other regulatory systems.

This report includes disclosure materials prepared in accordance with Articles 271-25 and 272-40 of the Insurance Business Act and Articles 210-10.2 and 211-82 of the Enforcement Regulations of the Insurance Business Act.

MS&AD Insurance Group Holdings, Inc.

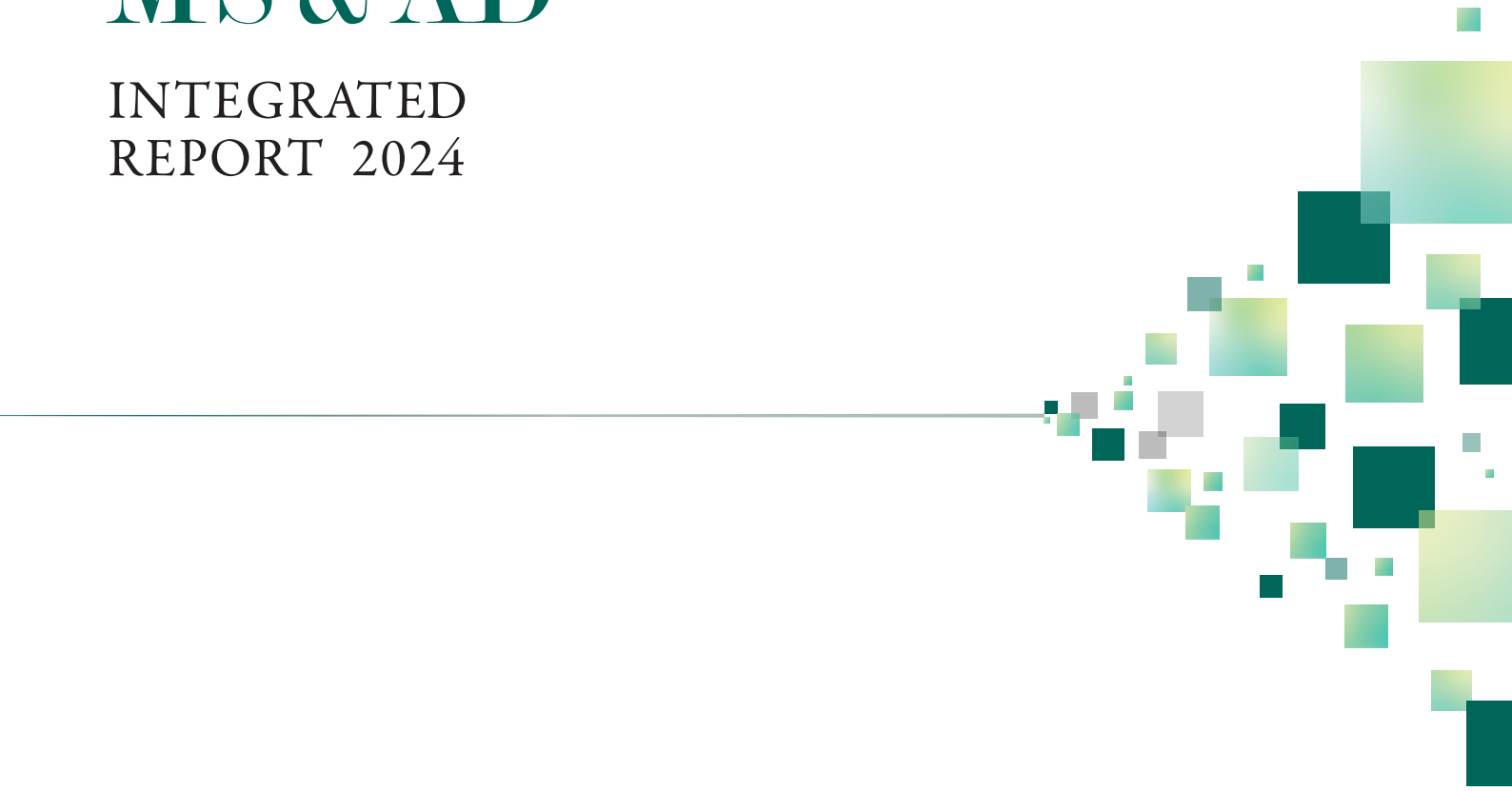


www.ms-ad-hd.com

MS&AD Holdings
MS&AD INSURANCE GROUP

MS & AD

INTEGRATED REPORT 2024



On the Issuance of the MS&AD Integrated Report 2024

Thank you for reading the MS&AD Integrated Report 2024.

In the last fiscal year, various problems occurred because of business practices in the non-life insurance industry, including price-fixing and fraudulent insurance claims by agents. In response to these problems, the MS&AD Insurance Group has returned to our “Mission,” “Vision,” and “Values” (“MVV”) and we are working to transform into companies commited to serving the “best interests of our customers.”

In the MS&AD Integrated Report 2024, we have emphasized the declarations of intent for medium- and long-term growth by Shinichiro Funabiki, the newly appointed CEO, and each CxO. We have also introduced employees who are working on “major reforms of business style transformation,” with the aim of enhancing our inherent value as an insurance company and becoming the insurance company of choice for customers.

We hope that this integrated report will help readers understand the Group’s commitment to sustainable growth and the enhancement of corporate value along with social progress.

Editorial Policy

The MS&AD Group publishes an Integrated Report to provide customers, shareholders, investors, and all other stakeholders with an understanding of our initiatives aimed at solving social issues and increasing corporate value throughout our business. In the 2024 edition, we have focused on the following two points.

(1) Dynamic communication of the direction of management
Through this Integrated Report, we aim to clearly communicate our management direction. We have focused on portraying the Group’s growth story beyond the time frame of the Medium-Term Management Plan, particularly in the message from CEO Shinichiro Funabiki and other CxO messages.

(2) Strengthening “Findability,” “Connectivity,” and “Reality”
While maintaining the comprehensiveness of the report with an awareness of statutory and regulatory disclosures, we have structured this report in a way that maintains its readability and accessibility, and making it easy for readers to find the necessary information. We are also conscious of the connection between the organization of information to convey “Connectivity (consistency of financial and nonfinancial information)” and strategies and measures to ensure they have “Reality (concreteness).”

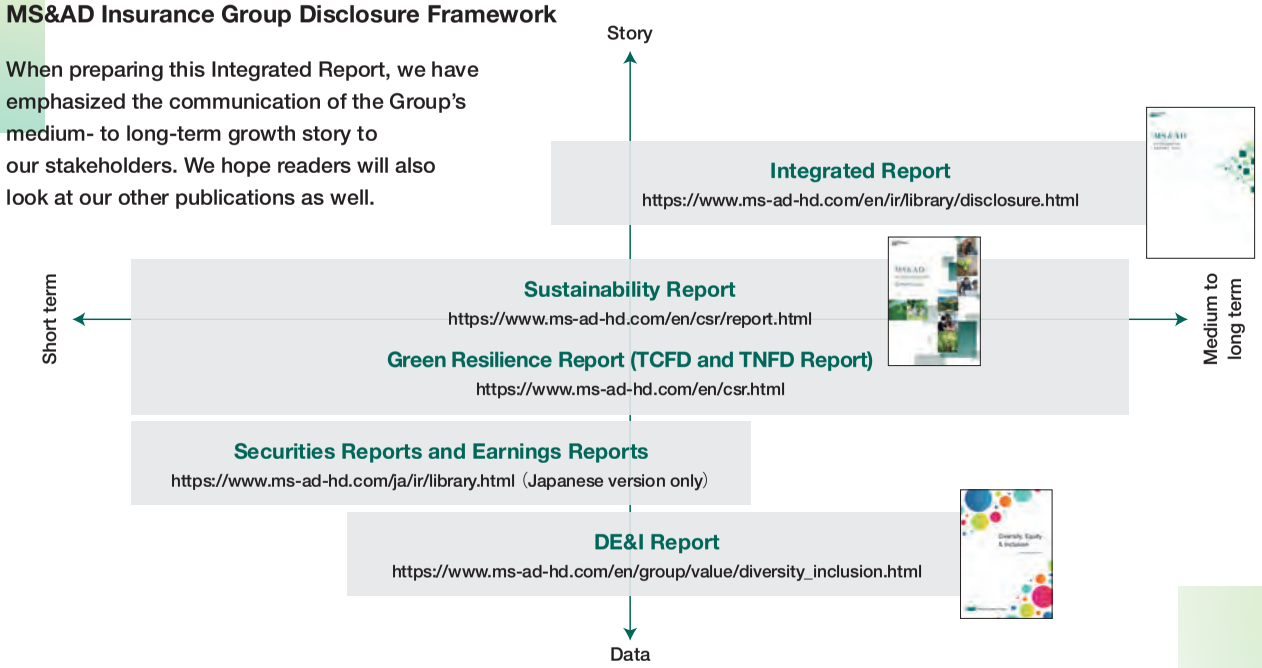
To prepare this report, we refer to the “International Integrated Reporting Framework” recommended by the IFRS Foundation and the “Guidance for Collaborative Value Creation” provided by the Ministry of Economy, Trade and Industry, and explain our Group’s business model-based story of value creation and our creation of shared value with society (CSV initiatives) in an easy-to-understand manner.

Explanation of cover
With the color “white” symbolizing a new start, the cover shows our determination to reform ourselves into a “company that pursues the best interests of customers.”

Environment Social Governance
Guidance for Collaborative Value Creation

MS&AD Insurance Group Disclosure Framework

When preparing this Integrated Report, we have emphasized the communication of the Group’s medium- to long-term growth story to our stakeholders. We hope readers will also look at our other publications as well.



Corporate website

For further detailed information on the MS&AD Insurance Group, please refer to the information on the Company’s official website.

https://www.ms-ad-hd.com/en/index.html



About MS&AD

WHO WE ARE
https://www.ms-ad-hd.com/en/group/about.html
- Our Purpose
- Company Information
- Our Strengths



WHAT WE DO
https://www.ms-ad-hd.com/en/group/what.html
- Our Businesses
- Management Plans and Policies
- MS&AD’s Story of Value Creation



OUR PLATFORM
https://www.ms-ad-hd.com/en/group/value.html
- Risk Management
- Corporate Governance
- Internal Control
- Disclosure and Information
- Human Resource Strategy



Investors
https://www.ms-ad-hd.com/en/ir.html



Sustainability
https://www.ms-ad-hd.com/en/csr.html



Corporate Video
https://www.ms-ad-hd.com/en/ir.html



MS&AD’s aspirations (video)
https://www.ms-ad-hd.com/ja/ir/library/disclosure.html



Contents

When structuring this Integrated Report, we have referred to the “four pillars (governance, strategy, risk management, and metrics and targets)” of disclosure items recommended in the TCFD, IFRS Sustainability Disclosure Standards, etc.

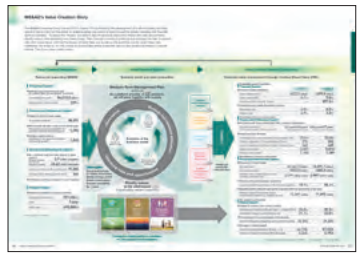
Introduction

Basic approach of the MS&AD Insurance Group

001 Editorial Policy
002 Disclosure Framework
003 Contents
005 Our Mission



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009 MS&AD’s Value Creation Story



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013 Value Co-Creation with Stakeholders



015 Materiality Analysis

Governance

Management and governance to enhance long-term corporate value



019 CEO Message

We will achieve sustainable growth by resolutely implementing major reforms of business style based on the premise of “fair competition”

026 Response to administrative action and efforts to prevent recurrence



027 CFO Message

Seizing the opportunity of a major turning point, we are taking on the challenge of a capital management policy to achieve dramatic growth

031 Enhancing Capital Efficiency and Achieving Sustainable Profit Growth



033 CSuO Message

Using the challenge of solving social issues to provide insurance value



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Evolution of Group governance and efforts to practice sustainability management

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Strategy and risk management

Strategies to enhance corporate value

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045 Medium-Term Management Plan (2022–2025)

049 Special Feature
Taking on the challenge of major reforms of business style as a platform provider of risk solutions



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057 ERM
059 Risk Management
061 Information Security Management
062 Promotion of Compliance
063 Investment (asset management)
067 Human Resource Strategy
071 Special Feature
Green Resilience Report (TCFD and TNFD Report)
077 Sustainability

Metrics and targets (performance)

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Our Mission

Our Mission

The Group's Raison d'être

To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business

Our Vision

The Group's aspirations for the medium term

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

Our Values

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

CUSTOMER FOCUS
Striving to provide security and satisfaction to our customers

INTEGRITY
Being sincere, kind, and fair in our dealings with people

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

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

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

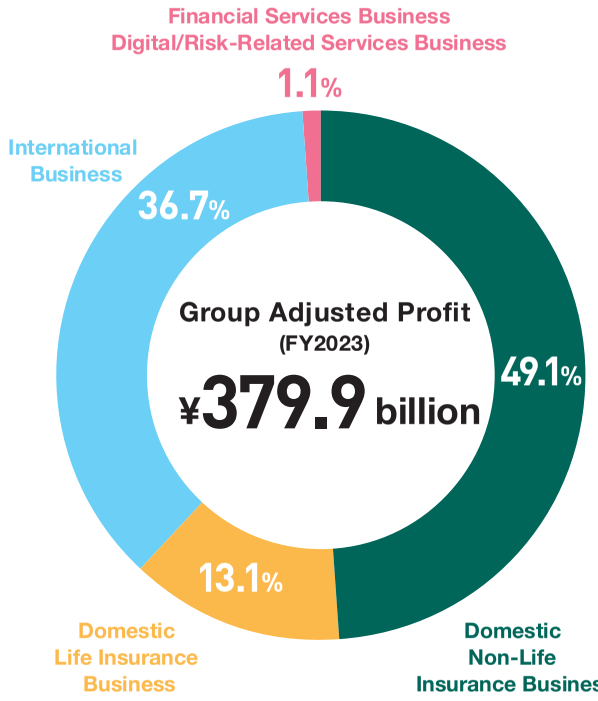


Contribute to the development of a vibrant society and help secure a sound future for the planet



The MS&AD Insurance Group is an insurance and financial group with two core companies, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.
We operate non-life and life insurance businesses in Japan and overseas, offering various products and services to address the diverse risks of our customers. We aim to become a “world-leading insurance and financial services group” by leveraging the strengths of each Group company to meet the needs of our customers.

Five Business Domains Comprising the Group



Domestic Non-Life Insurance Business
- MS&AD Mitsui Sumitomo Insurance
- MS&AD Aioi Nissay Dowa Insurance
- MS&AD Mitsui Direct General Insurance

Domestic Life Insurance Business
- MS&AD Mitsui Sumitomo Aioi Life Insurance
- MS&AD Mitsui Sumitomo Primary Life Insurance

International Business
- MSIG
- MS Reinsurance
- MS FirstCapital
- MS Transverse

Financial Services Business
- MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.
- MS&AD MS&AD VENTURES
- MSI GuaranteedWeather

Digital/Risk-Related Services Business
- MS&AD MS&AD InterRisk Research & Consulting, Inc.

Numeric data representing the current status of the Group*

*Data as of the end of FY2023, except where noted

Financial base

Consolidated total assets
¥26,960.2 billion

Market capitalization
¥5,749.3 billion (as of June 30, 2024)
*Source: Bloomberg

Profitability

Consolidated net premiums written ¥4,261.7 billion

Rate of growth in earnings per share (EPS)* 17%
*Average growth rate from FY2013 to FY2023

Group Adjusted Profit ¥379.9 billion

Group Adjusted ROE 9.0%

Soundness

ESR (Economic Solvency Ratio)* 229%
*An indicator of whether the company is adequately capitalized for risk

Consolidated solvency margin ratio 771.8%

Rating information*

Standard & Poor’s A+
Moody’s A1
Rating and Investment Information, Inc. (R&I) AA
*Credit ratings for domestic insurance companies

Growth foundation

Consolidated number of employees 38,391 persons

Ratio of global employees 24.9%

ESG evaluation

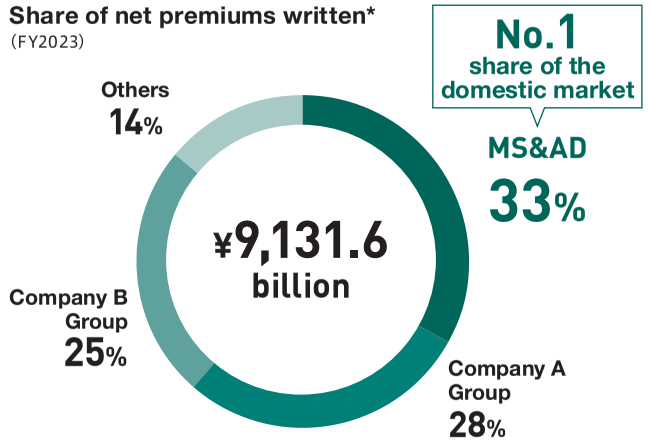
MSCI ESG Rating AA
CDP A-
Selected for inclusion in the Dow Jones Sustainability Asia Pacific Index

Position in domestic business and overseas expansion

Domestic Non-Life Insurance Business

The non-life insurance group most chosen by customers in Japan

Share of net premiums written*
(FY2023)

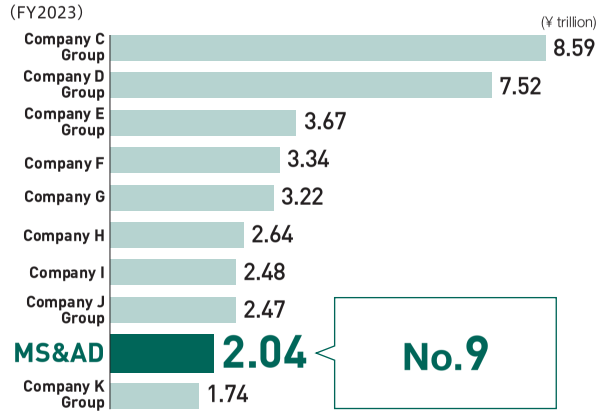


Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan
*The figures for MS&AD are the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance.

Domestic Life Insurance Business

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

Domestic life insurance companies/groups’* premiums ranking
(FY2023)

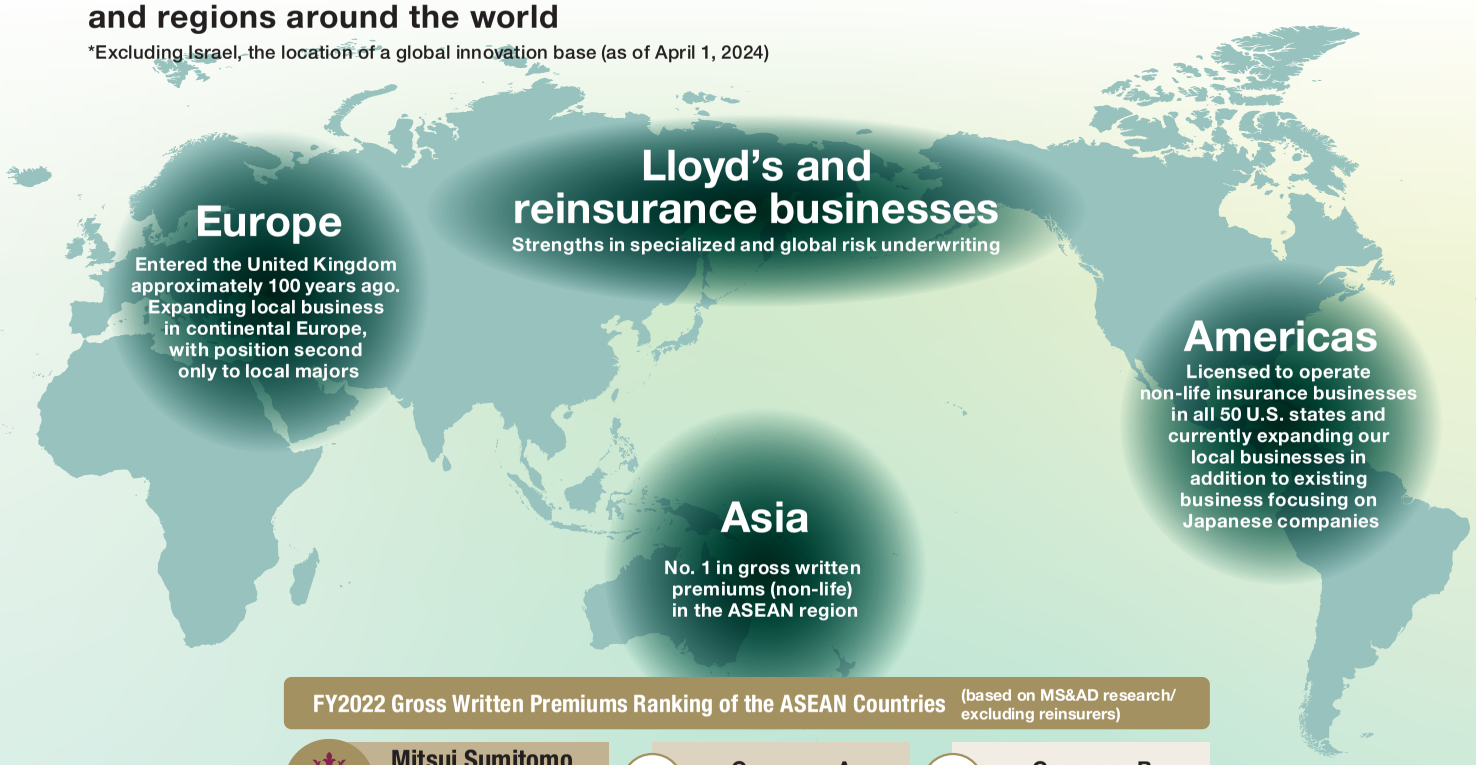


Source: Prepared by MS&AD based on publicly announced information from each insurance company

International Business

Overseas network in 48 countries* and regions around the world

*Excluding Israel, the location of a global innovation base (as of April 1, 2024)



FY2022 Gross Written Premiums Ranking of the ASEAN Countries (based on MS&AD research/excluding reinsurers)

No.1	No.2	No.3
Mitsui Sumitomo Insurance <Approx. ¥260.2 billion>	Company A <Approx. ¥216.6 billion>	Company B <Approx. ¥164.6 billion>

Figures in <> are GWP totals for the following countries: Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam

MS&AD's Value Creation Story

The MS&AD Insurance Group has set forth a mission "To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business". To realize this mission, we need to face those social issues that impede this idea and promptly identify various risks stemming from these issues. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner. That is our value creation story.

Value Creation Resources

Resources supporting MS&AD

Financial Capital

▶**Sufficient and sound financial base for underwriting risk and growth investment**

Consolidated net assets	¥4,513.5 billion
ESR (Economic Solvency Ratio)	229%

Human and Intellectual Capital

▶**Global and diverse human assets**

48 countries worldwide	38,391

▶**Most abundant risk data in Japan and the ASEAN region**

Risk assessment and investigation for business continuity and development	1,284

▶**Building a digital platform**

Participants in the digital human assets development program	1,532

Social and Relationship Capital

▶**No. 1 customer base and sales network in Japan**

Number of domestic customers (Two non-life insurance companies)	approx. 2.7 million companies / approx. 45.62 million individuals
Number of domestic non-life insurance agents	74,355
Domestic claims handling service centers	364

▶**Partnerships with top companies in other industries**

Natural Capital

▶**Resources necessary for business activities**

Total energy consumption	727,336GJ
Paper	7,646t
Water usage	690 thousand m³

Note: Figures are for FY2023

Value Creation System

Business model and value proposition

Medium-Term Management Plan
(2022–2025) P.43
As a platform provider of risk solutions, we will grow together with society

Inputs

Governance

Strategy and resource allocation

Changing risks and opportunities

Reduce the economic burden

Identify and inform on risks

Evolution of the business model

Prevent risks from occurring/minimize the impact

Strengths
Strong financial base
Steady earnings growth
Diverse human assets
Domestic and ASEAN No. 1 share

Priority issues to be addressed P.15
(Sustainability-related materiality)



Consider materiality in relation to the social environment

Domestic Non-Life Insurance Business P.85
Domestic Life Insurance Business P.87
International Business P.89
Financial Services Business P.93
Digital/ Risk-Related Services Business P.94

Outputs

Products and services that solve social issues

Value Creation Results (outcomes)

Corporate value enhancement through Creating Shared Value (CSV)

Sustainable growth foundation
Financial Capital

▶**Pursuit of capital efficiency**	FY2022	FY2023
Group adjusted profit*1	¥222.2 billion	¥379.9 billion
Group adjusted ROE*1	6.1%	9.0%
Cumulative TSR for the past 10 years	–	307.5%
▶Continuous and stable shareholder returns		
Shareholder yield	5.8%	8.0%
Dividend yield	4.9%	3.3%

Innovation by diverse human assets
Human and Intellectual Capital

▶**Providing work environments that offer a sense of satisfaction**		
Employee satisfaction "Pride, feeling motivated"/"Working vigorously"	4.4 points/4.6 points (maximum score: 6 points)	4.4 points/4.7 points (maximum score: 6 points)
▶Ideas born from diversity		
Percentage of mid-career employees among managerial staff	22.6%*2	23.0%*3
Number of applicants for the Sustainability Contest	276	340
Number of applicants for the Digital Innovation Challenge Program	442	468
Digital human assets	3,601*2	5,814*3
Overseas human assets	1,182*2	1,189*3

Establishment of strong partnerships
Social and Relationship Capital

▶**Recovery of social losses**		
Net claims paid*1	¥2,242.5 billion	¥2,291.1 billion
Life insurance claims*1	¥530.8 billion	¥483.0 billion
Number of auto accident cases received (domestic, excluding CALI)	2.319 million cases	2.987 million cases
▶Customer-focused business operations		
Customer satisfaction (questionnaire at time of insurance payment)	95.7%	96.1%
▶Expanded problem-solving through regional cooperation with local governments across Japan		
Instances of support for the resolution of issues faced by regional companies (e.g., consulting, seminars)	12,349 cases	11,892 cases

Our planet's sustainability
Natural Capital

▶**Helping to create a zero-carbon society**		
Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019)	-26.8%	-35.3%
Renewable energy implementation rate	21.1%	23.0%
▶Contributing to the conservation of biodiversity		
Number of employees participating in social contribution activities	22,553	21,231
▶Damage to natural capital		
Greenhouse gas emissions (Scope 1 + 2)	64,760t	57,222t
Amount of waste discharged (final disposal)	3,262t	3,193t

*1 Figures after retrospective application of IFRS 17 *2 As of April 2023 *3 As of April 2024

The business model of the MS&AD Insurance Group is to provide solutions to social issues. We will further evolve from a conventional insurance business compensating for economic losses to become a “platform provider of risk solutions.” We will combine the Group’s diverse knowledge, experience, and technologies with advanced technologies such as AI, telematics, and digital data to help discover and prevent risks in advance, prepare to reduce damage, and recover quickly. In this way, we will provide safety and security to our customers, while at the same time contributing to the growth of the Group.

[Activities as a platform provider of risk solutions]

Business model of the MS&AD Insurance Group

Identify and inform on risks

The issues that society faces are becoming increasingly complex and diverse, such as global warming, the biodiversity crisis, the declining birth rate and aging population, and cyberattacks. In such a society, the Group’s professionals, who possess specialized knowledge and expertise, use a wealth of accumulated data and the latest analytical technology to quickly visualize previously undetected risks and support the “preparedness” of our customers.

Advance prevention

Reduce the economic burden

We provide economic compensation after an accident, disaster, illness, or other incident occurs. Compensation not only supports the restoration of people’s livelihoods and business activity but also provides emotional support. While leveraging the strengths of each Group company, we provide products and services suited to increasingly diversified risks based on customer feedback and thus meet all the needs of our customers.

Full compensation

Prevent risks from occurring / minimize the impact

In addition to risk prevention and avoidance measures, we provide services to support customers’ recovery from the onset of risk. For example, we reduce the risk of accidents by analyzing vehicle driving characteristics and providing safe driving scores and advice. In the event of an accident, we also provide services to facilitate quick and accurate assessments of the situation. In addition, as a new form of value in the life insurance field, we provide services to prevent illnesses from becoming serious or their recurrence, as well as early detection and early treatment, and we are focusing on security and safety after incidents.

Minimization of damage and rapid recovery

Major capital utilized

Human and Intellectual Capital

MS&AD InterRisk Research & Consulting

We conduct advanced research on risk management and provide various risk solutions, including using AI to evaluate and visualize the risk of traffic accidents and analyzing the risk of flooding due to climate change.

Data scientists and other digital human resources

The Group has digital human resources consisting of approximately 5,800 persons, of which 65* are skilled data scientists.

*As of April 1, 2024

Financial Capital

Sufficient financial base for underwriting risk

Our strong financial base enables us to take on a wide variety of risks. It also increases our ability to withstand economic fluctuations, unexpected large-scale disasters, etc., thereby ensuring long-term business stability.

Human and Intellectual Capital

Development of new insurance products

We are developing and offering new insurance products adapted to the digital age, such as safe driving assistance using telematics technology and variable annuity insurance that allows all procedures to be completed via a smartphone.

Human and Intellectual Capital

Provision of healthcare services

In the life insurance field, we offer “MSA Care,” a range of various healthcare services, including early detection of illness to prevent illnesses from becoming serious or their recurrence.

Social and Relationship Capital

Domestic claims handling service centers

We have a network of 364 claims handling service centers in Japan, and we work to minimize the impact of accidents when they occur.

Results of value co-creation with stakeholders and CSV initiatives

- Customers — Provision of safety and peace of mind
- Shareholders — Long-term improvement in corporate value
- Agents — Mutual growth as a partner
- Business Partners — Value creation throughout the supply chain
- Employees — Human assets as a source of competitiveness
- Local Communities/ International Society — Cooperation and collaboration for solving issues
- Environment — Improvement of our planet’s sustainability

Flood Risk Finder

MS&AD InterRisk Research & Consulting

The increased frequency and severity of flooding in recent years has resulted in growing demand among companies to ascertain the impact of flood risk with an eye to the future. Our “Flood Risk Finder,” which we developed through industry-academia collaboration, enables quantitative impact assessments across the globe and assists in quantifying the physical risks of climate change.



Telematics auto insurance

Aioi Nissay Dowa Insurance

In addition to compensation in the event of an accident, “telematics auto insurance” provides services that help prevent accidents from occurring, such as premium rates according to safe driving scores and safe driving advice, based on driving data obtained using communication technology. It also contributes to the promotion of eco-driving by providing information on CO_2 emission reductions attributable to safe driving. As of June 2024, we had contracts for more than 1.85 million vehicles.



Driving Diagnosis Report



Brain training app



Safe driving score

Specialist insurance for frozen ova

Mitsui Sumitomo Insurance

Demand for infertility treatment is increasing as more women are entering the workforce and marrying later in life. In this context, egg freezing is an effective option, but there is low awareness of it, the fees are high, and there is no compensation when frozen ova perish. Therefore, to ensure that more women have options and can use such services with peace of mind, we have developed an insurance policy specifically for frozen ova. This insurance compensates for accidental damage, thus contributing to the promotion of egg banks, the promotion of women’s participation in society, and the solution to the problem of declining birth rates.



Value Co-Creation with Stakeholders

In co-creation with diverse stakeholders, the MS&AD Group will drive sustainable growth and corporate value enhancement by addressing a wide range of social issues while promoting environmental and social sustainability.



Customers

Quality improvement and provision of products and services utilizing customer feedback

All employees implement the "Customer Focus" attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the "security and satisfaction of our customers."

Communication channel

- Customer surveys
- Annual report on the status of "Customer-Focused Management Policy" initiatives
- Contact center
- Official website
- Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
- Disaster prevention and reduction information is made available to the public, and alerts are notified via an app.

Examples of initiatives

We release social media posts related to the number of damaged buildings and disasters on cmap, a real-time damage forecasting website. We also made a hail and torrential rain alert service available via the app from 2024.



Shareholders

Our Group's sustainable growth and medium- to long-term improvement in shareholder value

We make highly transparent information disclosure, actively engage in constructive dialogue with shareholders, and reflect outcomes of these activities in managing our Group, thereby striving to create more value and improve corporate value.

Communication channel

FY2023 dialogue results
- Strategy briefings for institutional investors and analysts: 2 sessions
- Results briefing conference calls: 4 sessions
- ESG briefings: 1 session
- Thematic meetings: 1 session
- Briefings for individual investors: 4 sessions
- Japanese and overseas analyst/investor interviews: 223 sessions

Examples of initiatives

Held theme meetings for institutional investors and analysts in December 2023. Provided an opportunity for an exchange of views with the CEOs of two subsidiaries concerning the performance and strategy of the Lloyd's and reinsurance businesses, etc.



Agents

Mutual growth as business partners

By communicating smoothly, and thinking and acting together with our agents, we will provide high-quality services and optimal insurance products to customers and mutually pursue the growth of agents and our Group.

Communication channel

- Agent meetings
- Agent study sessions
- Provision of "CO_2 emission calculation service" for motor channel agents

Examples of initiatives

We enhanced the "MS1 Brain," an AI-powered agent sales support system, and combined agent knowledge and AI-based data analysis to provide optimal proposals that meet the needs of each individual customer, including pre- and post-compensation solutions.



Business Partners

Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with stronger compliance, respect for human rights, and consideration of the environment.

Communication channel

- Communication with outside vendors
- Periodic inspections of outside vendors
- Human rights risk management support, etc.

Examples of initiatives

We provided information on the MS&AD Insurance Group Basic Human Rights Policy to all vendors and encouraged them to prevent or mitigate any negative impact on human rights in their business activities. In addition, a common Group relief counter was established to redress human rights violations by employees of vendors.



Local Communities/ International Society

Solving social issues through collaboration with diverse partners

We work together with diverse partners such as cooperating with domestic and overseas industrial organizations and local governments and collaborating among industries, academia, and government, thereby protecting the Earth's environment and social sustainability and contributing to developing a vibrant society.

Communication channel

- Collaboration agreements with local governments
- Collaborative research with universities and other organizations on disaster prevention and mitigation and the local environment
- Dialogue with NPOs and NGOs
- Communication/exchanges with local communities
- Holding of seminars/symposiums

Examples of initiatives

In collaboration with universities, local NPOs, and municipal governments, the MS&AD Green Earth Project has launched initiatives for disaster prevention and reduction, decarbonization, and regional co-creation through conservation and restoration of the natural environment in the Kuma River basin (Kumamoto Prefecture), Minamisanriku Town (Miyagi Prefecture), and the Inba marshlands (Chiba Prefecture).



Employees

Improvement of employees' satisfaction and motivation, which are a driver of the MS&AD Group's growth

We create a working environment where employees can work with a sense of feeling motivated and job satisfaction and provide opportunities for everyone to play an active role. We foster a corporate culture that respects a diverse sense of values, thereby generating innovation.

Communication channel

- Conducting an employee awareness survey
- Speak-up system for whistleblowing and consulting on breaches of laws, company rules, and inappropriate behavior
- Based on improvement proposals, each head office department submits the results of feedback to the departments

Examples of initiatives

We conducted awareness surveys of employees in Japan and overseas and implemented training for national staff to further disseminate and implement MS&AD's mission, vision, and values.



Environment

Improving the sustainability of the Earth

To live in harmony with the global environment, we consider sustainability in all of our business activities and are working to address climate change and improve the sustainability of natural capital.

Communication channel

- Dialogue with experts and NPOs/NGOs
- Collaborative research with universities on climate change and natural capital
- Participation in initiatives and international conferences
- Employee participation in environmental and social contribution activities
- Holding of seminars/symposiums

Examples of initiatives

We held a launch event attended by the Taskforce on Nature-related Financial Disclosures' (TNFD) Co-Chair David Craig, Executive Director Tony Goldner, and other key TNFD members as convener of the TNFD Japan Council, following the release of the TNFD Disclosure Framework in September 2023.



Materiality Analysis

Step 1

Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

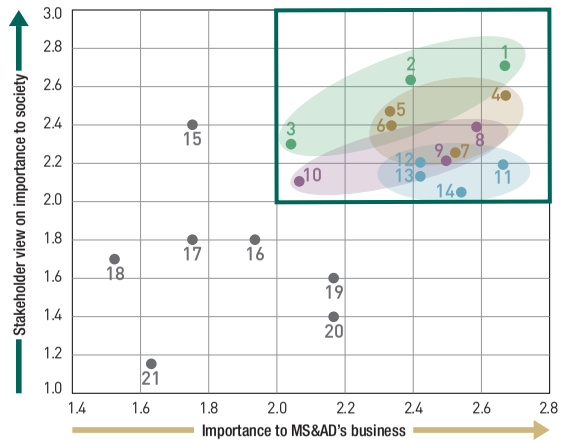
1 Acceleration of global warming	8 Aging population and declining birthrate	15 Price instability
2 Damage to natural capital (ecosystem degradation and crisis)	9 Human rights violations and exclusion of diversity	16 Hunger and food crises
3 Environmental pollution and noncircular economy	10 Increasing poverty and inequality	17 Debt crises
4 Emergence of new risks	11 Customer responsibility	18 Frequent and spreading regional conflicts and terrorism
5 Spread of infections	12 Compliance	19 Disillusionment among young people
6 Large-scale earthquakes	13 Corporate governance	20 Commodity shock
7 Decline of local industry	14 Human resources	21 Immigration problems

Step 2

Evaluate the selected social issues using the materiality matrix

The materiality matrix is analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us).

Materiality Matrix



Step 3

Identify social issues (materiality) of high importance to stakeholders and the Company, and establish three priority sustainability issues from among these issues

- Symbiosis with the global environment — Planetary Health
- Safe and secure society — Resilience
- Happiness of diverse people — Well-being

Foundation to support our basic strategy — Quality P.54 | Human Resources P.67 | ERM P.57

[Three Key Sustainability Issues]

Social issues		Risks and opportunities	Time axis (Short / Medium / Long)	Examples of major measures and initiatives (◎ Response to risks ★ Response to opportunities)	KPI		FY2023 Results
Symbiosis with the global environment (Planetary Health)	1 Acceleration of global warming	Risk: Reduction of earnings due to the inability to achieve a rapid transition to a net zero society	Medium, Long	◎★ Promotion of information disclosure and strategy in line with the TCFD recommendations ◎ Implementation of business activities with sustainability in mind ◎ Introduction of renewable energy ◎ Diversification of the business portfolio ◎ Possession control of natural disasters in the United States	Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019)	[2030] -50% [2050] Net zero	P.80
		Risk: Loss of reputation due to insufficient information disclosure and delayed response to climate change	Short, Medium				
		Risk: Deterioration of income and expenditure due to intensification of natural catastrophes, etc., and an increase in capital costs due to increased profit volatility	Short, Medium, Long				
		Opportunity: Provision of products and services that contribute to reducing greenhouse gas emissions	Short, Medium	★ Provision of products and services to support companies in decarbonization and disclosing climate-related information ● Provision of greenhouse gas emission calculation and visualization services ★ Provision of products and services for natural disaster preparedness ● Weather derivatives ● Related services to assess the impact of climate change	Greenhouse gas emission reduction rate Scope 3 (versus FY2019)*	[2030] -50%* [2050] Net zero	
		Opportunity: Provision of products and services that support corporate decarbonization and climate-related information disclosure	Short, Medium				
		Opportunity: Provision of products and services that prepare for natural disasters	Short, Medium				
	2 Damage to natural capital (ecosystem degradation and crisis)	Risk: Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources	Long	◎ Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to 1) ● MS&AD Green Earth Project ◎ Efforts for preservation of biodiversity in Asia and Japan ◎★ Efforts to develop and disseminate the TNFD disclosure framework	Renewable energy consumption rate	[2030] 60% [2050] 100%	
		Risk: Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc.	Medium, Long		Premium growth rate for products that contribute to the decarbonization of society and a circular economy	FY2025 Annual average 18%	
	3 Environmental pollution and noncircular economy	Opportunity: Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use	Short, Medium	★ Provision of products and services that support natural capital, preservation of biodiversity, and sustainable use ★ Provision of products and services that contribute to the circular economy ★ Launching of a financial alliance to promote nature positivity			
		Opportunity: Business opportunities to address the decline in earnings due to an inability to capture the transition to a circular economy	Medium				
Safe and secure society (Resilience)	4 Emergence of new risks	Risk: Impact of an increase in large-scale cyberattacks on the Group	Short, Medium	◎ Building an information security management system	Growth rate of the number of subscriptions for products that contribute to improving social resilience	FY2025 Annual average 20%	P.80
		Risk: Emergence of new risks due to the spread of IoT and in the post-digital era	Short, Medium				
		Opportunity: Creation of new markets due to the emergence of new risks such as cyberattacks	Short, Medium	★ Provision of products and services for new risks manifested by changes in society ● Products and services that address cyber risks ● Voluntary automobile insurance and accident reduction services using telematics technology			
		Opportunity: Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	Short, Medium				
	5 Spread of infections	Risk: Impact of a new pandemic on operations	Short, Medium, Long	★Infectious disease control and provision of products and services to healthcare providers			
		Opportunity: Business opportunities related to infectious disease control and healthcare providers	Short, Medium				
	6 Large-scale earthquakes	Risk: Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas	Short, Medium, Long	◎ Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to 5)			
		Opportunity: Increased need for earthquake countermeasures	Short, Medium	★ Provision of products and services to prepare for massive earthquakes ★ Provision of services that meet the needs of companies for BCP measures			
	7 Decline of local industry	Risk: Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure	Short, Medium	★ Provision of insurance and services in response to local revitalization and regional issues (also corresponding to 3) ● Seminars to help local companies solve problems	Instances of support for the resolution of issues faced by regional companies	FY2025 10,000 cases	
		Opportunity: Increased demand for regional and customer resilience, including expansion of regional economic cycles and support for next-generation mobility services such as CASE and MaaS	Short, Medium				

* Scope 3 target categories 1, 3, 5, 6, 7, and 13 Indirect emissions from the Group's business activities other than Scope 2. Category 1 is purchased products and services (covered: paper and mailing), Category 3 is fuel- and energy-related activities other than Scope 1 and 2, Category 5 is waste generated in operations, Category 6 is business travel, Category 7 is employee commuting, and Category 13 is downstream leased assets.

We have set an interim GHG emission reduction rate target of 37% by FY2030 compared with FY2019 for our major domestic clients (approximately 3,300 companies), selected based on premiums, in relation to our underwriters and investees (financed emissions).

[Three Key Sustainability Issues]

Social issues		Risks and opportunities	Time axis: Short	Medium	Long	Examples of major measures and initiatives / ◎ Response to risks / ★ Response to opportunities	KPI		FY2023 Results
Happiness of diverse people Well-being	8 Aging population and declining birthrate	Risk: Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas		●	●	◎ Prediction of risk development due to market changes through monitoring	Number of policies in force for asset-building products to support longevity	FY2025 100,000 cases	P.80
		Risk: Crisis of sustainability in social security systems and financial systems		●	●				
		Risk: Loss of earnings due to inability to address needs in an aging society		●	●				
		Opportunity: Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages	●	●		★ Provision of products and services in line with the needs of an aging society ● Products for pensions, nursing care, dementia, etc. ● Financial gerontology training	Number of policies in force for products that help solve health-related social issues	FY2025 2.6 million cases	
		Opportunity: Increased need for security systems in cooperation with local governments	●	●		★ Provision of products and services that help solve health-related social issues ● Health management support insurance and services ● Breast, uterine, and colorectal cancer seminars			
		Opportunity: Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society	●	●					
	9 Human rights violations and exclusion of diversity	Risk: Decrease in reputation due to actual or possible human rights violations	●	●		◎ Provision of human rights training to employees and agents ◎ Speak-up system (internal reporting system) and establishment of a consultation service ◎ Implementation of business activities with sustainability in mind	Number of companies supporting human rights–related measures	FY2025 1,000 cases	
		Opportunity: Increased awareness of respect for human rights and the increased need for corporate responses	●	●		★ Provision of products and services that contribute to respecting human rights and promoting DE&I ● Human rights risk management support consulting services			
	10 Increasing poverty and inequality	Risk: Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees	●	●		◎★ Activities and active disclosure of information related to social contribution and collaborative value			
		Opportunity: Grasping of new markets through financial inclusion	●	●	●	★ Provision of microinsurance			

[Impact of CSV Initiatives]

We promote our CSV initiatives based on risks and opportunities in accordance with the three priority issues we have set, thus creating a positive impact in terms of both increasing corporate value and solving social issues. Through the Group's products and services, we will solve social issues and support a resilient and sustainable society.

Note: Figures are estimates for FY2023

Symbiosis with the global environment
Planetary Health

Quantitative assessment service on the climate change impact of the TCFD recommendations

13,111 bases

(Cumulative number of bases to which we provided quantitative assessment services for physical risks from climate change impacts*)

Work with Jupiter, a climate analysis company, to provide quantitative risk assessments of climate change impacts

*Cumulative total from FY2020

Real-time damage forecasting website/app cmap

4.04 million accesses

(Number of page views per year on a site that forecasts and publishes the number of buildings affected by typhoons, heavy rains, and earthquakes in real time)

It is open to the public free of charge as a disaster prevention and reduction measure against natural disasters.



Safe and secure society
Resilience

Products to cover cyber risks

21,148 companies

(Number of corporations and organizations protected from cyber risks)

Support cybersecurity countermeasures and provide coverage to hedge damage resulting from the unlikely event of a cyberattack

Telematics-based safety driving support services

2.39 million cases

(The number of contracts for insurance policies for Mimamoru Car Insurance and Tsunagaru Car Insurance)

We offer automobile insurance that utilizes telematics-based safety driving support services.



Happiness of diverse people
Well-being

Tontine pension plans

50,000 cases

(Number of tontine annuity contracts)

A foreign currency–denominated individual pension insurance that meets the usage needs of customers who receive a greater amount of pension the longer they live

Support for companies that address human rights issues

1,047 cases

(Number of human rights–related consultations, training, seminars, etc., conducted for companies, etc.)

We support companies in their efforts to address human rights issues and develop insurance proposals related to corporate welfare and health management.





Shinichiro Funabiki
Representative Director
President & Group CEO

We will achieve sustainable growth

by resolutely implementing major reforms of business style based on the premise of “fair competition”

On assuming the position of CEO

My name is Shinichiro Funabiki, and I was appointed Representative Director, President & CEO of MS&AD Holdings in June 2024.

The major role expected of me is to achieve sustainable growth and enhance corporate value by utilizing the Group’s financial, human, and intellectual capital to the maximum possible extent, on the basic precondition of fair competition, in response to various problems resulting from business practices in the non-life insurance industry, including premium adjustment and improper insurance claims that have occurred in Japan.

Our market capitalization was ¥5.7 trillion as of the end of July 2024. We aim to achieve a market capitalization of ¥10 trillion and return on equity (ROE) in the mid-10% range as soon as possible, as part of our endeavor to catch up with and surpass competitors in Europe and America.

The insurance industry is now at a major crossroads. In Japan, the traditional market is expected to shrink owing to factors such as a declining population, the falling birth rate, and an aging population, and a decrease in traffic accidents caused by the spread of advanced safety devices. Globally, we must also respond to unprecedented circumstances, including climate change, the increasing severity and frequency of natural disasters, the social impact of the rapid evolution of AI, and threats in cyberspace.

To this end, I will make full use of my own strength, the ability to overcome obstacles, to resolutely implement reforms without being constrained by the conventional framework of the insurance business.

Strengthening the holding company’s functions and improving the independence and objectivity of the Board of Directors

Our highest priority is the development of a system that supports our medium- to long-term growth strategy.

The Group includes five domestic insurance companies, which each have individual characteristics. Since the business integration in 2010, we have continued to grow by utilizing the strengths of each of these companies to the maximum possible extent as the pillar of our management strategy. As a result, in the domestic non-life insurance business,

Return on equity (ROE)
An indicator of how much profit a company makes in relation to the funds invested by shareholders.

we are the top company in Japan in terms of sales, and we have strong business foundations supported by one of the largest customer and agent networks in Japan.

In addition, to complement our domestic non-life insurance business and build a balanced business portfolio, we have expanded the scope of our business in five business domains, including the international business, domestic life insurance business, financial services business, and digital/risk-related services business.

To further pursue the Group's comprehensive strengths, we will strengthen functions related to the management strategy of the Group as a whole, centered on the holding company, and allocate the necessary capital to growth areas in a timely manner.

From the perspective of corporate governance, to strengthen the supervisory function of the holding company's Board of Directors in response to the demands of the times, we intend to improve its independence and objectivity, while also making prompt management decisions and engaging in bold risk-taking through in-depth discussions with Outside Directors.

Execute growth strategies that utilize proceeds from the sale of strategic equity holdings

Strategic equity holdings will serve as the source of funds for the implementation of medium- and long-term growth strategies. As of March 31, 2024, the Group's strategic equity holdings had a fair value of approximately ¥3.6 trillion, and we aim to reduce this amount to "zero" by the end of March 2030. We will allocate the funds obtained from the sale of strategic equity holdings to new business investments, next-generation system/DX-related investments, and asset management.

The main targets for business investment will be the United States, the largest market for non-life insurance, and Asia, where the Group has strengths.

In the Lloyd's and reinsurance businesses, which were the core businesses of Amlin (U.K.), which we acquired in 2016, we have faced various hardships, including an increase in large-scale natural disasters, the spread of COVID-19, and the war in Russia and Ukraine, but we have steadily increased profitability through disciplined underwriting and appropriate risk control, and as a result, this business has become a driver of growth in the international business. While building on these foundations, we aim to diversify sources of profit and distribute risks by expanding our business foundations in the United States and Asia.

In the digital/risk-related services business, we feel there is significant potential that goes beyond the concept of the insurance business, such as the creation of business opportunities through the development and sale of new solutions before and after compensation and protection, the provision of products and services that will help solve social issues, and the strengthening of our earnings foundations based on revisions to business processes.



In our Medium-Term Management Plan (2022–2025), we have positioned MS&AD InterRisk Research & Consulting as the core of the digital digital/risk-related services business, and we are promoting the development and sales of solutions that utilize digital data. In the past, we have introduced services that contribute to enhancing the value of our offerings, such as the "MS&AD Cyber Risk Finder," which diagnoses and assesses vulnerability risks across the entire supply chain, to counter the threat of cyberattacks.

Our "Business Innovation Challenge Program," in which all Group employees are invited to submit business ideas, has also led to a succession of new business initiatives. Our "Dashcam Road Manager" service for local governments, in which a dashcam installed in the customer's vehicle automatically detects road damage, thus supporting road maintenance and management operations, is a typical example of this approach.

We will consider proactive capital allocation on the expectation that business development based on social issues, environmental changes, and customer needs will not only increase earnings but also contribute to improved profitability through the provision of accident prevention and recovery services, as well as synergies with existing businesses.

"Major reforms of business style"

To firmly establish business operations that are based on the major precondition of fair competition, we will promote major reforms of business style, particularly in the domestic non-life insurance business.

We will engage in a thorough review of excessive core business support and secondment to customers and agents, which have become competitive disincentives, and we will restructure our relationships with agents, which are our business partners.

In addition to the original function of insurance, we will strengthen our solutions for before and after compensation and protection, enabling us to provide the most valuable products and services to our customers and society, and demonstrate our competitiveness and growth in the changing business environment in Japan.

Data, digital technologies, and AI will support stronger solutions for both before and after compensation and protection. At the same time, by digitizing all insurance-related procedures, we will promote bold reforms that will enhance customer satisfaction and convenience, as well as the productivity of the Company and our agents. In addition, we will pursue ease of use for products and convenience for procedures from the customer's perspective and optimize the structure of our IT systems accordingly, thereby changing our earnings structure.

The reduction of our business expense ratio is also a pressing issue. Under our Medium-Term Management Plan, we will take steps to enhance operational efficiency and improve quality through our "One Platform Strategy," whereby we will promote standardization, collaboration, and integration centered on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. To remain the company of choice for customers in the domestic market, we feel that we are at a point where we must evaluate our options, including a review of our structure of having two core insurance companies.

We believe that the utilization of AI is key to improving operational efficiency. We have already created an environment where approximately 30,000 employees can safely use generative AI, and many examples of improved operational efficiency have emerged. In the Group, we plan to increase our digital human resources to 7,000 by 2025, and we expect these human assets to lead our digitalization efforts, along with approximately 100 data scientists. We also intend to incorporate outside knowledge as necessary to improve the effectiveness of operations that utilize AI.

Price competition might occur in the right competitive environment. If price competition occurs, profitability will undoubtedly decline. To sustainably continue providing products and services under such circumstances, more ingenuity is required, for example, in setting the scope of coverage and calculating optimal premiums. How do we evaluate and select the risks in the world? We have deepened our underwriting knowledge and enhanced our risk management capabilities through our Lloyd's and reinsurance businesses. Now is the time for us to maximize the abundant underwriting expertise that we have accumulated.

Toward diverse human assets

It is “people” who will implement reforms. The Group has approximately 40,000 employees in Japan and overseas. An important role of management is to create an environment where employees are highly motivated and can work with trust in the Company.

Our business domains are increasingly expanding, both in Japan and overseas. Having each site share our Mission, Vision, and Values as shared values and executing growth strategies across the Group will contribute to our competitiveness in the global insurance market. 2024 marks the 100th anniversary of the establishment of our first overseas office in the United Kingdom. With sites in 48 countries and regions, the Group operates businesses with roots in local communities, and we thus believe this gives us a competitive advantage.



Celebrated the 100th anniversary of our expansion into the United Kingdom in the financial district known as the City

My motto has always been “Be sincere.” This is connected to “integrity,” which is one of the Group’s values, and it is the guiding principle that I consider most important. I think of “integrity” as a concept like the ethical principle of “what people are supposed to do.”

There are many athletes among the Group’s employees, and they actively participate in world-class competitions and have achieved results. Listening to them speak, I feel that top athletes always act with integrity and never forget to express gratitude to those around them. That is why they are able to practice with all their heart and do their best in games and competitions. This is true in business as well. We are grateful to our stakeholders. We provide better products and services, and in the event of an emergency, we will support our customers through prompt insurance claim payments. I hope that employees will be able to act without being conscious of this and instead take it for granted.

We will also consider introducing a new personnel system, replacing the seniority-based system, to ensure that every employee can grow further. We will allow employees to choose their own posts and duties at their own will. All employees of the Group will thus fully exercise their individuality and abilities as they actively participate. I hope to create such a company in the near future.

Management that is conscious of the cost of capital and the stock price

Price-to-book ratio (PBR)
An indicator that measures the level of a company’s stock price based on its assets and financial condition.

In recent years, we have made progress in curbing profit and capital volatility through efforts to improve profitability in the domestic non-life insurance business, improvements in profit levels through disciplined underwriting in the Lloyd’s and reinsurance businesses, reductions in strategic equity holdings, and stronger controls on catastrophe risk. As a result, the Company’s stock price has risen, with the price-to-book ratio (PBR) finally exceeding 1x in the second half of FY2023, and remaining at the 1.2x level as of the end of July 2024. A P/B ratio of 1x is only a passing point, and we aim to further raise the level of our P/B ratio.

To achieve this, we must enhance both profitability and growth, and we will strongly promote improvements to capital efficiency, while also raising our underwriting capabilities and operational efficiency.

We have continued to face difficult conditions concerning insurance underwriting income in the domestic non-life insurance business over the past few years, owing to factors such as the deteriorating profitability of voluntary automobile insurance as a result of the recovery of traffic volume in the post-COVID-19 era and inflation, and the fact that it is taking time to improve the profitability of fire insurance, partly because of the increase in windstorms and hailstorms.

To achieve ROE in the mid-10% range in such an environment, we must, of course, accelerate the reduction of our business expense ratio through such measures as operational efficiency improvements and reviews of the roles of the two core non-life insurance companies amid major reforms of business style, and at the same time, we must take urgent measures to improve profitability, including implementing premium rate increases after carefully explaining to customers that they are truly necessary.

When executing business investments, we will assess the investment from multiple perspectives, focusing on whether it will contribute to improving the return on risk (ROR) of the Group as a whole, as well as factors such as whether it will help diversify our portfolio and generate synergies with existing businesses, and whether it will provide capabilities that will help accelerate the Group’s growth.

We will also further strengthen profitability improvements in existing businesses. In the first stage of the current Medium-Term Management Plan, we have been reviewing and reconfiguring our portfolio after resolutely deciding to withdraw from the nursing care business in Japan, as well as retail insurance in Brazil, telematics insurance in the United Kingdom, insurtech in the United States, and other businesses overseas. In business management, we will use ROI, which measures return on investment, as a monitoring indicator as we take steps to shift capital from less profitable businesses to more profitable ones.

Furthermore, in terms of shareholder returns, we will realize returns commensurate with steady profit growth in line with our basic policy of stably returning 50% of Group adjusted profit, including gains from the sale of strategic equity holdings. In addition, we will emphasize predictable returns by limiting volatility in profits and capital.

Return on Risk (ROR)
An indicator that shows how much profit (return) is secured in relation to the amount of risk.

To shareholders and investors

Since 2021, when I became president of Mitsui Sumitomo Insurance, I have devoted significant time to listening to the views of our stakeholders. We held so-called town hall meetings with employees in 68 departments and branches in Japan and overseas in FY2023 alone. We have promptly utilized the various opinions we have received in product and service development, system development, and human resource policies. For example, we achieved results such as jobs that contribute to society and facilitate reskilling thanks to learning things from employee input.

As CEO, I would like to have as many opportunities as possible to directly engage in dialogue with shareholders and investors. We will take your comments and suggestions seriously as we endeavor to increase shareholder value. We also hope to increase the number of investors who become new shareholders by carefully communicating the Group’s growth story to the stock market.

As the head of the Group, I will exercise leadership, so please look forward to the future growth of the Group.



Renewing our aspirations



Even if we achieve the targets that we have set for major reforms of business style, it will not mean the end of our reforms. This is because insurance is a business that should change in line with people's mindset and the state of society.

The scroll in the photo was written by my calligraphy teacher. It says "nisshin-no-kokorozashi," which means "a positive attitude of trying to make progress with renewed aspirations day by day." I want to always look at things from new angles and create a world supported by a new sense of values.

Green resilience—the emergence of businesses that utilize nature's bounty

Taskforce on Nature-related Financial Disclosure (TNFD)
This entity provides a framework for companies to understand their relationship to nature and to appropriately disclose information.

Green Earth Project
A cross-group project focused on the themes of preservation and restoration of the natural environment, reduction of environmental impact, disaster prevention and reduction, and regional development.

The Group has identified "Symbiosis with the global environment (Planetary Health)" as one of our key issues among the social issues of high importance to stakeholders, and we are focusing on the two aspects of "addressing climate change (carbon neutrality)" and "improving the sustainability of natural capital (nature positivity)."

Specifically, we actively develop and provide products and services that contribute to the decarbonization of society and the transition to a circular economy, including the "Flood Risk Finder," a SaaS-type platform that facilitates global flood risk assessments, and the provision of nature-related information disclosure services in line with the TNFD. We are also committed to management that considers our impact on the global environment. These efforts will not only mitigate risks related to climate change and natural capital and positively affect sustainable growth but also be viewed as a positive factor in the stock market. This is because natural capital is one of the components in the value creation mechanism of a company, alongside financial and human capital.

In recent years, global attention has been drawn to efforts related to "Nature-Based Solutions," where social issues are solved by utilizing the functions of nature, such as disaster prevention and mitigation utilizing nature, carbon capture and storage using forests and seaweed beds, and the promotion of primary industries that add value through consideration for nature, such as organic farming. We call such efforts "green resilience," and we have been among the first to incorporate this concept into our business activities.

A typical activity is our "Green Earth Project." At three locations in Japan, we are working with governments, research institutions, and NPOs on activities to preserve and restore wetlands, rural mountain villages, seaweed beds, and other landscapes, one of which is the Kuma River basin in Kumamoto Prefecture. Here, we aim to preserve biodiversity and restore disaster prevention and reduction functions through wetland restoration. I visited the site in June 2024 and experienced rice planting and bamboo cutting with the participants.

The progression of global warming and the erosion of natural capital are significantly impacting primary industries such as agriculture, fisheries, and forestry. When you visit regional areas, you can clearly see what is happening in Japan, what industries are undergoing change, and what the local people are struggling with. As the number of workers decreases, forests and farmlands fall into ruin and biodiversity deteriorates. The more primary industry workers are in an area, the more damage is done.



To solve the critical issues facing regional areas, we must work with local people to understand their aspirations and draw a road map. When entering local communities, it is essential that there is a receiving local government or NPO and that we build a network of industry, government, and academia.

We feel that as the Group has become part of local communities, winds from the outside are blowing and collaboration among various local stakeholders is accelerating. There are issues that cannot be solved by our activities alone, but we intend to act as a catalyst in expanding the circle of cooperation between stakeholders in each region.

[Response to administrative action and efforts to prevent recurrence]

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance received business improvement orders from the Financial Services Agency of Japan under the Insurance Business Act for premium adjustment activities in the corporate insurance field, and in February 2024, they formulated improvement plans to prevent such a situation from occurring again.

Currently, the two operating companies and the holding company are taking the following actions to ensure that business operations are conducted in a customer-focused manner, through the steady implementation of measures to prevent recurrence.

We will regularly report the progress of measures to prevent recurrence and the status of improvements to the Financial Services Agency and appropriately disclose information.

The Group as a whole will continue working to ensure thorough compliance, including compliance with the Antimonopoly Act, and to further strengthen governance.

■ Key points of the business improvement plan

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

We will return to our "Mission," "Vision," and "Values" ("MVV") and reform ourselves into a company that pursues the "best interests of customers"

Create an appropriate competitive environment

- **Correction of competitive factors**
  - Further reduction of strategic equity holdings
  - Review of the standards for core business support and secondment
- **Optimization of co-insurance operations**
  - Review of approach to co-insurance and corporate agents

Establish an appropriate sales promotion system

- **Review of evaluation criteria**
  - Review of evaluation criteria for sales departments
  - Ensure proper management of individual evaluations
- **Stronger framework for corporate sales departments**
  - Establish new support organizations

Establish an appropriate underwriting management framework

- **Dramatically strengthen profitability management**
  - Enhance underwriting operations
  - Premium rate management based on risk
  - Review of evaluation indicators for sales departments
  - Verify the appropriateness of insurance premiums, etc., offered to corporate customers

Establish an appropriate legal compliance system

- **Improve the effectiveness of three-line management**
- **Strengthen second-line legal and conduct risk detection capabilities**
- **Strengthen the third-line suggestion function**

Foster a healthy corporate culture

- **Share messages from top management and ensure the penetration of the MVV**
- **Review of the personnel system and personnel evaluation system**
- **Stimulate internal communication**

Fundamentally strengthen the governance framework

- **Further fulfillment of the functions of the Board of Directors**
- **Strengthening of audits by Audit & Supervisory Board Members**

Progress report on the business improvement plan
Report to the Financial Services Agency on the status of progress and improvements every three months until the implementation of the business improvement plan is completed

MS&AD Holdings

Establish a framework for appropriate management administration of all Group companies and strengthen governance

Strengthen the functions of management committees

- Establishment of the "Group Risk Response Conference"
- Strengthening the cooperation of Audit & Supervisory Board Members within the Group
- Strengthening our framework to ensure that important management matters of operating companies are reported to the holding company in a timely and appropriate manner
- Participation in management committees of operating companies by dedicated officers of the holding company

Strengthen second-line and third-line functions

- The second line (administrative departments) detects signs of risk, ascertains the actual status of first-line compliance, etc.
- The third line (internal audit departments) strengthens the monitoring of operating companies, establishes frameworks to make recommendations to management, etc.

Supervision and guidance on the steady implementation of business improvement plans by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance



Tetsuji Higuchi
Representative Director
Executive Vice President, Group CFO

Seizing the opportunity of a major turning point, we are taking on the challenge of a capital management policy to achieve dramatic growth

Execute growth investments to increase earning power

I was appointed Group CFO in 2020. Since then, I have consistently considered and practiced ways of striking a balance among investment for growth, shareholder returns satisfactory to shareholders, and the maintenance of financial soundness to enhance corporate value and meet shareholders' expectations. Although the business environment surrounding the Company has undergone significant change during this period, I believe that the market has generally valued us positively, for example, our stock-related valuation indicators have remained well above the market average.

Currently, as a response to industry problems that occurred in 2023, including within the Group, we have decided to reduce our strategic equity holdings to zero, and over the next six years, we expect to generate funds (gains on sales) amounting to several trillion yen.

As CFO, I have faced capital policy challenges of a scale never before seen in the Company's history, focused on how to translate these funds into increased corporate and shareholder value.

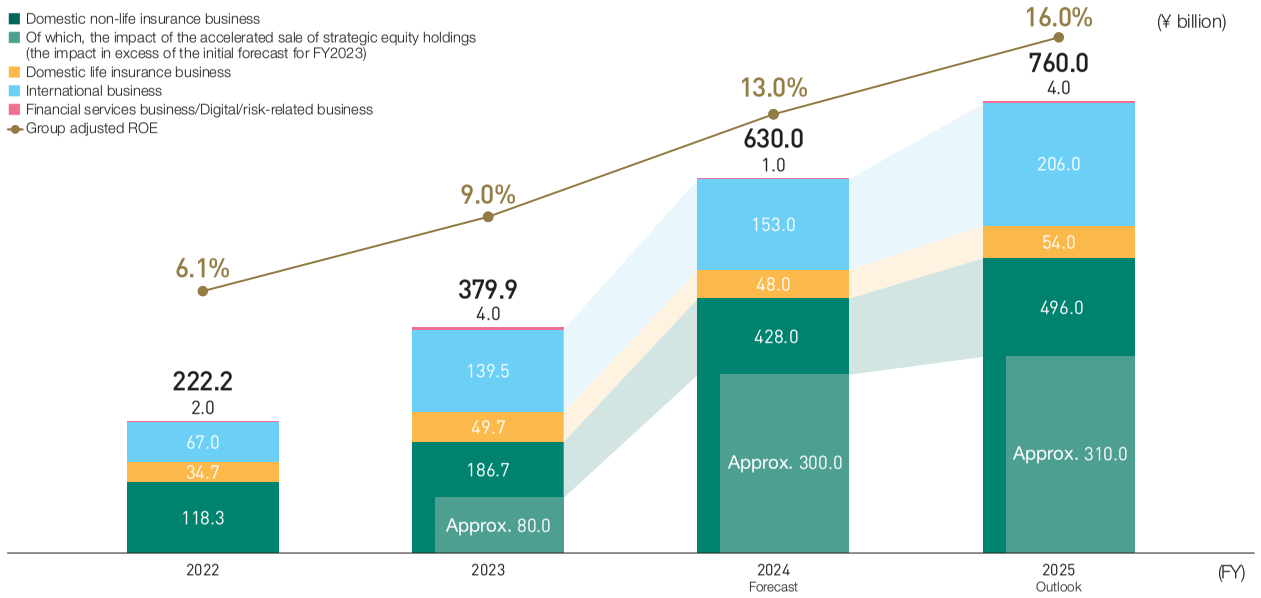
We have already presented our major policies (see next page and beyond). We will allocate the funds generated from the sale of strategic equity holdings toward growth investments and other initiatives, aiming to enhance our earning power across each business domain. In particular, in our international business, we will embark on expanding our business in the United States, the world's largest insurance market. In high-growth-potential Asia, we will leverage our existing advantages with digital transformation (DX) to pursue further growth. We believe it is crucial to significantly enhance our profitability by making disciplined yet bold investments, including M&A, while carefully assessing appropriate valuation levels. Regarding shareholder returns, we will not only adhere to our previously promised return policies but also aim to maintain attractive return levels over the long term.

As CFO, I feel an immense amount of pressure. However, at the same time, I also believe this is an excellent opportunity to achieve discontinuous and exponential growth, not merely an extension of past growth. For instance, while our current market capitalization is approximately ¥6 trillion, I aim to elevate it to a level comparable with our global peers in the not-so-distant future. With this expectation and sense of mission, I will tackle these significant challenges.

Group adjusted profit, FY2023 results, and outlook

Consolidated net premiums written (non-life) for FY2023 increased 8.4% year on year to ¥4,261.7 billion, thanks to growth in revenues in both domestic non-life insurance and overseas subsidiaries. Group adjusted profit increased 71.0% year on year to ¥379.9 billion, the highest profit since the founding of the MS&AD Group, as a result of factors such as record-high profits from our international business.

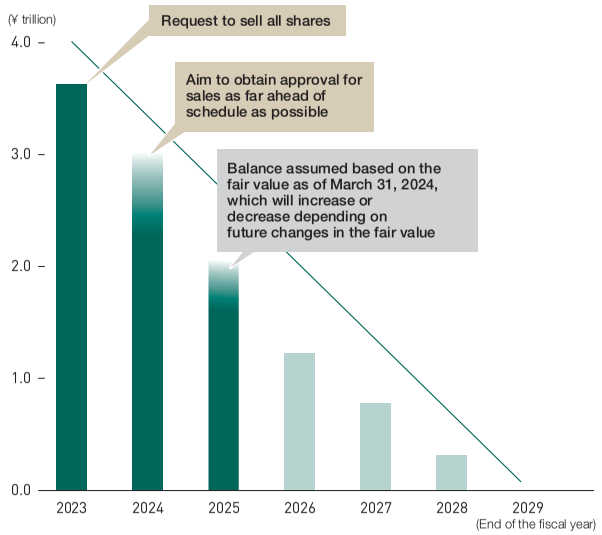
We expect Group adjusted profit for the second stage of the Medium-Term Management Plan to be ¥630 billion in FY2024 and ¥760 billion in FY2025, thanks to the impact of accelerated sales of strategic equity holdings, as well as the recovery of profitability in the domestic non-life insurance business, and the further expansion of the international business.

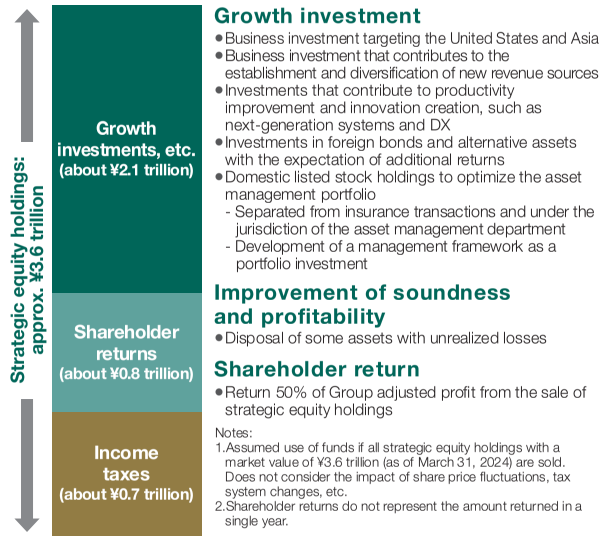


Reduction of strategic equity holdings and growth investment

We have committed to reduce the balance of strategic equity holdings to zero by the end of FY2029. We believe that the most important issue for our financial and capital strategy for the time being is how we can promote the sale of strategic equity holdings as far in advance of the schedule as possible, rather than evenly over a six-year period, and smoothly allocate the funds generated from these sales to investments for growth.

Our main targets for growth investments include business investments to accelerate the growth of the international business, DX investments to improve productivity and create innovation, and investments in domestic listed stocks and other high-return assets as pure investments under the jurisdiction of the asset management department.





Growth investment

- Business investment targeting the United States and Asia
- Business investment that contributes to the establishment and diversification of new revenue sources
- Investments that contribute to productivity improvement and innovation creation, such as next-generation systems and DX
- Investments in foreign bonds and alternative assets with the expectation of additional returns
- Domestic listed stock holdings to optimize the asset management portfolio
  - Separated from insurance transactions and under the jurisdiction of the asset management department
  - Development of a management framework as a portfolio investment

Improvement of soundness and profitability

- Disposal of some assets with unrealized losses

Shareholder return

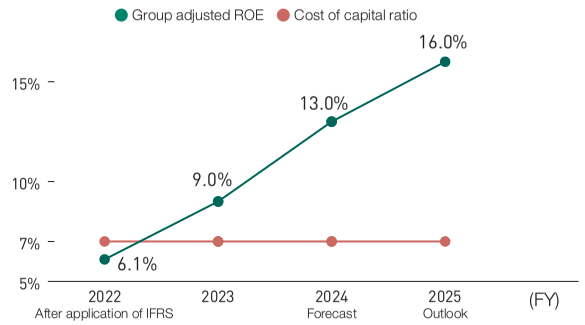
- Return 50% of Group adjusted profit from the sale of strategic equity holdings

Notes:
1. Assumed use of funds if all strategic equity holdings with a market value of ¥3.6 trillion (as of March 31, 2024) are sold. Does not consider the impact of share price fluctuations, tax system changes, etc.
2. Shareholder returns do not represent the amount returned in a single year.

Efforts to increase the equity spread

To sustainably increase corporate and shareholder value, we have maintained a target of achieving a stable Group adjusted ROE of 10% or more, and we have made progress to the point where we can achieve this goal from FY2024 onward.

At the same time, we believe that we will be able to control the volatility of profits and net assets, and reduce the cost of equity ratio, by accelerating the sale of strategic equity holdings, which has been the Group's biggest risk factor, by continuing to appropriately control catastrophe risk in Japan and overseas, and other measures.



ROE improvement

- Revision and reconfiguration of the business portfolio
- Profitability improvements in existing businesses
- Maintenance of appropriate capital levels

Reduction in the cost of capital

- Reduction in volatility of profits and net assets
- Proactive disclosure and dialogue with the markets

Natural catastrophe risk

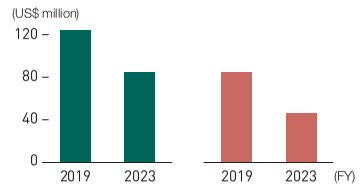
[Domestic natural disasters]

- Continue the reinsurance policy that emphasizes the stability of periodic profit and loss
- Maintain resilience to large-scale domestic natural disasters by continuing aggregate annual coverage for the two companies
- Appropriately control the level of exposure to wind and flood risk
- Strengthen the response to secondary perils such as hailstorms

[Overseas natural disasters]

- Continue to control the amount of catastrophe risk
- Cautiously handle the catastrophe risk associated with the expansion of underwriting of high-quality general lines based on the risk/return outlook

(Reference) Reduction in U.S. wind and flood disaster risk over the past five years (10-year recurrence period)*



*For MS Amlin, the net risk of North American wind and flood disaster (recurrence period: 10-year PML) after the renewal on July 1 of each fiscal year. For ADI Head Office reinsurance, the net risk of U.S. wind and flood disaster (recurrence period: 10 years) as of the end of March of each fiscal year.

Attractive shareholder returns

We conducted a stock split on April 1, 2024, but the Shareholder Return Policy in the Medium-Term Management Plan remains unchanged. Our basic policy is to return 50% of Group adjusted profit to shareholders, and we will conduct returns through dividends and share buybacks. In addition, the Company will monitor ESR levels and flexibly implement additional returns as needed. We will return profits from the accelerated sale of strategic equity holdings through special dividends and share buybacks.

Shareholder return method

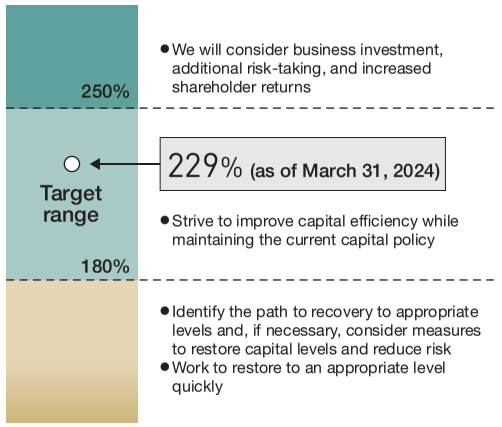
Basic returns	
Total amount of returns	50% of Group adjusted profit
Dividends	(Breakdown) **Ordinary dividends:** ● Conducted in relation to profit excluding the impact of the accelerated sale of strategic equity holdings ● The ordinary dividend will not be less than the actual amount paid in the previous year **Special dividends:** ● Conducted in relation to profit associated with the impact of the accelerated sale of strategic equity holdings, for the period when strategic equity holdings are sold (up to six years)
Share buybacks	● Conducted for the total amount of returns minus dividends

Additional returns

Guidelines for consideration of additional returns

- When the ESR is consistently above the upper limit of the target range
- To maintain stable returns in the event of a decline in profits due to large-scale natural disasters, etc.
- When efficient growth investment is not foreseen
- When capital efficiency improvements, etc., are deemed necessary

Status of ESR*

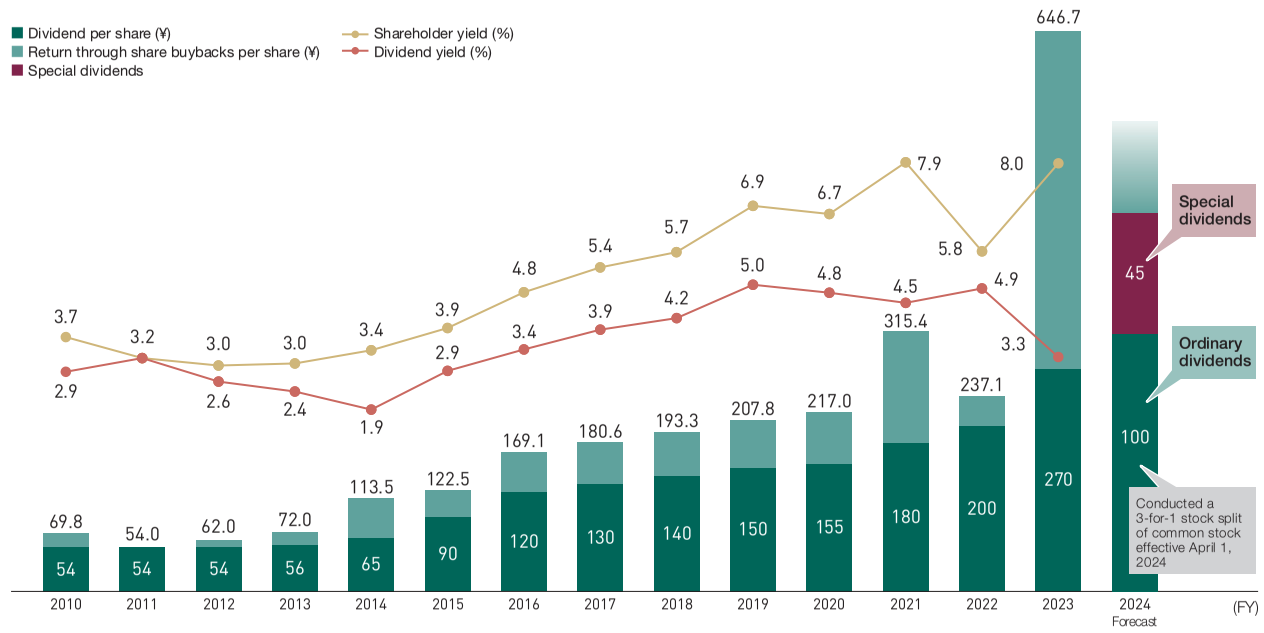


- We will consider business investment, additional risk-taking, and increased shareholder returns
- Strive to improve capital efficiency while maintaining the current capital policy
- Identify the path to recovery to appropriate levels and, if necessary, consider measures to restore capital levels and reduce risk
- Work to restore to an appropriate level quickly

*ESR: Economic Solvency Ratio (solvency ratio based on economic value) Measured at a 99.5% confidence level

We have set the shareholder return for FY2023 at ¥270 (¥90 after the 3-for-1 stock split), an increase of ¥70 from the previous fiscal year. In addition, the Company decided to repurchase up to ¥200 billion of its own shares, including ¥150 billion as a capital level adjustment. After the 3-for-1 stock split, the Company expects to pay an annual dividend of ¥145 per share for FY2024 and will endeavor to continue to provide attractive shareholder returns.

Total return per share, total shareholder yield, and dividend yield



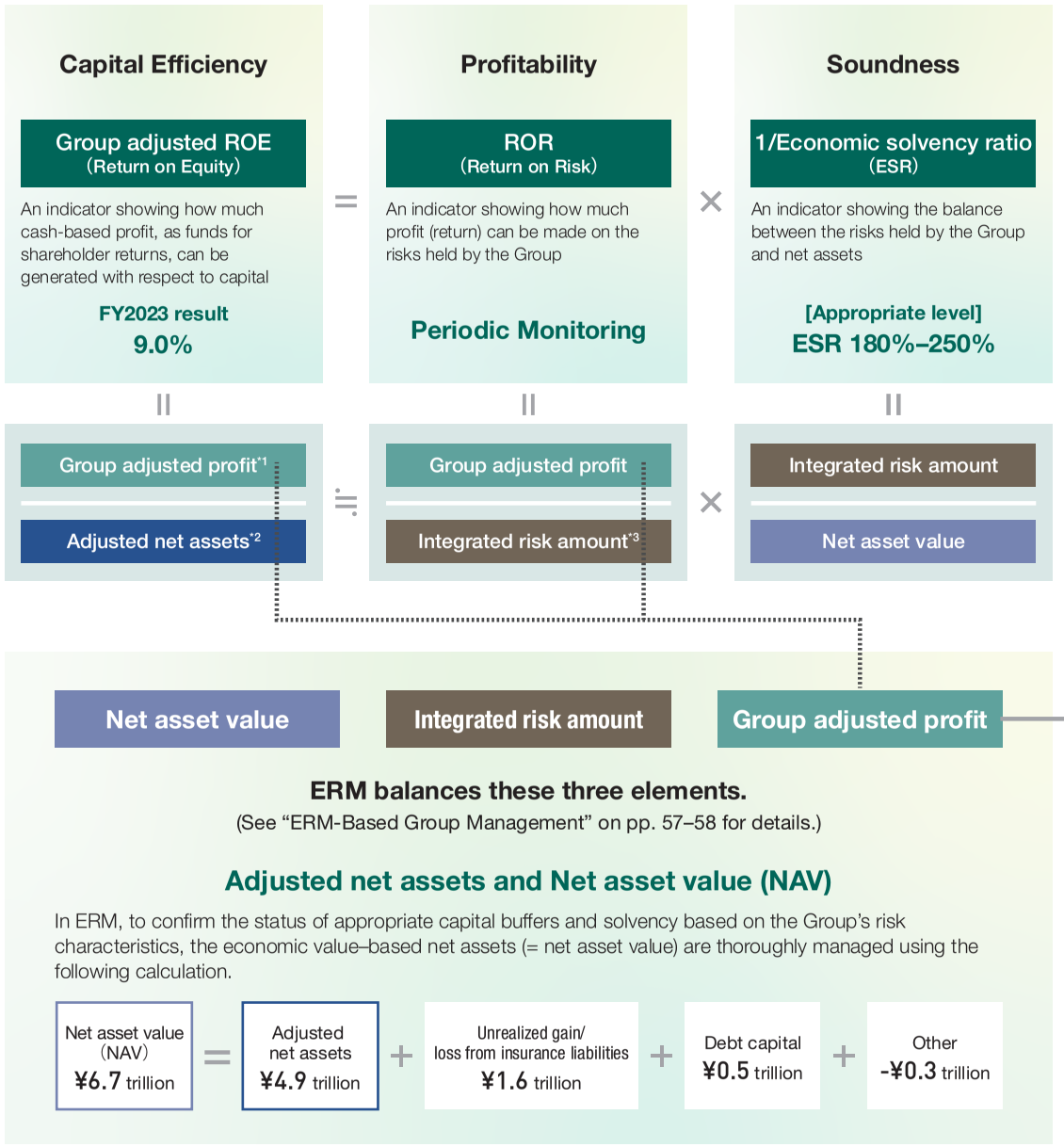
Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

Group Adjusted ROE

The MS&AD Insurance Group regards Group Adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–2025). Group adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group's financial soundness. These indicators can be further broken down into three elements: Group adjusted Profit, integrated risk amount, and net asset value.

The Group manages to balance these three elements through its ERM. (See "ERM-Based Group Management" on pp. 57–58 for details.)

Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for business divisions to expand Group adjusted Profit.



Adjusted net assets and Net asset value (NAV)

In ERM, to confirm the status of appropriate capital buffers and solvency based on the Group's risk characteristics, the economic value–based net assets (= net asset value) are thoroughly managed using the following calculation.

Net asset value (NAV)	=	Adjusted net assets	+	Unrealized gain/ loss from insurance liabilities	+	Debt capital	+	Other
¥6.7 trillion		¥4.9 trillion		¥1.6 trillion		¥0.5 trillion		-¥0.3 trillion

*1 Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (amortization of goodwill and other intangible fixed assets)
*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets
*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

Initiatives to Achieve the Group Adjusted Profit Target in Each Business Domain

See pp. 81–82 for Financial and Nonfinancial Highlights

				Examples of Specific Initiatives	Reference Indices
Growth	Group-wide	Customer satisfaction		• Providing products and services that rapidly and flexibly address the increasingly diverse needs of customers, and handling claims that closely reflect customers' expectations • Enhancing the ability to serve customers during all points of contact, etc.	• Group-wide: Customer satisfaction, ratio of female managers, and ratio of global employees • Non-Life Insurance: Number of improvements based on customer feedback, agents' recommendation rate, and claims handling satisfaction • Life Insurance: Number of registrations for the Family Registration Service*4 and number of days to provide assurance*5, etc.
		Premium growth rate		• New product development based on an understanding of changing customer needs • Maintaining a robust sales base, and acquiring and developing diverse new sales channels • Maintaining and expanding existing contracts and efforts to acquire new contracts, etc.	• Group-wide: Sales achievement rate, contract continuation rate, ratio of global employees, and employee satisfaction • Non-Life Insurance: Number of new agents (sales networks) • Life Insurance: Increased EV amount, in-force policy indicators (amount and number of policies, and annualized premium), and ratio of non-life insurance agents that also sell life insurance, etc.
Profitability	Non-life insurance	Loss ratio		• Appropriate product design • Elimination of fraud claims, appropriate and prompt payment of claims • Providing advice designed to prevent accidents and reduce the loss ratio • Sustainable use of natural resources, etc.	• Number of risk surveys, risk management seminars, and training sessions • Utilization rate of recycled parts, etc.
		Combined ratio	Expense ratio	• Business operational reforms • Move to paperless office • Demonstrating Group synergies, etc.	• Ratio of personnel expenses to sales • Selection rate of web policy clauses • Paper consumption, CO_2 emissions, and total energy consumption, etc.
		Investment profit/loss		• Integrated asset/liability management based on consideration of the characteristics of insurance liabilities • Improving ROR • Appropriate risk control, etc.	• Asset management yields, diversifying effect among assets, and reductions in strategic equity holdings, etc.
	Life insurance	Mortality margin*6		• Appropriate pricing based on the coverage offered • Reform of the product portfolio, etc.	• Annualized premiums of policies in force • Amount of increase in death insurance and other claims, etc.
		Administrative expense margin*6		• Control of acquisition cost due to increased sales • Reduction of business expenses through efficient business operations, etc.	• Acquisition cost • Business expenses (e.g., paper consumption, CO_2 emissions, and total energy consumption)
		Investment yield margin*6		• Setting reasonable assumed interest rates to ensure profits • Sophisticated ALM operations and risk management based on the characteristics of liabilities • Improving returns and diversifying risks by diversifying investment methods, etc.	• Asset management yields and rating distribution for investment bonds, etc.

*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.
*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.
*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the "three surplus factors." Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.



Naomi Motojima
Managing Executive Officer
Group Chief Sustainability Officer (CSuO)

Using the challenge of solving social issues to provide insurance value

Insurance value and sustainability

The MS&AD Insurance Group believes that the role of insurance is "not only to compensate for economic losses but also to find and prevent risks and to reduce the impact of risks," and we support the safe and secure lives and business activities of our customers accordingly. Accompanying customers in resolving the challenges they face today and in the future is the most important pillar of this effort.

In addition, the sustainability of the insurance business comes from the sustainability of society. This is because the need for insurance arises from the desire to "continue current lifestyles and businesses tomorrow and to make them better tomorrow." Our key sustainability issues of "Symbiosis with the global environment," "Safe and secure society," and "Happiness of diverse people" are social issues, and at the same time, they are the foundation on which our business depends.

Working together with customers to solve social issues they face, I am convinced that this is the proper role of insurance and the only solution that will enable the sustainable growth of the Group. I also believe that these efforts come from the heartfelt feeling of all officers and employees that their "day-to-day work is connected to solving social issues."

Incorporating sustainability into our work and making it into "earning power"

Since FY2024, we have incorporated sustainability into organizational and individual plans and targets to ensure that we put into practice the sharing of connections between the work of all officers and employees and sustainability. Then, in line with our plans and targets, we implement a cycle of working together with customers to resolve issues such as climate change, natural capital, biodiversity, and respect for human rights, then reviewing such efforts.

We position the annual "MS&AD Sustainability Contest" as one opportunity to review our efforts. This fiscal year, the purpose of the contest was to create "earning power" for the Group, and it was an opportunity to encourage employees to take on the challenge of solving our customers' issues.

Working together for "Green Resilience"

In November 2023, we set and announced an interim target[*1] for 2030 for the reduction of greenhouse gas ("GHG") emissions by our major business partners in Japan. As part of efforts to address climate change, which is the most important issue, it should be a mission of insurance and financial service providers to reduce the GHG emissions of their business partners through insurance underwriting, investment, and loans, while also working to reduce their own GHG emissions, of course. By confronting this difficult issue head-on together with our many business partners, we hope to increase our contribution to solving the issue, while at the same time capturing business opportunities for the Group. With this in mind, we determined that our targets will apply to all business partners for which premiums income exceeds a certain size, regardless of industry.

We have also been engaged in activities to preserve and restore the natural environment, under our approach of creating a virtuous cycle that mitigates damage from natural disasters and revitalizes communities, while making the most of nature's bounty and protecting biodiversity, which we call "Green Resilience." We intend to use the slogan "Green Resilience" as a new value that we offer to customers through the development of our products and services, as it will make it easy for our employees to feel the close connection with our Mission.

Specifically, in collaboration with a start-up company capable of analyzing river and groundwater flows, we have begun providing services to help companies assess and disclose their water-related risks, and we are developing tools to assess how the environmental and biodiversity impacts of corporate activities such as urban and agricultural land development affect companies' financial position.

We are also taking on the challenge of investing in and fostering start-ups with promising solutions through an alliance of four financial companies[*2] formed in February 2023, as well as establishing a "water positive system"[*3] in areas where groundwater resources might be depleted owing to the presence of large industries.

Furthermore, we intend for our "environmental and social risk assessment,"[*4] which checks the risk of damage to biodiversity associated with large-scale development and the status of certification in the supply chain, to also cover some renewable energy power plants where there is large-scale development, from the perspective of preserving natural capital and disaster prevention and reduction. Addressing climate change requires a balance between both the preservation of natural capital and disaster prevention and reduction, and at the same time, the introduction of renewable energy has been expanding rapidly in recent years, and the increasing burden on the natural environment has become an issue.

We will use the "environmental and social risk assessment" more proactively in our dialogues with business partners, as an effective means of reducing our impact on the environment and local communities.

*1 We will reduce GHG emissions across approximately 3,300 major domestic business partners by 37% compared with FY2019 by FY2030.
*2 "Finance Alliance for Nature Positive Solutions (FANPS)" launched with Sumitomo Mitsui Financial Group, Inc., Development Bank of Japan Inc., and Norinchukin Bank
*3 A system in which businesses that have reduced stormwater infiltration capacity through land use, alteration, etc., pay at least the equivalent amount for restoration to businesses that have increased groundwater recharge capacity through nature-based solutions.
*4 This applies to new projects in agriculture, forestry, fisheries, and hydroelectric power generation that involve large-scale development in currently undeveloped areas.

Taking pride in changing society

We expect the Group to secure a strong reputation among customers when all officers and employees believe and act on the belief that our role is to work with customers to solve the social issues they face and that this is the value we should provide to them. Through our strong reputation among customers, we will reaffirm the value of insurance and the pride we take in our work and again ensure that this is a core part of our approach. We intend to involve various stakeholders in this spiral and make it a significant movement that changes society.

That is the Group's aspiration.



Jun Suzuki
Outside Director

Held prominent positions including as the Chief Representative in Europe of the TEIJIN Group and CEO of TEIJIN LIMITED, etc. He has extensive knowledge of international business and a perspective as a manager. While adapting to the changing business environment, he provides advice and leadership from a wide range of perspectives as an opinion leader, particularly in terms of management that is conscious of increasing corporate value and the stock price.

Akemi Ishiwata
Outside Director

Through her service as an Executive Officer of Kao Corporation, she has a wealth of knowledge on sustainability, public relations, and corporate branding, and has contributed to the promotion of ESG activities. Furthermore, through her experience in consumer counseling and interaction with consumers, she has a perspective from the consumers' standpoint, and has shown the way forward based on a broad perspective in sustainability management to achieve both MS&AD's growth and social development.

Junichi Tobimatsu
Outside Director

He has a wealth of knowledge and experience concerning overall corporate legal affairs including those of overseas companies as an attorney at law. In particular, he contributes to improving governance from a specialist perspective. Now in his seventh year as an Outside Director of MS&AD, he actively contributes at meetings of the Board of Directors, thereby playing an important role in the Company's decision-making process.

At the MS&AD Insurance Group ("MS&AD"), we aim to achieve sustainable growth by strengthening the governance of the Group as a whole, while also undertaking major reforms of business style. The three Outside Directors exchanged opinions on three themes of importance to the Group in charting a new growth story, focusing on issues and areas for improvement.

Theme 1 **Evolution of Group governance and challenges**

Efforts to strengthen relationships between the holding company and Group companies

Suzuki While the holding company is in a position for management administration over Group companies, there are also Outside Directors at two wholly owned subsidiaries, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, meaning that a dual monitoring mechanism is in place. Under such circumstances, it is regrettable that we received an administrative disposition concerning the price-fixing issues, etc.

Ishiwata I think our governance structure itself is solid, including a board composition focused on sustainable growth and proactive information disclosure, but we still failed to notice these events. We are reflecting on the fact that this situation occurred despite effective governance, and we are discussing measures to prevent recurrence.

Tobimatsu As a result of this problem, I have become aware of the approach to the division of roles between the holding company and its subsidiaries. In the case of MS&AD, there are special circumstances in two regards. One, control over subsidiaries that are insurance companies must be limited. For example, when consolidating legal functions into a holding company, regulations under the Insurance Business Act must be considered. The other is the strength of the authority of operating companies. To begin with, the planning departments of operating companies are deeply involved in operating the holding company, and sometimes this also affects the holding company's personnel strategy and individual personnel changes. Nevertheless, the authority of the holding company must be strengthened to implement Group strategies, including the expansion of the international business. In the business improvement plan, Outside Directors and Outside Audit & Supervisory Board Members offered opinions from various↗

perspectives on proposals put forth by operating companies. We had a series of discussions on matters such as whether the formulated plan could be effectively and continuously operated, and if necessary, whether we should make course corrections in the process of operating the plan. That might act as a touchstone for strengthening the governance of the holding company.

Suzuki Considering the increase in three-layered governance structures in which foreign operating companies are controlled by wholly owned subsidiaries, I think the time is ripe to discuss how much cost and effort should be spent to develop this system. In addition, as we develop strategies for growing our business overseas through M&A, I think we will face the issue of how to ensure communication between non-Japanese top management and the holding company regarding factors such as the penetration of our Mission, Vision, and Values (MVV) and the realization of Group ↙

Evolution of Group governance and efforts to practice sustainability management

synergies. For example, perhaps we should consider a mechanism where non-Japanese managers of Group companies participate in the Management Committee of the holding company. Although there is a risk that sometimes discussions will not proceed well amid a clash of diverse values, and that progress will take time, we can expect to encounter radical opinions that we were previously unaware of, and that will give us a shot at new growth.

Ishiwata Communication is extremely important in a multi-layered Group management administration structure. Based on my experience to date, I value the consumers' perspective. In this sense, I think we should know more about what is happening at operating companies that have contact with our customers. To this end, I think↗ there should be more opportunities for the Outside Directors of the holding company and the two subsidiaries to exchange information. We have a joint meeting once a year, but that is not enough.

Tobimatsu I agree with you regarding the frequency of joint meetings. Although the Outside Directors of the holding company are not involved in execution at the operating companies, we must make progress on "a major business style transformation" as a Group while building appropriate communication and trust between the holding company, Mitsui Sumitomo Insurance, and Aioi Nissay Dowa Insurance, and from this perspective I feel we must increase dialogue between the Board of Directors of the holding company and the Boards of Directors of the operating companies.

Theme 2 **Expectations and challenges for management that is conscious of the cost of capital and the stock price**

Using the sale of strategic equity holdings as an opportunity to take on new challenges

Tobimatsu We will review discussions at previous meetings of the Board of Directors. Optimizing the allocation of management resources is a major theme from the perspective of capital cost management. Over the past few years, we have had active discussions about the reorganization of our business portfolio, particularly the treatment of the international business, on numerous occasions. The price-to-book ratio (PBR) has been below 1x for a long time, and the improvement of business performance has been viewed as an issue. I feel, however, that a positive trend is beginning to emerge as the share price rose significantly in FY2023 and our PBR exceeded 1x, partly thanks to profitability improvements in the Lloyd's and reinsurance businesses, as well as the domestic automobile and fire insurance businesses.

Ishiwata If we ask ourselves, is it enough if the PBR exceeds 1x? That is certainly not the case. At meetings of the Board of Directors, I stress that it is important that we aim to become a sustainable company by securing sustainable earnings while our raison d'être is recognized by society, and that we must not misunderstand our objectives.

Suzuki Business performance was good in FY2023, and I understand the feeling of breathing a sigh of relief that the PBR has exceeded 1x, but 1x is merely a passing mark. Unless the Company can demonstrate to investors that it is a company that will grow over the medium to long term, it will be difficult to sustainably increase corporate value. The Tokyo Stock Exchange, which has requested that companies engage in "action to implement management that is



conscious of the cost of capital and the stock price," expects multifaceted analysis and evaluation, not just concerning whether the current PBR is above 1x or whether the return on equity (ROE) is above 8%.

Tobimatsu Currently, the Company has established a policy of selling all strategic equity holdings over a six-year period. In the non-life insurance industry, the price-fixing issues in the corporate insurance operations have been viewed as a problem, and the Financial Services Agency has pointed out that factors other than the terms of insurance contracts, such as the percentage of strategic equity holdings, can affect the outcome of bidding processes. Given this indication, the Company is implementing a wholesale reduction of strategic equity holdings. This is one of the major themes being discussed at recent meetings of the Board of Directors.

Suzuki The planned sale of strategic equity holdings is equivalent to disclosing surplus profits in advance and can be understood as raising shareholders' expectations for higher dividends, which in turn contributes to a higher valuation in terms of stock price. Considering that the Company will continue to increase dividends even after completing the sale of strategic equity holdings, it will become increasingly necessary to further enhance profitability in the core insurance business.

Ishiwata In the domestic non-life insurance business, the market is expected to shrink owing to the falling birth rate, aging population, and shrinking population. Even if the Company sets appropriate premium rates, it will surely be difficult to make up for the shrinking of the market. For this reason, MS&AD is oriented toward the expansion of the international business. The Lloyd's and reinsurance businesses, which were the core businesses of Amlin in the United Kingdom, acquired by Mitsui Sumitomo Insurance in 2016, overcame a number of challenges, including withdrawal from unprofitable lines of business, and by 2023 its performance had improved significantly.

Suzuki In the international business, we will require time to change our portfolio. The Lloyd's and reinsurance businesses are finally starting to produce results. I believe that the role of an Outside Director is to encourage risk-taking by the company while also restraining the executive side in terms of risk management, that is, to contribute with a kind of accelerate and brake function. Personally, I tend to say that the market is marginal for domestic businesses, but I feel that we should discuss more about the significance of having two non-life insurance brands, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, including whether they should be maintained.

Tobimatsu I think discussion concerning the integration of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance was rather more active at meetings of the Board of Directors held before the COVID-19 pandemic. The option of a merger might have been mentioned more often, particularly by Outside Directors, when the Group had not made so much progress with the One Platform Strategy to promote standardization, collaboration, and integration, particularly for the middle- and back-office divisions of the two companies. With the progress of the One Platform Strategy, however, I have the impression that the members of the Board of Directors, including myself, have come to feel that we should wait to see the results of the strategy before considering it. The presence of two brands has advantages, such as expanding the potential trading area with different customer bases, but speed is required in the current market. Again, we must surely fully discuss all options, including mergers. It is also important to fully and objectively measure and evaluate the effectiveness of the One Platform Strategy. I think that if we cannot see the benefits of integration, it will be difficult to differentiate ourselves from our competitors when explaining our growth investments, including externally.

Ishiwata I have met people from the two companies many times and they are sincere, earnest, and positive. The things that they have accumulated differ, however, and some might therefore feel that coming together is difficult to accept as a reality. As we share and disseminate the MVV throughout the Group, we might need opportunities to further discuss what kind of business structure is optimal for sustainable growth. The Board of Directors frequently discusses the One Platform Strategy, but I think we need to make further progress.

Suzuki If it is recognized that having two brands offers a competitive advantage and cost benefit, it is important that we clearly explain those advantages to investors. For example, customers benefit from having more choices when selecting an insurance company. It could be said that for MS&AD to offer multiple options will also give it an advantage in competition.

Ishiwata For MS&AD to grow sustainably, it is important that the Company is highly evaluated by the capital markets, of course. On the other hand, to expand corporate value, value co-creation with diverse stakeholders will be required, including employees, business partners, society, and the environment, in addition to the absolute necessity of support from customers. I believe that a sense of management with a broad perspective will be required, especially as the business environment undergoes major changes.



Theme 3 **Evaluation and issues in the Group's sustainability management**

Contributing to the sustainability of society through our businesses

Tobimatsu Insurance companies are unique in that their core business itself has an affinity with sustainability. For example, for non-life insurance, if reductions in carbon dioxide emissions lead to a reduction in extreme weather events, then there will be fewer related insurance accidents, which will be positive for the business side for non-life insurance companies. In this sense, I believe that employees of insurance companies are likely to have an awareness of sustainability.

Ishiwata Since 2018, MS&AD has been holding the "MS&AD Sustainability Contest," in which awards are given to initiatives that contribute to solving social issues. I think this is a wonderful initiative for sharing MS&AD's value creation story with the Group, thereby spreading MS&AD's Mission to approximately 40,000 Group employees and encouraging the expansion of the circle of empathy. On the other hand, if we look only at emissions of carbon dioxide and other greenhouse gases, they might be limited compared to the toiletries and manufacturing industries that I have been involved in. Still, if we look at Scope 3 emissions, there are a diverse range of non-life insurance policyholders, and our influence is not small. I believe that MS&AD can be a leader in Japan because it has set targets for reducing emissions ahead of its competitors and is actively working on them.

Suzuki Insurance companies hold the choke point for sustainability. If we decide not to underwrite insurance, financial institutions might stop providing financing. I feel that the range of industries that could be considered customers is broader than that of the manufacturing industry. In addition, the more we can envision the foreseeable future, the more stable our insurance business will be, of course. Accordingly, our activities aimed at achieving a sustainable society should also benefit our own company.

Tobimatsu In corporate finance, there is a tendency to focus more on transitions than divestments. In addition to not taking on specific new projects, such as coal-fired power generation, I think we can also choose, for example, to be involved in transitions in cooperation with financial institutions that are active in transition financing.

Ishiwata As human assets are the cornerstone of the insurance business, I believe that increasing employee engagement will be fundamental to sustainability management. MS&AD has identified "Symbiosis with the Global Environment (Planetary Health)," "Safe and secure society (Resilience)," and "Happiness of a diverse people (Well-being)" as three key issues. First, it is important to focus on "Well-being" and to work toward "Resilience" to control social risks and catastrophe risk, based on our unique perspective as an insurance company. As these are fields in which we have knowledge, it should be easy to obtain an understanding of society in this regard.

Tobimatsu An increasing number of investors are focusing on KPIs related to human capital as evaluation criteria, and I feel it is important that we are aware of this. The disclosure of information such as the ratio of female managers and duration of male childcare leave are, so to speak, a kind of compulsory exercise, and investors might consider these disclosures alone as insufficient. When setting nonfinancial KPIs for voluntary disclosure based on independent action, it will also be necessary to endeavor to organize and externally communicate information concerning MS&AD's own efforts related to human assets. I think the time has come for us to show that we are willing to improve engagement and to use specific numbers to demonstrate this point.

Suzuki How well a company's brand is loved by people is a major factor in determining its corporate value. To achieve this, we must further strengthen employee engagement. The MS&AD brand has become very established in society as a whole. I intend to make every effort to promote our potential as a group with multiple growth drivers.



Ishiwata Yes, that's right. Recently, I feel that I see the "MS&AD" logo more often. We naturally associate this logo with safety and security, and I feel this is true for many people. We should take care of the corporate brand to ensure that more people will know and love MS&AD. This will contribute to the growth of our businesses and enrich society.

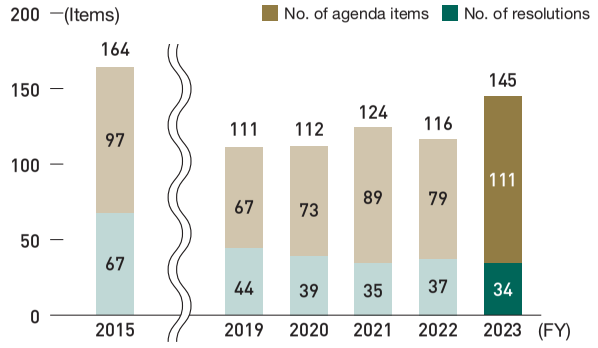
Content of Discussions at Meetings of the Board of Directors

To improve corporate governance and ensure its effectiveness, we are continuing efforts to improve the operation of the Board of Directors. At meetings of the Board of Directors, top management engages in lively discussions on management issues.

Efforts aimed at Improving the operation of the Board of Directors

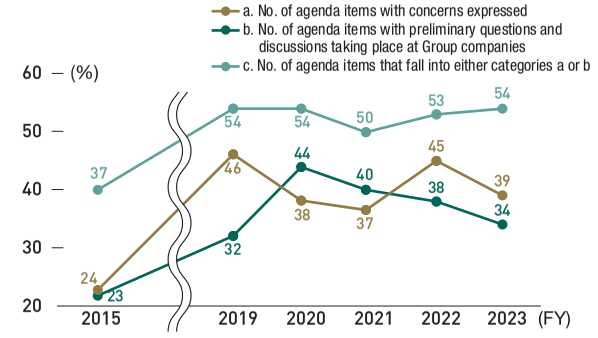
Number of agenda items

- In FY2023, the total number of agenda items was 145 (116 in the previous fiscal year), consisting of 34 resolution items (37 in the previous fiscal year) and 111 report items (79 in the previous fiscal year), meaning that although the number of resolutions decreased from the previous year, the number of reports increased, resulting in an overall increase of 29 items.
- The increase in the number of report items was mainly due to an increase in the number of items related to the second stage of the Group's Medium-Term Management Plan (2022–2025) (13 items), as well as items related to premium adjustment and fraudulent insurance claims cases (13 items).



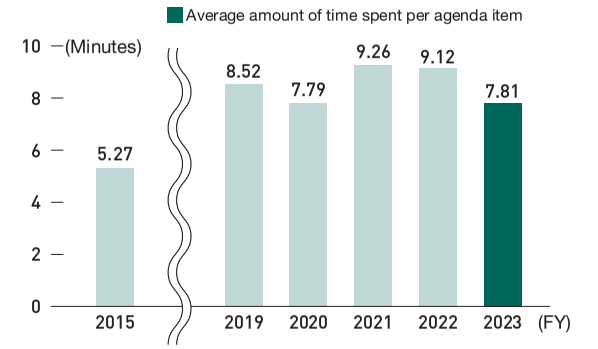
Assessing the presence of preliminary questions

- As noted, the percentage of agenda items with preliminary questions or where concerns were expressed increased to 54% in FY2023 (53% in the previous year) because of the large number of important agenda items reported.
- In FY2023, all meetings of the Board of Directors were held in a combination of face-to-face meetings and online conference calls. The efficient utilization of time by Directors resulted in 100% attendance at all meetings of the Board of Directors.



Average amount of time spent per agenda item

- For important agenda items (e.g., premium adjustment cases, fraudulent insurance claims cases), detailed prior explanations, etc., were provided on the content and key points of the agenda, and sufficient time was secured (five agenda items took more than 30 minutes) for deliberation. On the other hand, for agenda items related to regular reports, etc., we prepared summaries of the agenda materials and operated meetings such that explanations were provided as necessary, etc., thereby streamlining and shortening the time required.



Topics and content of discussion at Board of Directors meetings

Theme	Content of the discussion
Status of response by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance to the Financial Services Agency's reporting and collection order (price fixing issues and fraudulent insurance claims)	• Discussion and confirmation to ensure functioning governance with a focus on restoring customer trust, including an accurate understanding of the actual situation, investigation of the true cause, investigation methods, measures to prevent recurrence, and confirmation of progress in relation to the Financial Services Agency's reporting and collection order
Consideration of the second stage of the Group's Medium-Term Management Plan (2022–2025) based on the status of progress of the Group's Medium-Term Management Plan (2022–2025), etc.	• To achieve our goal of becoming "a corporate group supporting a resilient and sustainable society," we will confirm our progress on the three basic strategies of "Value (value creation)," "Transformation (business reforms)," and "Synergy (demonstration of Group synergies)" and the foundation to support our basic strategies of "Sustainability," "Quality," "Human Resources," and "ERM," and will continue making related efforts. • Considerations related to the second stage of the Group's Medium-Term Management Plan (2022–2025) include a fundamental review of existing business practices, and we have added the promotion of major reforms of business style, namely, "reforms to value provided," "transformation of the business structure," and "reforms to productivity and profitability," in order to regain the trust of customers. • We confirmed that we will focus on improving Group ROE and lowering the cost of capital to achieve sustainable growth in corporate value, as well as the fact that we will work to lower the cost of capital through zero strategic equity holdings, controls on catastrophe risk, and other factors. • The Company confirmed that we will implement measures to achieve our Vision while strengthening the governance framework of the Group as a whole, with the aim of achieving the above initiatives.

Group Governance

To fulfill our function as a holding company and achieve sustainable growth with the Group working in unison to generate synergies, we are working to strengthen Group governance.

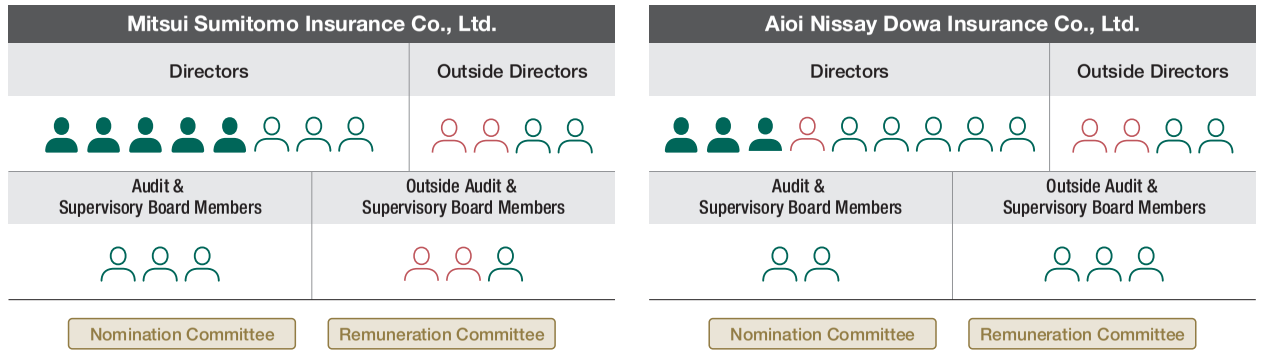
Group management administration structure

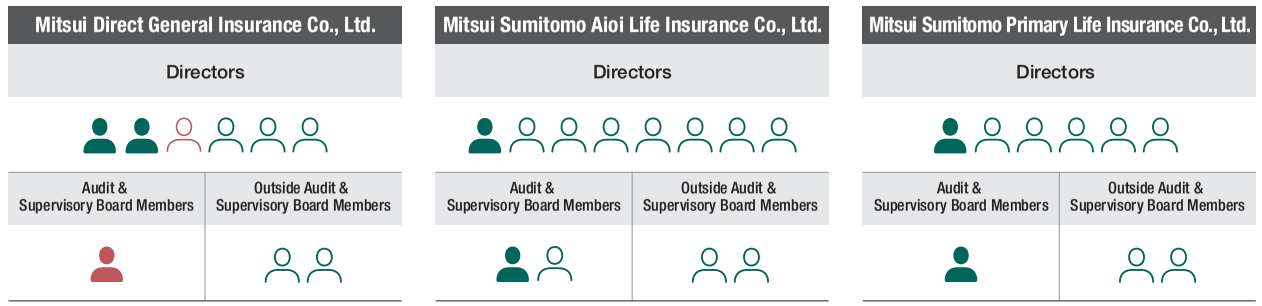
The Company (the holding company) enters into Group management supervision contracts with directly invested operating companies and conducts management administration of each Group company, the main points of which are as follows:

Role of the holding company in the Group	• Formulate and implement Group management strategies • Consider and implement effective capital allocation to Group companies to strengthen our earnings foundation • Enhance the Group's comprehensive strength and implement initiatives to further strengthen governance
Matters to be approved by and reported to the holding company	The approval of the holding company or reports to the holding company are required for important matters at directly invested companies, based on management supervision contracts. [Examples of prior approval items] 1) Management plans, Risk Appetite Statement, and income and expenditure plans; 2) election and dismissal of Directors and Audit & Supervisory Board Members; 3) issuance of new shares, stock splits, etc.
Compliance with the Basic Policy on Group Management and Administration	The holding company has established basic Group policies, including the Basic Policy on the Group Internal Control System, the Risk Management Basic Policy, the Compliance Basic Policy, the Basic Policy for Internal Audits, the Risk Appetite Statement, and the Basic Policy on Information and Technology Governance, and requires compliance by all Group companies.
Conducting internal audits	In accordance with the "Group Basic Policy for Internal Audits," the holding company and the Group's domestic insurance companies have established independent specialized organizations as internal audit departments, which conduct internal audits of the Group as a whole in cooperation with each company.

Management structure of operating companies

Concurrently an officer of the holding company: Male Female　No concurrent position: Male Female





Notes:
1. More than half the members, as well as the committee chairperson, are Outside Directors.
2. Concurrent Directors of the holding company refer to executives and employees of the holding company who also serve as Directors and Audit & Supervisory Board Members of the operating companies.

Our Management Team

[Directors] (As of July 1, 2024, and the number of Company shares owned is the number after the April 1, 2024, stock split)



Noriyuki Hara

Chairman & Director
Chairman Executive Officer

Date of birth: July 21, 1955
Number of Company shares owned: 184,890
Important concurrent positions:
Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (MSI)
Biography:
April 1978 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in market development, sales, product operations, corporate planning, etc. Present position since June 2024



Yasuzo Kanasugi

Representative Director
Vice Chairman & Director
Vice Chairman Executive Officer

Date of birth: May 29, 1956
Number of Company shares owned: 197,145
Important concurrent positions:
Chairman & Director, Aioi Nissay Dowa Insurance Co., Ltd. (ADI)
Biography:
April 1979 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in human resources, sales, corporate planning, merger preparation, etc. Present position since June 2020



Shinichiro Funabiki

Representative Director
President & CEO
Newly appointed

Date of birth: May 11, 1960
Number of Company shares owned: 150,480
Important concurrent positions:
President & CEO, MSI
Biography:
April 1983 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, marketing & sales, administration and information systems, DX promotion, etc. Present position since June 2024



Tetsuji Higuchi

Representative Director
Executive Vice President

Date of birth: June 24, 1961
Number of Company shares owned: 75,042
Important concurrent positions:
—
Biography:
April 1984 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in sales, product operations, human resources, corporate planning, etc. Present position since April 2021



Tomoyuki Shimazu

Director
Executive Officer

Date of birth: March 16, 1963
Number of Company shares owned: 62,637
Important concurrent positions:
Director, Vice President Executive Officer, MSI
Biography:
April 1985 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in human resources, sales, claims support, business planning, etc. Present position since June 2023



Yusuke Shirai

Director
Executive Officer

Date of birth: June 13, 1964
Number of Company shares owned: 36,756
Important concurrent positions:
Director, Managing Executive Officer, ADI
Biography:
April 1988 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in corporate planning, compliance, etc. Present position since June 2022



Mariko Bando

Outside Director
Chairperson of the Remuneration Committee

Date of birth: Aug. 17, 1946
Number of Company shares owned: 20,700
Attendance record:
Board of Directors' meetings 12 of 12 (100%)
Important concurrent positions:
President of Showa Women's University
Director, Mitsubishi Research Institute, Inc. (Outside Director)
Director, ITOKI CORPORATION (Outside Director)

July 1969	Entered the Prime Minister's Office
Oct. 1985	Counselor to the Prime Minister's Secretariat, Cabinet Councilor
July 1989	Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency
July 1994	Director of Gender Equality Bureau, Cabinet Secretariat
April 1995	Vice-Governor of Saitama Prefecture
June 1998	Consul General of Japan in Brisbane, Australia
Jan. 2001	Director General of Gender Equality Bureau, Cabinet Office
Oct. 2003	Director, Incorporated Educational Institution, Showa Women's University
April 2007	President, Showa Women's University
April 2014	Chancellor, Incorporated Educational Institution, Showa Women's University
July 2016	Chairperson of the board, Showa Women's University (present)
June 2017	Director, the Company (present)



Junichi Tobimatsu

Outside Director
Chairperson of the Governance Committee

Date of birth: Aug. 15, 1972
Number of Company shares owned: 0
Attendance record:
Board of Directors' meetings 12/12 (100%)
Important concurrent positions:
Attorney-at-law, GAIEN PARTNERS
Director, CANDEAL Co., Ltd.
(Outside Director (Auditor))

April 1998	Registered as Attorney-at-Law
	Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)
June 2004	Registered as Attorney-at-law in New York
April 2010	Associate Professor, Graduate School of Law and Political Science, the University of Tokyo
July 2016	Attorney-at-law, Tobimatsu Law (currently, GAIEN PARTNERS) (present)
June 2018	Director, the Company (present)

[Audit & Supervisory Board Members]



Rochelle Kopp

Outside Director
Chairperson of the Nomination Committee

Date of birth: June 29, 1964
Number of Company shares owned: 0
Attendance record:
Board of Directors' meetings 12/12 (100%)
Important concurrent positions:
Managing Principal, Japan Intercultural Consulting
Director (Outside Director), Lightworks Corporation

June 1986	Business analyst, ZS Associates International, Inc.
June 1987	Senior business analyst, ZS Associates International, Inc.
Aug. 1988	International Public Relations Specialist, The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)
Oct. 1992	Consultant, IPC Group, Inc.
July 1994	Managing Principal, Japan Intercultural Consulting (present)
Jan. 2015	Professor of Global Leadership Course, Business Break Through University
April 2019	Professor of Faculty of Foreign Studies, The University of Kitakyushu
June 2020	Director, the Company (present)



Akemi Ishiwata

Outside Director

Date of birth: Aug. 23, 1960
Number of Company shares owned: 1,200
Attendance record:
Board of Directors' meetings 12/12 (100%)
Important concurrent positions:
—

April 1983	Entered Bristol-Myers Company
Dec. 1985	Entered Kao Corporation ("Kao") Assigned to Kao Life Science Laboratory
March 2003	Product Development Manager, Household Business Division, Kao
Dec. 2005	Section Chief, Consumer Research Center, Kao
March 2010	General Manager, Consumer Research Center, Kao
March 2015	Executive Officer, Supervisor of Corporate Communications Division, Kao
Jan. 2021	Executive Fellow, Kao
Jan. 2022	Special Mission Fellow, Kao
June 2022	Director, the Company (present)



Jun Suzuki

Outside Director

Date of birth: February 19, 1958
Number of Company shares owned: 7,500
Attendance record:
Board of Directors' meetings 10/10 (100%)*
Important concurrent positions:
Director (Outside Director), Idemitsu Kosan Co., Ltd.

*Mr. Jun Suzuki was newly elected and assumed office as a Director at the 15th Annual Shareholders Meeting held on June 26, 2023, and his attendance at meetings of the Board of Directors held from that date onward is shown.

April 1983	Entered Teijin Limited
April 2011	Teijin Group Chief Representative in Europe, Teijin Limited President, Teijin Holdings Netherlands B.V.
April 2012	Teijin Group Corporate Officer, Teijin Limited
April 2013	Teijin Group Managing Executive Officer, Teijin Limited
June 2013	Director, Managing Executive Officer, Teijin Limited
April 2014	Representative Director, President & CEO, Teijin Limited
April 2022	Director, Chairperson, Teijin Limited
April 2023	Director, Senior Advisor, Teijin Limited
June 2023	Senior Advisor, Teijin Limited (present)
June 2023	Director, the Company (present)



Atsuko Suto

Audit & Supervisory Board Member (Full-time)

Date of birth: May 21, 1967
Number of Company shares owned: 22,137
Important concurrent positions:
—

April 1990	Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd.
April 2020	Administrative Director, General Manager of Accounting Dept., ADI
April 2021	Advisor, ADI
June 2021	Audit & Supervisory Board Member, the Company (present)



Keiji Suzuki

Audit & Supervisory Board Member (Full-time)

Date of birth: June 18, 1968
Number of Company shares owned: 7,500
Important concurrent positions:
—

April 1991	Entered Mitsui Fire & Marine Insurance Co., Ltd.
April 2016	General Manager, Accounting Dept., MSI
April 2018	General Manager, Corporate Risk Management Dept., MSI General Manager, Corporate Risk Management Dept., the Company
April 2019	General Manager, Corporate Risk Management Dept.
April 2022	Executive Officer, General Manager, Corporate Risk Management Dept.
June 2023	Audit & Supervisory Board Member, the Company (present)



Kyoko Uemura

Outside Audit & Supervisory Board Member

Date of birth: July 22, 1961
Number of Company shares owned: 1,500
Attendance record:
Board of Directors' meetings 12/12 (100%)
Audit & Supervisory Board meetings 11/11 (100%)
Important concurrent positions:
Attorney-at-Law, Miyama, Koganemaru & Associates

April 1994	Assistant Judge, Osaka District Court
April 2004	Judge, Numazu Branch, Shizuoka Family Court
April 2005	Judge, Yokohama District Court
April 2008	Admitted as Attorney-at-Law, LM Law Offices
June 2017	Audit & Supervisory Board Member, the Company (present)
Oct. 2018	Attorney-at-Law, Miyama, Koganemaru & Associates (present)



Taisei Kunii

Outside Audit & Supervisory Board Member
Newly appointed

Date of birth: June 12, 1959
Number of Company shares owned: 0
Important concurrent positions:
Certified Public Accountant, Taisei Kunii Certified Public Accountant Office

Oct. 1985	Entered Tohmatsu, Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
Aug. 1989	Registered as Certified Public Accountant
Oct. 2013	Executive Officer, General Manager of Tokyo Audit Division, Deloitte Touche Tohmatsu LLC
June 2018	CEO, Deloitte Touche Tohmatsu LLC
Feb. 2023	Certified Public Accountant, Taisei Kunii Certified Public Accountant Office (present)
June 2024	Audit & Supervisory Board Member, the Company (present)

For more information related to corporate governance, see the Group's official website. ● Corporate Governance (https://www.ms-ad-hd.com/en/group/value/corporate.html)

● Basic Policies on Corporate Governance ● Corporate Governance Stance ● Supervision System (Board of Directors)
● Support Systems for Outside Directors and Outside Audit & Supervisory Board Members ● Auditing ● Nomination and Remuneration ● Remuneration Committee
● Criteria for the Selection of Board Members and for the Independence of Outside Directors and Outside Audit & Supervisory Board Members
● Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters

Review of the Medium-Term Management Plan and Aspiration for 2030

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and has made steady progress toward the realization of becoming the "world's leading insurance and financial group," which it set out to become at its inception, by maintaining its position among the top 20 non-life insurance companies in the world.

To become a corporate group that supports a resilient and sustainable society in 2030, we aim to achieve sustainable growth by creating shared value with society by providing solutions to social issues through the promotion of the CSV×DX strategy.

New Frontier 2013

Development of the Mission

The MS&AD Insurance Group was founded with the mission of "contributing to the development of a vibrant society and helping to secure a sound future for the planet."

Achievements We have promoted the integration of Group management, including the construction of a system that will serve as a common foundation for the domestic non-life insurance business, and clarified the form of Group management through "reorganization by function."

Issues The Group ultimately missed its targets for Group core profit and Group ROE owing to the occurrence of large-scale natural disasters, including the Great East Japan Earthquake and floods in Thailand.

Next Challenge 2017

Building of a value creation story

Evolve and develop Group integration based on the value creation story that embodies our mission

Achievements We have put in place a stable earnings foundation through Group management integration via "reorganization by function." We strengthened ERM and promoted sales of strategic equity holdings and international business investment, thereby improving capital efficiency and building a growth base.

Issues Owing to the impact of the U.S. hurricanes and other factors in FY2017, profits fell substantially in the international business, and we did not achieve our targets for Group core profit and Group ROE.

Vision 2021

Develop management based on CSV

Set the SDGs as a guidepost, set the social vision for 2030, and promote CSV

Achievements While deepening "reorganization by function," Group adjusted profit of ¥347.1 billion exceeded the target and Group adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

Issues Due to the impact of overseas natural disasters and COVID-19 on stock market conditions, etc., the diversification of risk and business portfolios became an ongoing issue.

Medium-Term Management Plan (2022–2025)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Aspiration for 2030

A corporate group supporting a resilient and sustainable society

Target

IFRS net income: FY2025 ¥450 billion	Group adjusted profit: FY2025 ¥760 billion (excluding the ¥450 billion impact of accelerated sales of strategic equity holdings)
Adjusted ROE*1: FY2025 12%	Group adjusted ROE*2: FY2025 16% (excluding the 10% impact of accelerated sales of strategic equity holdings)

*1 IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings)
Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.
*2 Group adjusted profit / Group adjusted net assets
Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets

Numerical Management Targets

(¥ billion)

	FY2010 Results	FY2013 Results	FY2013 Initial targets	FY2013 Revised targets	FY2014 results	FY2017 Results	FY2017 Initial targets	FY2017 Revised targets*4
Group Core Profit*1	14.5	94.8	150.0	110.0	155.7	105.0	160.0	220.0
Domestic non-life insurance	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic life insurance	4.1	24.4	15.0	15.0	20.4	34.3	16.0	15.0
International business	1.8	18.0	30.0	30.0	38.2	-125.0	39.0	66.0
Financial services business/ Risk-related services business	1.9	4.4	5.0	5.0	4.6	5.6	6.0	5.0
Group ROE*1	0.8%	4.5%	7.0%	7.0%	5.9%	3.7%	7.0%	7.5%
Consolidated net premiums written	2,541.4	2,809.5	2,700.0	2,700.0	2,940.7	3,446.9	3,100.0	3,570.0
Combined ratio (domestic non-life insurance)	-	-	-	-	96.0%	92.8%	95% or less	93% range
Annualized premiums of policies in force (life insurance)*2	278.0	333.5	330.0	330.0	-	-	-	-
Increase in EV*3 of MSI Aioi Life	-	-	-	-	59.7	41.3	more than 45.0	more than 50.0

*1 The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018.
*2 Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
*3 EV: Embedded Value (see "Glossary of Insurance Terminology" on p. 116)

(¥ billion)

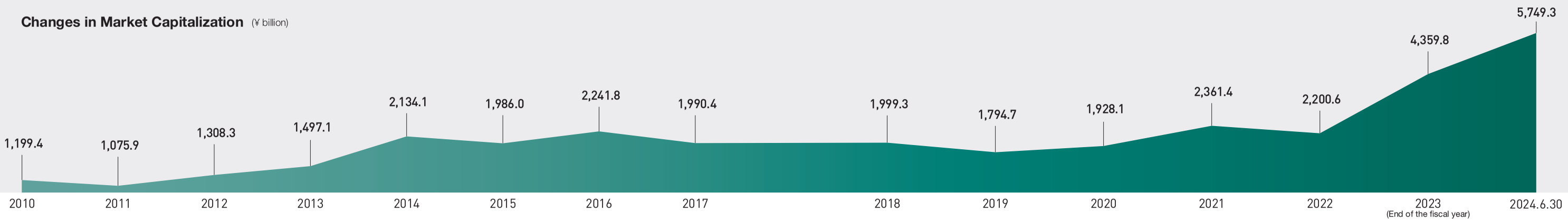
	FY2018 Results	FY2021 Results	FY2021 Initial targets	FY2021 Revised targets*6
Group Adjusted Profit	189.8	347.1	350.0	300.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic life insurance	31.6	75.7	45.0	41.0
International business	5.4	34.3	117.0	75.0
Financial services business/ Risk-related services business	5.8	6.3	6.0	7.0
Group Adjusted ROE	6.1%	9.5%	10.0%	10.0%
Consolidated net premiums written	3,500.4	3,609.0	3,710.0	3,580.0
Life insurance premiums (Gross premiums income)*5	1,599.9	1,314.4	1,600.0	1,000.0
MSI Aioi Life's EEV	819.4	923.6	1,050.0	962.0
ESR (Economic Solvency Ratio)	199%	228%	180%–220%	180%–220%

*4 FY2017 numerical management targets were revised higher from the initial targets in FY2016.
*5 Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
*6 FY2021 numerical management targets were revised from their initial values in FY2020 given Stage 1 progress.
*7 Figures after retrospective application of IFRS 17

(¥ billion)

	FY2022 results*7	FY2025 target
Group Adjusted Profit	222.2	760.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	118.3	496.0
Domestic life insurance	34.7	54.0
International business	67.0	206.0
Financial services business/ Digital/risk-related services business	2.0	4.0
Group Adjusted ROE	6.1%	16.0%
Consolidated net premiums written	3,933.2	4,890.0
Life insurance premiums (Gross premiums income)*5	1,707.5	1,670.0
MSI Aioi Life's EEV	908.0	-
ESR (Economic Solvency Ratio)	228%	180%–250%

Changes in Market Capitalization (¥ billion)



(Source: Bloomberg)

Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–2025)

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.
To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

Aspirations

Qualitative Targets

A corporate group supporting a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services, and risk consulting that utilize digital technologies.

Quantitative Targets

IFRS net income	Group adjusted profit
FY2025 ¥450 billion	FY2025 ¥760 billion (excluding the ¥450 billion impact of accelerated sales of strategic equity holdings)
Adjusted ROE*1	**Group adjusted ROE*2**
FY2025 12%	FY2025 16% (excluding the 10% impact of accelerated sales of strategic equity holdings)

*1 IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings): Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.
*2 Group adjusted profit / Group adjusted net assets: Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets

Basic Strategies and Foundations Supporting Basic Strategies

Basic strategies

Value (value creation)
- Enhance the profitability of our businesses, products, and services to strengthen the earnings foundation
- Roll out CSV×DX globally to provide value to all stakeholders and enhance corporate value

Transformation (business reforms)
- Complete a fundamental review of the business structure and implement reforms aimed at a business structure based on customer-focused operations and compliance with laws and regulations
- Transform our business structure to adapt to changes in the business environment, including the creation of new businesses
- Transform our businesses, products, and risk portfolio to build a stable earnings foundation

Synergy (pursuit of Group synergies)
- Take advantage of the diversity of the Group and strengthen cooperation to achieve further growth
- Deepen standardization, collaboration, and integration in the Group to improve productivity
- Pursue synergies on a global basis

Foundation

Sustainability
- Employ initiatives to address the three priority issues
  - Symbiosis with the global environment (Planetary Health)
  - Safe and secure society (Resilience)
  - Happiness of diverse people (Well-being)

Quality
- Re-emphasize customer-focused business operations and compliance
- Be a corporate group that continues to evolve based on customer feedback
- Engage in highly transparent and effective corporate governance

Human Assets
- Build an optimal portfolio of human resources
- Develop a working environment in which employees can fully demonstrate their abilities, skills, and motivation

ERM
- Improve earning power and capital efficiency
- Reduce strategic equity holdings



Value Creation

Basic Strategy 1 Value

In our Basic Strategy 1, “Value,” in addition to increasing the profitability of our businesses, products, and services and strengthening our earnings foundation, we will roll out CSV×DX globally and provide value to all stakeholders, thereby contributing to solving social issues and enhancing corporate value.

In the Value strategy, we will strengthen our earnings foundation and provide new value based on the Group’s strong financial base, steady profit growth, diverse human assets, etc.

Enhancing the revenue base

- In our efforts to strengthen the earnings foundation, in light of changes in the business environment, such as an increase in natural disasters and continued inflation, we are promoting efforts to improve insurance profitability and enhance productivity.
- In the first stage of the Medium-Term Management Plan (2022–2025), we worked to improve efficiency, including promoting cashless and paperless operations and other revisions to business processes, as well as to reform our business style, including promoting remote work and revising office space. Furthermore, in voluntary automobile and fire insurance, in addition to product and premium rate revisions, we worked to improve profitability through measures such as disciplined underwriting and line size controls.

MS&AD Value strategy

- Under our MS&AD Value strategy, we are utilizing the latest digital technology and data to develop and monetize new products and services.
- In the first stage of the Medium-Term Management Plan (2022–2025), we worked to develop and monetize new products and services for before and after compensation and protection through collaboration with other industries and the utilization of digital technology, in addition to the original function of insurance, which is to compensate for losses. In addition, we focused on utilizing knowledge gained through investment in start-ups by MS&AD Ventures, a corporate venture capital firm based in Silicon Valley, across the Group as a whole.



CSV×DX

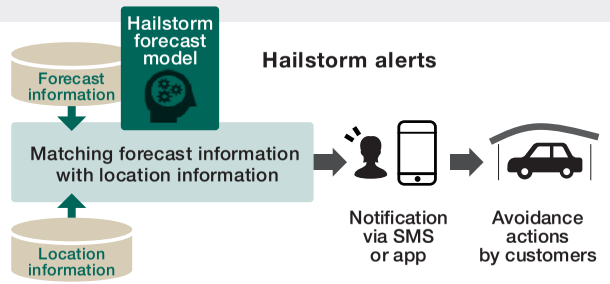
- We are developing and expanding products and services that will lead to the resolution of social issues and building a sales system.

Examples of initiatives

MS&AD Cyber Risk Finder



Hailstorm alerts



Business Reforms

Basic Strategy 2 Transformation

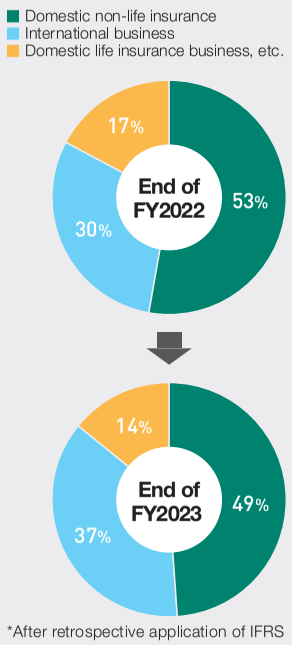
Basic Strategy 2, “Transformation,” aims to build a stable earnings foundation by implementing reforms in three portfolios: business, product, and risk. We will also transform the structure of our business, including the creation of new businesses, and adapt to changes in the business environment.

- In “Business Portfolio Reform,” we aim to secure approximately 50% of our profit from businesses other than the domestic non-life insurance business by FY2025, and we are taking steps to diversify profit sources by expanding the international business, domestic life insurance business, and new business areas. In the first stage of the Medium-Term Management Plan, we increased profits from the international business through measures such as the development of the U.S. market through our investment in MS Transverse, in addition to profitability recovery and expansion at MS Amlin.
- In “Product Portfolio Reform,” we are reforming our product portfolio to a more diversified portfolio by expanding casualty insurance (expanding sales of new products in response to new risks), taking into consideration the slowing growth of voluntary automobile insurance and fire insurance over the medium to long term. In the first stage of the Medium-Term Management Plan, we expanded casualty insurance by expanding sales of products to address new risks and needs, such as cybersecurity, as well as products for midsized and small businesses. In the domestic life insurance business, we expanded sales of highly profitable products.
- In “Risk Portfolio Reform,” we reduced strategic equity holdings, which account for the largest portion of the Group’s risk volume. We are further accelerating our efforts to achieve zero strategic equity holdings by the end of FY2029. In the first stage of the Medium-Term Management Plan, we sold ¥450.8 billion worth of strategic equity holdings, more than double our initial sales target of ¥200 billion.

Transformation of the Three Portfolios

Business

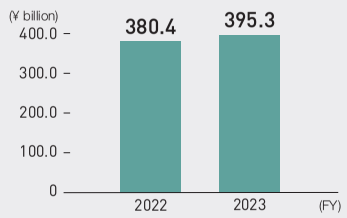
Profit by business*



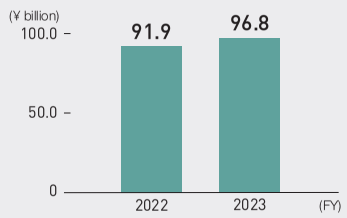
*After retrospective application of IFRS

Product

Casualty insurance net premiums written

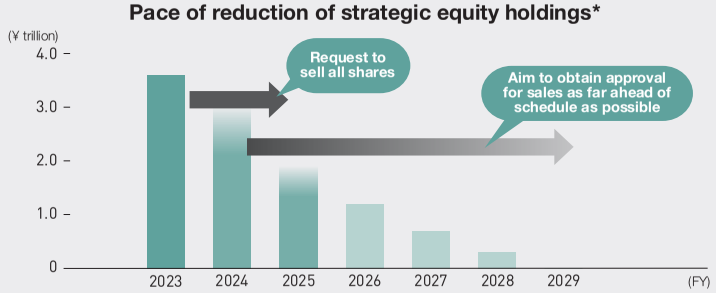


Packaged products for SMEs (operating premiums)



Risk

Pace of reduction of strategic equity holdings*



*Balance assumed based on the fair value as of March 31, 2024, which will increase or decrease depending on future changes in the fair value

Utilization of digital technology to pursue optimal solutions

In the first stage of the Medium-Term Management Plan (2022-2025), we accelerated collaboration with platform providers to develop insurance sales using a built-in e-commerce website, and as part of our aim to utilize business operations based on generative AI, we built a usage environment and trained core human resources to promote its utilization.

Demonstration of Group Synergies

Basic Strategy 3 Synergy

Under Basic Strategy 3, “Synergy,” the Group will leverage its strengths in diversity to drive growth, while leveraging its scale to improve productivity. We will take advantage of the economies of scale in the domestic non-life insurance business, which boasts the largest market share; boldly promote standardization, collaboration, and integration across the Group by centering on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance as the “One Platform Strategy”; and achieve greater operational efficiency and quality improvement at the same time.
We are also actively working to demonstrate synergies between domestic Group companies and global synergies.

In the “One Platform Strategy,” Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will continue to operate as one, excluding strategic differences such as some large Group contracts and specialized office work and products for specific channels. We will promote the integrated management of head office functions, expand the use of BPO* for routine operations, and use shared bases to improve the efficiency of head office functions.
As a synergy between the domestic non-life insurance business and the domestic life insurance business, we will increase the ratio of non-life insurance agents who also sell life insurance from about 20% currently to 25%. As a global synergy, we will pursue synergies between Group companies and investee companies in all areas in and outside Japan, including insurance products, non-life insurance services, and DX.

*BPO: Business Process Outsourcing (the outsourcing of operations)

Implementation of the “One Platform Strategy”

1 Platform
Standardization, collaboration, and integration

- Further pursue standardization, collaboration, and integration in middle- and back-office operations, achieving further business efficiency and quality improvement
- There are advantages to not standardizing specific procedures and products, etc., for some major Group contracts and specific channels, and integrated operation will be implemented except where separation is retained for strategic purposes.

Progress and future initiatives (Excerpt)	Products	● After clarifying the operations to be managed in an integrated manner by the two companies, co-location of the relative organizations to be managed in an integrated manner will begin in FY2024
	Frontline claim services	● From FY2025, Aioi Nissay Dowa Insurance will join the joint claims service system and standardize the business processes of both companies ● We will strengthen joint implementation (outsourcing) of vehicle and medical inspections
	Contact center	● In principle, all staff members will serve in concurrent positions, and functions will be integrated and collaborated on through the integration of administrative divisions, etc. ● Start integrated operations in Osaka and gradually expand to other target regions
	Investment (asset management)	● Utilize a common platform (MSR*), share investment information, share human asset development policies and skills, etc.
	Corporate domain	● Establish integrated management of human resources, general affairs, real estate, public relations, compliance, auditing, risk management, international management, systems, etc. ● Expand the scope of integrated management of human asset development, communications, etc.
Efficiency of head office functions	Accelerate cost reduction through productivity reforms	● Promote business process reform, and further promote the shift to paperless and digital operations ● Reduce customization during system development through a “Fit to Standard” approach, in which business processes are aligned with systems, and reduce system assets by utilizing cloud computing and new technologies

*MSR Capital Partners, LLC

Group-wide synergies

Synergy of life insurance and non-life insurance

Cross-selling ratio	FY2022 Results	FY2023 Results
	20%	21%

Synergies between life insurance companies
Strengthening tie-up sales of Mitsui Sumitomo Primary Life Insurance (MSP Life) products via the agent network of Mitsui Sumitomo Aioi Life Insurance

Medium-Term Management Plan Cumulative sales in the first stage
More than ¥50 billion

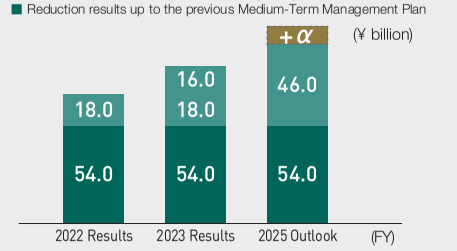
Global synergy

Sharing and mutual utilization of the expertise and skills of Group companies in Japan and overseas



Through initiatives to share and utilize products, services, and knowledge in both Japan and overseas, we are developing and expanding information exchange platforms and promoting the mutual expansion of know-how in Japan and overseas.

Additional reductions in business expenses (compared with FY2019)





Special Feature

As a platform provider of risk solutions

Taking on the challenge of major reforms of business style

In FY2023, two of the Group's non-life insurance companies received business improvement orders and submitted business improvement plans. We must achieve major reforms of business style, with all employees in the Group returning to our "Mission, Vision, and Values."

As a platform provider of risk solutions, here are messages from eight employees working in the Group who are working on reforms of business style, and value provided, without being bound by precedent or convention.







As a professional in claims support work

Miku Kobayashi

Mitsui Sumitomo Insurance

Tokyo Automobile Claims Dept.

I work in the claims support department at Mitsui Sumitomo Insurance, focusing on automobile accident resolution and claims payment work. Claims support work is a rewarding job where I can utilize my expertise and experience as a professional to help many people.

In response to the fraudulent claims by repair shops in 2023, we have made significant changes to our previous approach, including our repair shop referral service.

When handling claims, the most important thing is that we resolve them in a sympathetic, prompt, and appropriate manner. To this end, it is necessary for us to continually consider the needs of each customer, but as a result, I feel that we are often unable to refer the right repair shop to each customer.

The company is moving to eliminate any sense of discomfort that frontline employees might have had, and strong progress is being made on efforts to reform the culture and foster an open corporate culture. That might take some time, but I feel that the Company has begun moving in a better direction, and many employees, including myself, are hopeful.

With claims support work, it is difficult to understand the differences in responses between insurance companies until an accident occurs. For that reason, we must ensure that one of the strengths of our company is the fact that employees in claims support departments are professionals in their fields. I intend to become such an employee myself, and at the same time, I intend to train other employees well as we aim to become the insurance company of choice for customers.



Delivering new value to customers

Yoshihiko Asakuma

Aioi Nissay Dowa Insurance

Yokohama Branch

As a manager in a retail sales department at Aioi Nissay Dowa Insurance, I work with our partner agencies to solve regional issues by utilizing our company's products and services.

For example, although we have not yet achieved any results or concrete achievements at this time, we are working with local governments to improve the future of their regions, in areas such as initiatives related to the spread of decarbonization and the circular economy, and efforts to promote ridesharing in regions where there is a shortage of cab drivers.

We have been working under the approach that we can best serve our customers by delivering our products to more customers, thus achieving our sales targets, and by improving the indicators of efficiency in our operations, such as paperless and digital procedure rates in our sales activities. However, a series of scandals in the non-life insurance industry has caused us to revisit the meaning of customer-oriented business operations and the value we provide.

Currently, I am working with agents to face the issues and needs of our customers and to help them make the best choices by providing them with good information concerning a variety of options in terms of insurance products, contract procedures, etc. Furthermore, we utilize our products and services as an insurance company to take on the challenge of creating shared value with local communities, including our customers.

I believe that giving these initiatives a concrete form and spreading related information nationwide will contribute to the development of human assets and lead to us becoming the insurance company of choice for our customers.



A wave of transformation starts with the actions of each one of us

Koji Hiraiwa
Mitsui Sumitomo Insurance
Business Design Dept.

I built my career mainly in corporate sales, both in Japan and overseas, and after a stint in the United States, I was assigned to a new business department. Our mission was to establish new businesses related to insurance and to drive transformation.

After considering and failing at numerous new businesses, we finally succeeded in commercializing “MS LifeConnect,” an IoT platform service. When customers use insurance, it means that they have suffered an unfortunate event, and there might be things that cannot be recovered through insurance payouts. To create a world where people can avoid using insurance as much as possible, we have focused on IoT as a means of reducing risk, resulting in the release of the AI Smart Camera as the first of a series of linked devices.

There were some negative opinions about developing an IoT business as an in-house solution as an insurance company. We gathered colleagues from across departments who agreed with us, formed a project team, and continued to take on the challenge of providing new value. We considered ways to achieve solutions to issues and solved the missing elements by partnering with companies in Japan and overseas.

As an insurance company, we feel that we have taken a big step forward by creating a service other than insurance, but there is still work to do to develop “MS LifeConnect.” In the future, we will increase the number of smart locks and other IoT devices that can be linked and strengthen our consideration of service provision models linked to our core business by collaborating with the sales, claims service, and head office departments.

Through this project, we will continue to build momentum for a major transformation of business style, involving the Company as a whole.



Transforming into an industry that gives hope to those who come after us

Shohei Matsuo
Aioi Nissay Dowa Insurance
Digital Business Design Dept.

As a data scientist working on DX at Aioi Nissay Dowa Insurance, I have been focusing on solving various internal and external issues. Most recently, we have proposed a service to local governments to quantitatively assess transportation issues.

I have liked statistics since I was a student, and I find my work as a data scientist at a non-life insurance company rewarding. In the future, I would like to work with more data and engage in activities that create new value to offer.

However, for young people of my generation, the insurance industry does not feel familiar. Work in the insurance industry is also perceived as not very exciting. For the Group to be reborn in a truly meaningful sense, I think we will need to take action to dispel this negative image.

With the formulation of the business improvement plan, there is now more momentum than ever to respect the opinions of each employee in the company. I would like to take this opportunity to actively express myself as an employee and utilize my strength in working with data to develop services that customers truly desire. I hope we will ensure that the company is one that is needed by many people as we utilize data to solve social issues, such as regional development, and work in a concentrated manner on activities that will contribute to CSV. By doing so, I believe that we will be able to show hope to our less experienced colleagues and become a company and human assets that society needs.



What does it mean to be truly customer focused?

Rina Kawano
Mitsui Direct General Insurance Co., Ltd.
Customer Center Dept.

As a concierge for direct voluntary automobile insurance policies, which can be contracted only over the Internet and telephone, I support safe and secure car lifestyles by attending to the feelings of all customers, including those who are new to insurance or unfamiliar with the Internet. Communicating directly with customers daily is central to my work.

I have always thought that we were close to our customers, but last year, there were a series of scandals involving Group companies, resulting in many discussions in the workplace about the importance of maintaining a customer-focused attitude. Looking back, I realize that I could have done more.

For example, when assisting a customer with renewal procedures for their policy, I discovered that the scope of drivers had changed during the policy period. I renewed the policy after changing the driver age requirement, but the customer said, “If I had contacted you when the driver range changed, the premiums could have been reduced. It feels a little wasteful.”

I also thought that there was nothing we could do about it because we would not have noticed it without the customer mentioning it, but the moment I used that one word, “impossible,” to explain away this incident, I realized that I was not being customer focused in the true sense. Then, we introduced a management system to check “if there is any change in customers’ car lifestyles” by phone or e-mail when six months had passed after the contract was signed. What can we do ourselves? Beyond the pursuit of this point lies the true value that we can provide.

To meet the expectations of our customers, I would like to maintain a stance of being proactive and working to improve my work, even on trivial matters.



Turning adversity into an opportunity for transformation

Kaori Anzai
Mitsui Sumitomo Aioi Life Insurance
Digital Innovation Dept.

I spent many years in sales promotion departments. During that time, I was thinking about how to get agents to sell insurance products. Of course, this does not mean that we do not consider the position of the customer, who actually purchases insurance, but I think there were times when we focused on the agent without even being aware of it.

Currently, I am working day by day to deliver “MSA Care,” a healthcare service that provides total support for customers’ health, to as many customers as possible. The major difference from the past is that through MSA Care, I now have more opportunities to listen to feedback from customers, and naturally, I began to think about what it means to be customer focused, which was previously difficult to see. Then, business improvement orders were issued to two non-life insurance companies in the Group, owing to price adjustments in corporate insurance. Both companies are working to transform the value they provide and are trying to become companies that provide valuable products and services that are useful to customers and society. Going forward, insurance companies will be selected based on the quality of their products and services. Accordingly, this has given us an opportunity to think about our customers more than ever before and to be more strongly aware of delivering the value we offer.

I am aware that MSA Care has become one of the most important services that will affect the future of the company. More than 2,500 companies have introduced this service as part of their benefit programs, and I believe that we will be able to deliver our products and services to many customers. I would like to continue to develop this service into one that will be truly appreciated by our customers.

I joined the company in 2012 and have spent more than a decade on the front line of sales, helping agents propose and sell insurance products that support their customers' life planning. This spring, my position changed to the product development side. I take this transfer as a message from the company that they want me to develop products that offer more value to customers, as someone who knows the front line of sales well.

Even though my position within the company has changed, my goal of engaging in customer-focused operations remains unchanged. In our position as an insurance company, we must first check the customer's knowledge of insurance products and the status of their assets, and then appropriately explain the risks and returns and gain their understanding. I also began to think more deeply about the need to design products that address the needs of customers, with a full understanding of the sales methods of the agents who sell the products.

I intend to always be conscious of whether we are meeting the expectations of society and our customers and taking on the challenge of creating products that support our customers' lives with integrity.



Reconsidering the form of "customer-focused financial products"

Suguru Sakama
Mitsui Sumitomo Primary Life Insurance
Product Dept.



Addressing our customers' risks head-on

Chisa Awagakubo
MS&AD InterRisk Research & Consulting
Risk Management Dept. 5th

Today, the risks surrounding companies are becoming increasingly complex. One of these risks is risk related to natural capital, which is my specialty. For example, semiconductor manufacturing requires as much as 200,000 tons of fresh water per day per plant, and the reality is that manufacturers depend on nature to provide a stable supply of large volumes of water. At the same time, the impact of corporate activities on nature cannot be ignored. Modern companies must consider risk in terms of both dependence and impact on nature.

As a consultant in the sustainability domain, I have supported the corporate activities of many of our customers, but I am aware that I am in a special position within the Group. This is because if something happens, I am not in a position to offer compensation. We have focused on addressing the risks faced by customers head-on and creating measures to prepare for those risks.

As the Group transformation the way we conduct our insurance business, I believe that risk management will become even more important when proposing total risk solutions to customers. Accordingly, I would like to work in a manner that is more integrated than before with other Group companies.

I believe that for the Group, which is under pressure to transformation, it has become even more important to address risk head-on. In an age when even a single risk can jeopardize the survival of a company, we can quickly recognize risks that customers are not even aware of and move forward together in the right direction. Through the provision of such consulting services, I hope to continue to increase the value of the Group as a whole.

Medium-Term Management Plan (2022–2025)

Foundations **Quality**

Efforts to regain customer trust

The MS&AD Insurance Group has positioned "quality" as one of the foundations supporting the basic strategies of the Medium-Term Management Plan (2022–2025), and we are working to improve quality under the slogans "re-emphasize customer-focused business operations and compliance" and "a corporate group that continues to evolve based on customer feedback." Considering the premium adjustment case and fraudulent insurance claims by referred repair shops in FY2023, we will further strengthen our efforts from the second stage of the Medium-Term Management Plan (2022–2025) as we endeavor to regain customers' trust.

Basic Policy for Responding to Customer Feedback

Based on our mission, the Group has established the Basic Policy for Responding to Customer Feedback, and we are committed to responding to all customer feedback in a prompt, appropriate, and sincere manner.

Basic stance toward customer feedback

(1) All officers and employees shall respond promptly, appropriately, and sincerely to all customer feedback received from customers.

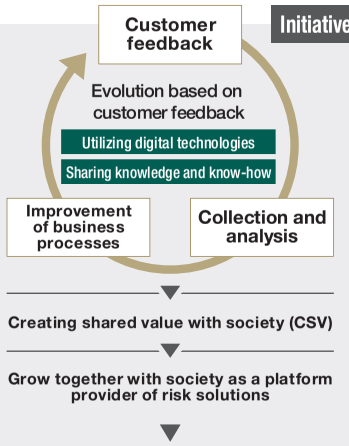
(2) All officers and employees shall recognize that customer feedback is "important information for securing customers' trust, achieving business growth, and achieving further improvements in quality."

(3) All officers and employees shall collect and analyze information on customer feedback, strive to reduce complaints, and at the same time utilize customer feedback in various measures to improve quality and enhance customer satisfaction.

Initiatives related to customer-focused business operations

- On May 31, the five Group insurance companies announced the status of initiatives for FY2023 based on the "Policy Regarding Customer-Focused Business Operations." For details, please refer to each company's website.
- The five Group insurance companies have declared that they will comply with ISO 10002 (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations), an international standard related to handling complaints.

Initiatives to improve products and services based on customer feedback



Examples of customer feedback	Examples of improvements to products and services
It is difficult to register on the dedicated page for policyholders, so I would like you to make it easier. (Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance)	We improved the process to make registration easy, including sending an SMS for registration to the customer's cell phone and allowing the customer to log in only by verifying their identity through the URL provided.
I have returned the documents for claim procedures for insurance claims and benefits, but have not yet received the payment, so I would like to know the progress. (Mitsui Sumitomo Aioi Life Insurance)	We launched the "Procedure Status Notification Message" service, in which we send a text message to the customer's cell phone when claim documents arrive at the insurance company and when payment procedures are completed.

A corporate group that supports a resilient and sustainable society

Practice highly transparent and effective corporate governance (see p. 95)

Topics Provision of quality that meets customer expectations and examples of evaluations by external organizations

Each Group company has received the highest level of evaluation from HDI-Japan (managed by Think Service Corporation), a customer center evaluation by an external organization, because of quality improvements based on stakeholder feedback.

・Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct received the highest rating of "3 Stars" in the categories of "Contact" and "Web Support" in the open rating survey.





DX Strategy



Moving from an insurance company that only provides economic compensation to an insurance company that utilizes digital technology to solve customers' problems

CDO Message

Tomoyuki Motoyama

Group CDO
(DX Promotion)

Our understanding of current circumstances

In recent years, risks to society have steadily increased, including global outbreaks of infectious diseases, heightened geopolitical risks, cyberterrorism, and increasing natural disasters associated with climate change. On the other hand, changes in the social environment associated with the advancement of technology have expanded what we can do for our customers and the possibilities for our businesses. By analyzing various types of data, it is now possible to forecast the incidence of disasters and accidents with a high degree of accuracy, and technologies are emerging that enable rapid recovery in the event of an accident. As CDO, I believe that we can deliver new value to our customers that goes beyond insurance by utilizing all kinds of data from within and outside the Group and collaborating with many start-ups and other organizations attempting to solve social issues using cutting-edge technology. Although we cannot prevent accidents and disasters 100% of the time, we believe that if we can alleviate some of our customers' problems and help them recover in the event of an emergency, we can make them happy. In addition, as a major change in business style, we will fundamentally review existing approaches to business operations. Through the enhancement of solutions before and after compensation (protection), full digitalization of procedures, investment in digital human resources, and other measures, we will transform ourselves from "an insurance company that only provides economic compensation" to "an insurance company that utilizes digital technology to solve customers' problems, including risk sign detection and prevention, early recovery from accidents, and recurrence prevention, in addition to economic compensation."

Review of the first stage of the Medium-Term Management Plan (2022–2025)

In the first half of the Medium-Term Management Plan (2022–2025), we promoted initiatives that combine CSV and DX, with MS&AD InterRisk Research & Consulting playing a central role. As a platform provider of risk solutions, we have worked to solve the problems of our customers and society by developing and providing solutions before and after compensation (protection) to a wide range of customers. These solutions include accident prevention, burden mitigation in the event that accidents occur, early recovery after accidents, and recurrence prevention—not just economic compensation for losses through conventional insurance. One example is our solutions related to cybersecurity. In recent years, there has been an increase in sophisticated cyberattacks that even utilize generative AI. We are developing solutions capable of diagnosing and assessing the vulnerability risk of the entire supply chain to prevent cyberattacks, as well as comprehensive solutions for specialized responses to cyber incidents.

Solution name	Description
MS&AD Cyber Risk Finder	Continuous implementation of Attack Surface Management (ASM)*1, which is also recommended by the Ministry of Economy, Trade and Industry, to enable the detection of devices unidentified by the organization administrator and unintentional configuration errors from an attacker's perspective.
Cyber Incident Guard	Provision of a commander*2 function for a Cyber Security Incident Response Team (CSIRT), a team that responds to cyber incidents (incident response), to solve contingency response issues faced by customers.





*1 A series of processes to discover IT assets accessible from outside the organization (the Internet) and to continuously detect and evaluate vulnerabilities and other risks that exist in those assets.
*2 Communicate with forensic service providers, attorneys at law, and other external parties, as well as internal parties such as management and contact points with related departments when responding to cyber incidents, and integrate and coordinate to minimize damage, achieve early recovery, etc.

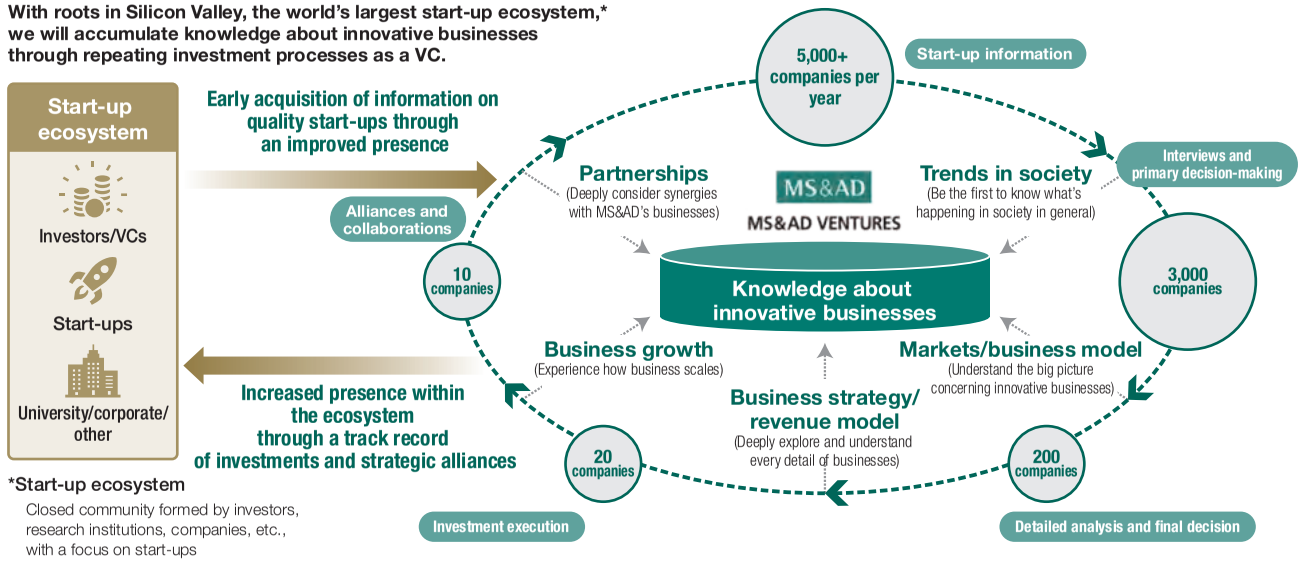
Initiatives related to the latest technologies and business models

In addition, at MS&AD Ventures*1, Global Digital Hub*2, and Aioi R&D Lab-Oxford*3, we are researching cutting-edge technologies, business models, etc., from around the world, and through co-creation with various companies, we aim to develop attractive solutions that meet customer needs and create new businesses.

Regarding generative AI, we have built a secure environment that enables safe usage by approximately 30,000 Group members, and we utilize it in day-to-day operations such as search, translation, summarization, and image generation. We are also promoting operational efficiency by integrating generative AI into actual business processes, for example, by introducing a system that uses generative AI to automatically convert into text and summarize the content of calls with customers and other parties when handling claims.

*1 CVC (Corporate Venture Capital) was established in 2018 as the first such organization by a Japanese insurance group in Silicon Valley.
*2 Six digital hubs established by Mitsui Sumitomo Insurance in Japan and overseas (Tokyo, United States, London, Israel, Singapore, Shanghai)
*3 A joint research institute jointly established by Aioi Nissay Dowa Insurance and Mind Foundry Ltd., an AI start-up of the University of Oxford, to conduct research-and-development activities related to cutting-edge technology and science

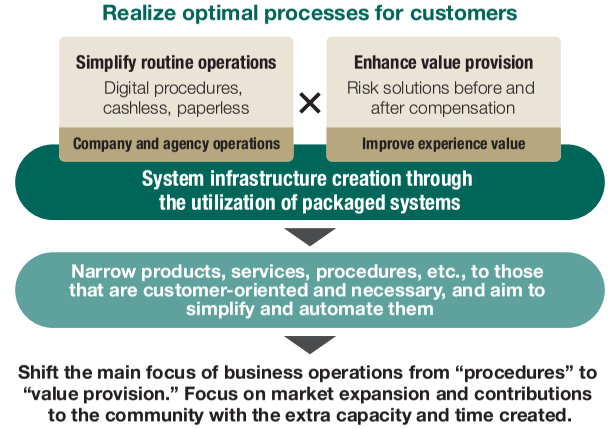
With roots in Silicon Valley, the world's largest start-up ecosystem,* we will accumulate knowledge about innovative businesses through repeating investment processes as a VC.



*Start-up ecosystem
Closed community formed by investors, research institutions, companies, etc., with a focus on start-ups

Business process reform

Furthermore, we will again review our products and business processes to ensure that we are operating in a customer-oriented manner. To date, we have offered various special policy conditions, many premium payment methods, etc., to meet the needs of many customers. However, this has led to increased product complexity and created obstacles to the reduction of processing time for contract and claims payment procedures. As a medium-term initiative, the Company will again consider what the most desirable products and business processes are for customers and agents, and fully utilize digital technology as part of our aim to create products and business processes that are easy to understand and highly convenient.



Shift the main focus of business operations from "procedures" to "value provision." Focus on market expansion and contributions to the community with the extra capacity and time created.

Developing digital human resources

The most important factor in these efforts is human resources. In collaboration with Toyo University, the Kyoto University of Advanced Science, and other universities, the Group has been focusing on the development of digital and innovative human resources since FY2018, with the target of developing 7,000 human resources in the Group by FY2025 (developed approximately 5,800 people as of April 2024). In addition, we actively appoint data scientists and other specialized human resources from both within and outside the Company and have created an environment where it is easy for people to work in job-type roles.

MS&AD Digital Academy	MS&AD Digital College from Kyoto	Data Science Training	Development of data scientists in the field of medicine
Information Networking for Innovation and Design	KUAS 京都先端科学大学	滋賀大学	国立大学法人 東京医科歯科大学
Collaboration with INIAD (Faculty of Information Networking for Innovation and Design, Toyo University)	Cooperation with the Kyoto University of Advanced Science (KUAS)	Cooperation with Shiga University	Collaboration with Tokyo Medical and Dental University



Foundations

ERM

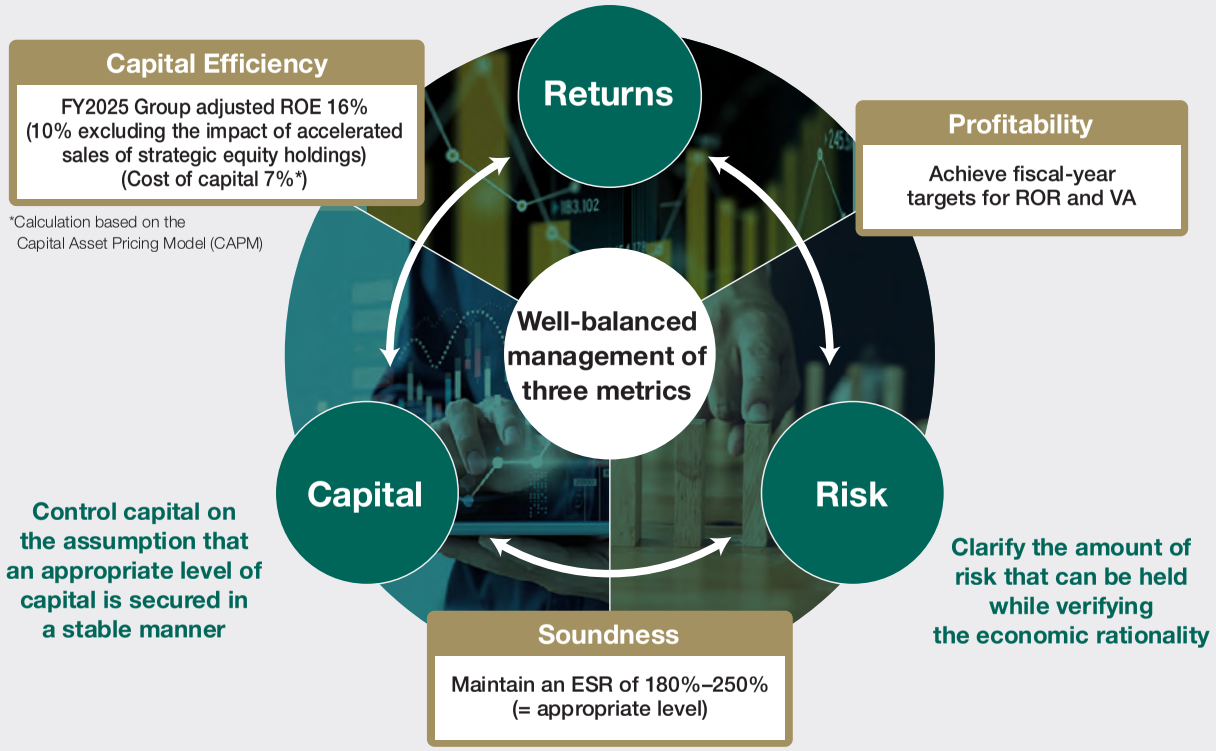
ERM-Based Group Management

In the Group, we position the Enterprise Risk Management (ERM) cycle as the base of Group management and work to improve profitability and capital efficiency under the precondition of ensuring soundness. We allocate capital to each business based on our Risk Appetite Statement and other factors, and take risks utilizing allocated capital, while appropriately controlling risk through monitoring Return on Risk (ROR) and other measures. Under the Medium-Term Management Plan (2022–2025), the ERM Committee will play a central role in the Group's efforts to improve the assessment and management of each Group business based on capital, risk, and return, while also reducing strategic equity holdings and flexibly allocating capital to business opportunities with higher capital efficiency, including investing in growth businesses, as part of the Group's measures to enhance capital efficiency.

Integrated Management of Risk, Returns, and Capital

To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group adjusted profit), and capital (NAV) with the aim of maintaining financial soundness and boosting capital efficiency and risk/return.

Make internal and external investments for sustainable profit growth



Capital Efficiency

Group adjusted ROE = Return (Group adjusted profit) / Capital (adjusted net assets)

(See p. 31)

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Profitability (return on risk)

ROR = Return (Group adjusted profit) / Risk (integrated risk amount)

(See p. 31)

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Soundness

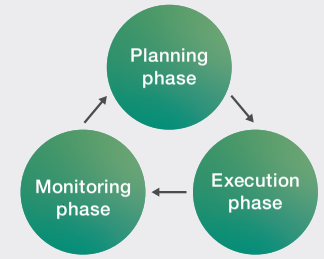
1/ESR = Risk (integrated risk amount) / Capital (NAV)

(See p. 31)

ERM Cycle

Planning phase	❶ Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.
Execution phase	❷ Take risks within the risk limits based on the capital allocation amounts and other considerations.
Monitoring phase	❸ Conduct regular monitoring of financial soundness, profitability, and capital efficiency, etc.* ❹ Based on the outcome of monitoring, examine and implement any necessary measures.

*During the monitoring phase, we check the Group adjusted ROE, ROR, ESR, compliance relative to risk limits, etc., on a quarterly basis.



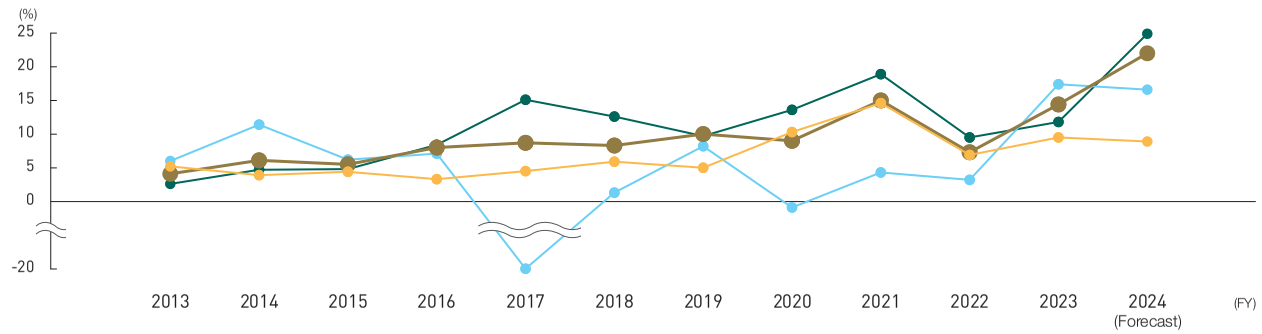
Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.

*MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance;
MSI Primary Life: Mitsui Sumitomo Primary Life Insurance

Product development/ sales/ initiative management	**P/L management by product/line** Domestic non-life insurance: Risk/return management according to insurance line attributes, voluntary automobile insurance profitability improvements, fire insurance profitability improvements, and revenue growth for casualty insurance MSI Aioi Life*: Assessing ROR for new policies when products are developed and revised and a sales policy is formulated MSI Primary Life*: Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)
Asset management strategy	Promoting diversified investment in assets with relatively high expected returns coupled with appropriate risk control through comprehensive asset and liability management (ALM)
Retention/ reinsurance policy	Establishing a retention and outward reinsurance scheme that maintains the financial soundness and stability of periodic profit and loss and contributes to improving profitability Controlling the net retained risk amount associated with natural disasters

ROR trends



Strengthen the risk management framework

Strengthen the risk management framework	Strengthening our framework for identifying risks by horizontally deploying risks detected at each Group company, utilizing external advisors, etc.
Forward-looking risk detection	Conduct qualitative assessment of risks that are difficult to quantify, such as legal and conduct risk, and work to detect or uncover risks at an early stage
Cultivation of a risk culture	Further cultivate a risk culture as the foundation of governance to improve corporate value and build a sustainable business

Zero strategic equity holdings

Efforts to further reduce strategic equity holdings*

We will accelerate the reduction of strategic equity holdings to achieve zero holdings by the end of March 2030. This will contribute to the reduction of risk and the improvement of capital efficiency.
While maintaining our shareholder return policy, returning 50% of Group adjusted profit, we will utilize the funds remaining from the sale of strategic equity holdings for growth investments, etc. (e.g., business investments, system investments, DX investments).

*Excluding business investments, etc., such as the development of insurance products and services or stocks that are deemed reasonable to hold as portfolio investments

Risk Management



Practice forward-looking risk management and business operations that emphasize quality to meet stakeholder expectations

CRO Message

Satoru Tamura
Senior Executive Officer
Group CRO

As the environment surrounding the MS&AD Insurance Group undergoes significant changes, we will practice forward-looking risk management and continue to operate our businesses in a stable manner, as a corporate group that supports a resilient and sustainable society through our global insurance and financial services businesses.

Financial Soundness

The Group appropriately controls risk through measures such as strengthening underwriting, adjusting the amount of catastrophe risk through the utilization of reinsurance, reducing strategic equity holdings, and comprehensive asset and liability management (ALM), and we ensure that we have sufficient capital for risks with a probability of occurrence of once in 200 years. In addition, we conduct stress tests, etc., based on the assumption of the occurrence of various events, such as large-scale storms, floods, and earthquakes in Japan and overseas; significant fluctuations in financial markets; increased cyberattacks; pandemics; and the emergence of geopolitical risks, thereby confirming that there are no problems with our financial soundness.

In terms of quality, we will also thoroughly implement customer-focused business operations by enhancing risk detection and management. In this section, we would like to discuss key themes and initiatives related to risk management and business operations that support the execution of strategies for the Group's development together with our stakeholders.

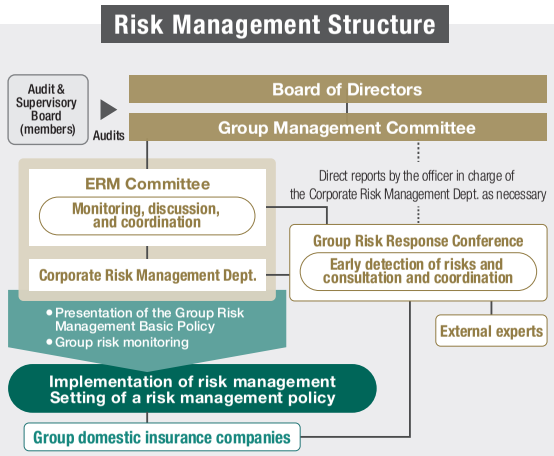
Strengthening risk detection capabilities ~Forward-looking risk detection and response~

Given the occurrence of premium adjustment activities, etc., the Group strives to ensure not only thorough compliance to avoid violations of the Antimonopoly Act and other laws and regulations but also customer-focused business operations by revisiting the Group's Mission, Vision, and Values.

Furthermore, to enhance sensitivity to risks such as those related to the violation of laws and regulations and conduct, and to detect risks inherent in the Group in a forward-looking manner, manage them horizontally within the Group, and respond to risks in an autonomous manner, we have established the new "Group Risk Response Conference," attended by officers from the Company (holding company) and domestic Group insurance companies, and we are working to strengthen risk detection capabilities. External experts also participate in this conference to provide advice and guidance from a wide range of perspectives.

By working together as a group to detect and respond to risks as early as possible, we intend to always meet the expectations of our stakeholders and develop as a group, even as the environment surrounding the Group and societal values change.

Risk Management Structure



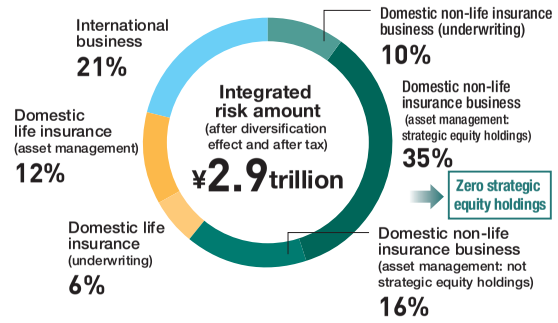
The Group has established the "MS&AD Insurance Group Risk Management Basic Policy," and we thus conduct risk management under a basic approach shared within the Group. Specifically, we promote risk management by identifying risk events that could affect the Group and assessing risk factors from both quantitative and qualitative perspectives.

Responding to changes in risk portfolios

The Group formulates management plans and takes risks in accordance with the Group Risk Appetite Statement, while also monitoring returns on risk and other factors through the ERM cycle to control risk, thereby ensuring soundness, improving capital efficiency, and enhancing profitability.

The Group will reduce the amount of strategic equity holdings held by the Group to zero by the end of FY2029, and we will use the proceeds from the sale for business investments, asset management, system and DX-related investments, etc., as well as shareholder returns. Although the Group's risk portfolios will change significantly as a result of these efforts, we will upgrade and strengthen risk management, as we aim to build a risk portfolio that enables us to steadily improve capital efficiency and return on risk (ROR) while maintaining financial soundness.

Risk portfolio status (March 31, 2024)



Identifying and addressing important risks

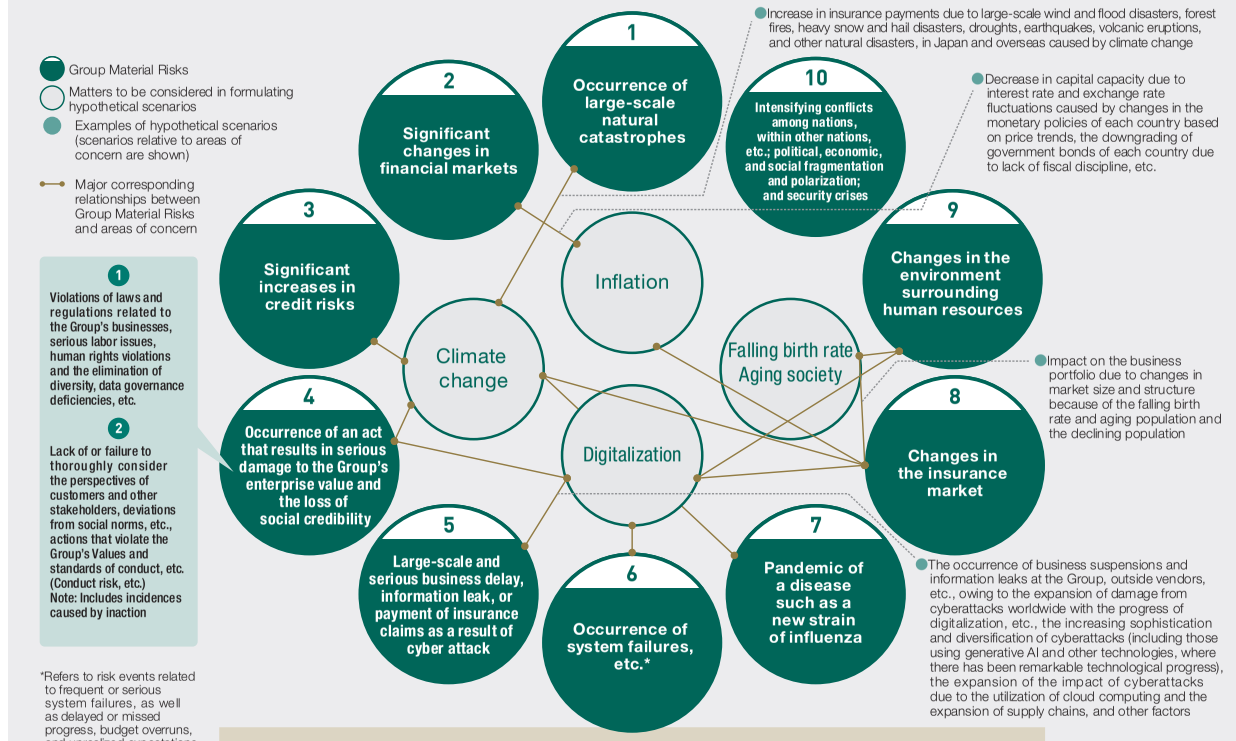
As I mentioned at the outset, the environment surrounding the Group is continually changing. FY2023 saw typhoons and hailstorms, the Noto Peninsula earthquake, heightened geopolitical risks, and fluctuations in financial markets due to inflation, monetary tightening, and other factors.

Recently, geopolitical tensions have been continuing and protectionism is on the rise, and these and other factors could spill over into supply chain and economic instability, as well as risks related to security. Elections will also be held in many countries, including the U.S. presidential election, and there are concerns that this will accelerate political and social divisions and increase international polarization. Based on the above, in FY2024, we added "intensifying conflicts among nations, within other nations, etc.; political, economic, and social fragmentation and polarization; and security crises" to the Group's important risks, and we are strengthening related management and initiatives.

In addition, we will promote measures to address climate change, conserve natural capital, respect human rights, and respond to new risks associated with technological innovations such as self-driving and AI, while also thoroughly engaging in business operations that emphasize quality to ensure perspectives oriented to customers and other stakeholders, to prevent violations of the Group's Values, etc., and to contribute to solving social issues through our business activities.

FY2024 Group Material Risks

Our Group designates important risk events that should be addressed by management as "Group Material Risks," formulates a management action plan that considers climate change and other risks, and periodically monitors the status of each risk.



For more information, see the Group's official website. ●Risk management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html)

●Risk Management Basic Policy ●Risk Management Structure ●The "three lines of defense" of risk management
●Insurance business risks ●Risk management in the international business ●Crisis management system (including business continuity plans)

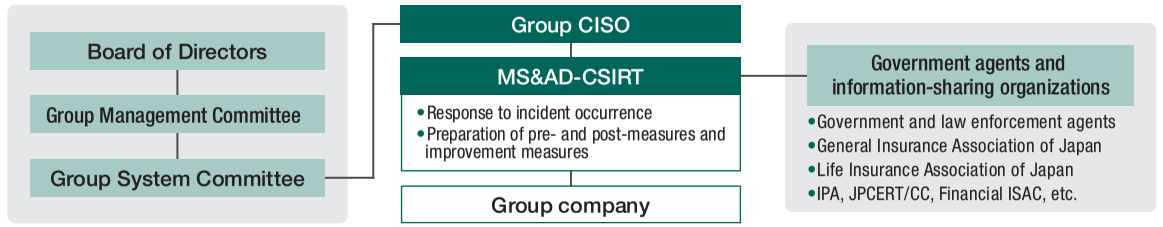
Information Security Management

The MS&AD Insurance Group positions the implementation of information security management as one of the most important Group management issues to create a world-class insurance and financial group that continues to pursue sustainable growth and corporate value improvement.
We are also working to strengthen our framework for addressing cyber risks and threats from an economic security perspective.

Takuya Tsuda **Executive Officer Group CISO**

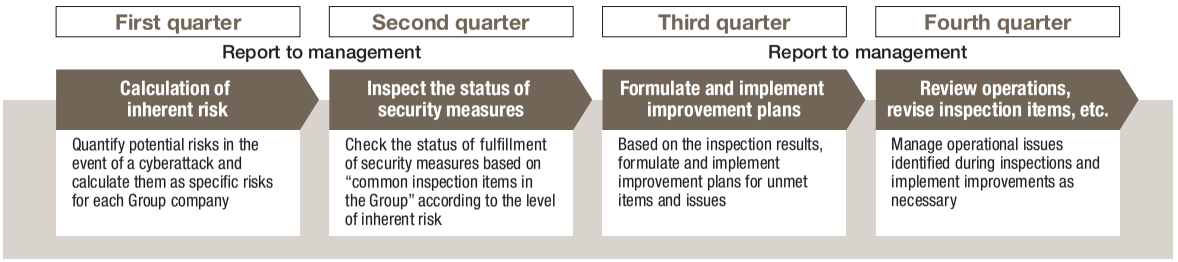
Information security management system of the Group

- The Board of Directors, the Group Management Committee, and the Group System Committee have established a governance framework for information security across the Group as a whole, including cybersecurity, and they receive regular reports from the Group CISO, who is in charge of information security, and engage in discussions concerning information management systems.
- We are aware of threats to information assets and constantly monitor changes in the external environment, including cybersecurity, as part of efforts to ensure information security and establish a framework for prompt response. In particular, regarding cybersecurity, we have established the MS&AD-CSIRT to respond to incidents when they occur, collect information on security threats, share information among Group companies, and strengthen information linkage with government agencies, information-sharing organizations, etc.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks, to continuously improve security levels.

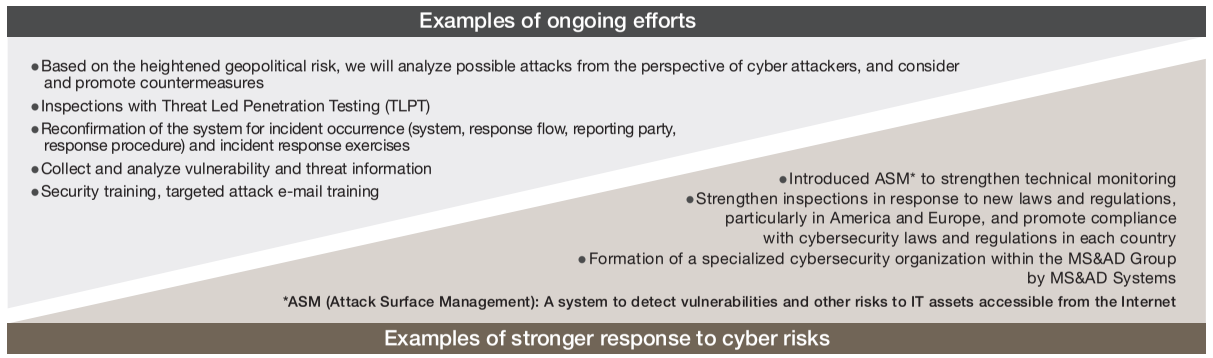


FY2023 initiatives

We are continuing to strengthen our cybersecurity preparedness through our existing security measures.

In addition, we have established procedures and response methods in case of an emergency, and through exercises we strive to minimize damage in the event of an emergency. As a result of these efforts, no serious incidents affecting business continuity occurred within the Group in FY2023.

To supplement the latest trends in cybersecurity in a timely manner and promptly implement necessary measures, MS&AD Systems has newly established the Cyber Security Promotion Department as a specialized organization. We will aim to advance the Group's centralized cybersecurity framework.



Promotion of Compliance

The MS&AD Insurance Group regards compliance as one of the most important issues in the management of the Group and requires all officers and employees of the Group to comply with laws, internal regulations, etc., related to business activities.

Mechanism to ensure the effectiveness of rules and systems

We have established the "Basic Policy on Compliance of the MS&AD Insurance Group," which is shared across the Group as a whole, and we are developing a compliance promotion framework based on this policy. As a company-wide implementation plan for compliance, the Company and our Group companies have each formulated a "Compliance Program," and are promoting specific initiatives. The status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees, Boards of Directors, etc., of each Group company. In addition, the Quality Improvement and Compliance Committee has been established to monitor the quality improvement and compliance of the entire Group and establish corporate ethics, etc. Important matters are reported to the Board of Directors.

Speak-up system (whistleblowing system)

In addition to the regular reporting lines, our Group has established the Speak-up system (whistleblowing system), which allows officers and employees, etc., of each Group company to report directly to us when an organization or individual violates laws or regulations, violates internal regulations, acts inappropriately, or conducts any other acts that might lead to any such violations. We have established reception desks inside and outside the Group and make them available 24 hours a day, 365 days a year, to ensure easy access for whistleblowers. We also maintain the confidentiality of whistleblowers and consulters, secure the information provided, and protect whistleblowers and consulters so that they will not be treated unfavorably if they report or consult with us.

For officers and employees working at overseas entities, we have established a global reporting contact in addition to the reception desks at our domestic offices. We respond to reports in 16 languages, and it is possible to report to the Japanese head office from overseas.

Measures to prevent money laundering, terrorist financing, counter-proliferation financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering, Terrorist Financing, and Counter-Proliferation Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering, terrorist financing, and proliferation financing. In addition, we have established the Policy on Fair Business Practices to ensure fair business practices (e.g., prohibition of corrupt practices such as bribery and compliance with laws and regulations concerning political activities and political funds).

At overseas entities, in addition to establishing a section on "money laundering regulations, terrorist financing, and counter-proliferation financing" as part of our "Compliance Manual" for overseas entities, and taking measures against money laundering, terrorist financing, and counter-proliferation financing accordingly at overseas entities, we have established a section on "Prevention of Bribery" and implemented measures to prevent bribery through appropriate rule development, training, and other measures.

Initiatives for tax compliance

Our Group believes that the origin and important value of its insurance business is as a company that can be trusted to support stability in people's lives and dynamic business activities in the pursuit of a resilient and sustainable society. In recent years, as the importance of ensuring tax transparency has increased as a corporate social responsibility and as efforts to strengthen the international tax framework have progressed, the tax environment has changed significantly. Our Group believes that it is important to fully recognize the importance of ensuring tax transparency and to demonstrate the Group's approach to tax compliance and its initiatives both internally and externally as responsible corporate actions.

Amount of tax paid in major countries
(FY2022, based on national reports)(¥ billion)

Country	Tax amount
Japan	49.2
U.S.A.	4.2
Taiwan	2.5
Malaysia	1.9
Singapore	1.7
Other	5.9
Total	65.6

For more information, see the Group's official website.

●Our compliance (https://www.ms-ad-hd.com/en/group/value/risk_management/compliance.html)

●Basic Policy on Compliance ●Compliance promotion system ●Specific activities: Compliance program, Compliance manual, Compliance education, Training, Compliance inspection, Monitoring activities, Speak-up system (whistleblowing system), Anti-money laundering and terrorist financing, Counter-proliferation financing, Initiatives to prevent corruption and bribery ●Compliance promotion system for the international business ●Initiatives for tax compliance

Asset Management Strategy

The main theme of our asset management strategy in the Medium-Term Management Plan (2022–2025) has been to improve profitability, and given the major change in the environment of reducing strategic equity holdings to zero, we will review our asset allocation and thus further strengthen profitability.

Overall strategy

Basic strategy

- Build a portfolio capable of achieving an increase in net asset value, while considering periodic profit/loss and currency diversification, with the precondition of ensuring ALM and liquidity
- Aim to achieve returns that exceed the market average by strengthening credit risk-taking
- Improve the accuracy of forecasts of the economic environment and adjust positions flexibly

Environmental changes in Stage 2

Zero strategic equity holdings

Economic and market outlook (house view)

Domestic interest rates	:trending upward due to monetary policy, etc.
U.S. interest rates	:trending downward due to interest rate cuts, etc.
Currencies	:pause in yen depreciation due to narrowing interest rate differentials

Review of asset allocation

Domestic listed stocks	From the perspective of maximizing the VA of our asset management portfolio, we will incorporate a certain percentage. We will select companies that can be expected to increase corporate value over the long term and consider linking a portion of the portfolio to an index.
Overseas corporate bonds	In addition to our existing portfolio consisting mainly of investment-grade corporate bonds, we select issues through the close examination of repayment ability based on business cash flows, without relying on ratings.
Private assets (PA)	Accelerate private debt and real estate investments, in addition to overseas private equity (PE)

*VA (Value Added): Economic value obtained by subtracting the cost of capital incurred for invested capital from the return obtained from assets held

Achieve investment income exceeding interest and dividend income from strategic equity holdings (approximately ¥70 billion per year)

Develop a framework to promote our strategy

Ensure credit risk-taking capability

- Promote complementing and strengthening of required investment skills through human resource development, external appointments, capital alliances, etc.

Domestic listed stocks	Internal human resource development and external appointments
Overseas corporate bonds	Promote alliances with investment companies with strong capabilities related to overseas credit risk analysis, etc.
Private assets	Select by investment area and outsource asset management MSR*1 will take the lead in the PE area

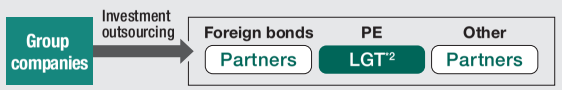
Strengthen management of asset management risks

- Enhance position adjustment management based on macroeconomic and monetary policy forecasts
- Strengthen management of crisis signs for private assets

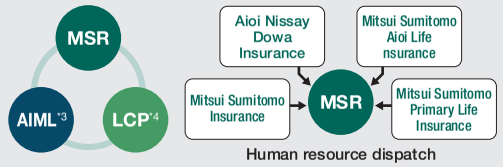
Status of U.S. commercial real estate loans

- Held as "money trusts"
- Balance as of March 31, 2024: ¥341.3 billion
- Office space is 20% or less and LTV is 70% or less
- Impact on business performance is limited

Global investment system



Consolidation of investment opportunities, investment technology, and market information



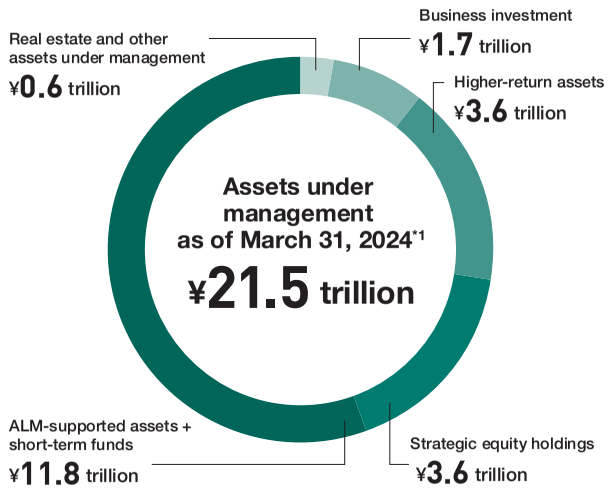
- For the management of higher-return assets, we dispatched human resources from each Group company to MSR, a subsidiary established in New York as a joint venture with Swiss asset management company LGT in January 2022, as a hub for Group collaboration
- Developing a global framework by combining MS Amlin's asset management company, AIML, and LCP, which manages funds investing in ILS (insurance-linked securities)

*1 MSR Capital Partners, LLC *2 LGT Capital Partners AG
*3 MS Amlin Investment Management Limited *4 Leadenhall Capital Partners LLP

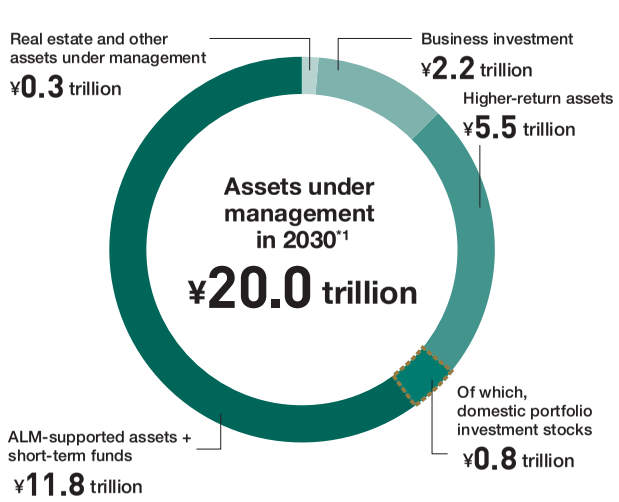
Initiatives to achieve zero strategic equity holdings

Asset management portfolio after the sale of strategic equity holdings

Assets under management (March 31, 2024)



Assets under management (image for 2030)



ALM-supported assets (including short-term funds)

- Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Sumitomo Aioi Life Insurance invest mainly in yen-denominated bonds and loans, whereas Mitsui Sumitomo Primary Life Insurance invests mainly in foreign bonds, etc., in line with its foreign currency denominated liabilities
- Partial credit risk-taking in ALM asset management
- In principle, interest rate and foreign exchange risks are offset against liabilities

Higher-return assets ¥3.6 trillion → ¥5.5 trillion*2

- In addition to liquid foreign bonds and portfolio investment stocks, expand allocation to alternative assets such as overseas PE with the potential for risk diversification, high yield, and low volatility

*1 Based on the simple sum of non-consolidated figures for five nonconsolidated domestic companies, assumes external outflows (taxes and shareholder returns) of ¥1.5 trillion (from March 31, 2024, to March 31, 2030)
*2 Only the excess of assets over liabilities is counted for MSP Life

Pace and process of strategic equity holdings reduction

- As we aim to achieve zero strategic equity holdings by the end of FY2029, work to reduce the balance as far ahead of schedule as possible
- From the viewpoint of optimizing our asset management portfolio, consider transferring a portion of strategic equity holdings to business investments and portfolio investments
- Stocks held as portfolio investments are bought and sold at the discretion of the investment department
- The status of reductions will be disclosed at future IR meetings as appropriate

Use of proceeds from the sale of strategic equity holdings

- The funds from the sale of strategic equity holdings will be allocated to business investments, asset management, and system/DX-related investments
- Fifty percent of Group adjusted profit from the sale of strategic equity holdings will be returned to shareholders in accordance with the Shareholder Return Policy

Trends in strategic equity holdings (outlook)

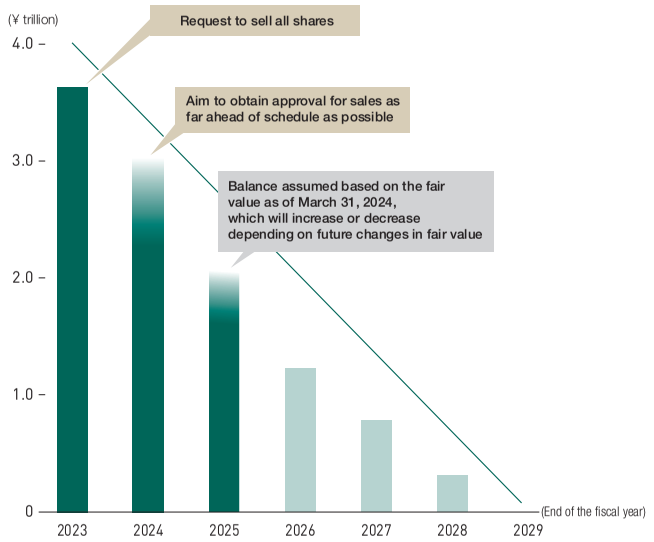


Image of distribution



Growth investment

- Business investment targeting the United States and Asia
- Business investment that contributes to the establishment and diversification of new revenue sources
- Investments that contribute to productivity improvement and innovation creation, such as next-generation systems and DX
- Investing in foreign bonds and alternative assets with the expectation of additional returns
- Domestic listed stock holdings to optimize the asset management portfolio
  - Separated from insurance transactions and under the jurisdiction of the asset management department
  - Development of the management framework as a portfolio investment

Improvement of soundness and profitability

- Disposal of some assets with unrealized losses

Shareholder Return

- Return 50% of Group adjusted profit from the sale of strategic equity holdings

Notes:
1. Assumed use of funds if all strategic equity holdings with a market value of ¥3.6 trillion (as of March 31, 2024) are sold Does not consider the impact of share price fluctuations, tax system changes, etc.
2. Shareholder returns do not represent the amount returned in a single year.

ESG Investing

Investments and loans considering ESG issues

As a signatory of the Principles for Responsible Investment (PRI), our Group invests and lends considering ESG issues. Specifically, we collect and evaluate ESG information in accordance with asset characteristics and investment methods and make investment and loan decisions in conjunction with conventional analysis such as financial analysis. We are working on investments and loans with themes that lead to solutions to sustainability-related issues on the premise of securing profits. In addition, we will engage in constructive "purposeful dialogue" with investee companies based on ESG factors to raise awareness of ESG among investee companies and to enhance corporate value over the medium term.

Our Group's ESG investment and loan initiatives

ESG investment and loan initiatives	Content	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group's "business activities considering sustainability"	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All asset classes	¥17.1 trillion*
Incorporation of the Group's priority issues into the research	Focusing on "CO_2 emissions," "deforestation," "water risk," and "human rights violations," evaluations by ESG evaluation companies and international initiatives (such as CDP) are used for investment decisions and monitoring	Corporate bonds, stocks, and loans	¥9.3 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Shares	¥2.9 trillion
Positive Impact			
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	¥722.9 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

*The scope of coverage excludes cash and cash equivalents, real estate holdings, and funds that also have funds invested by other investors

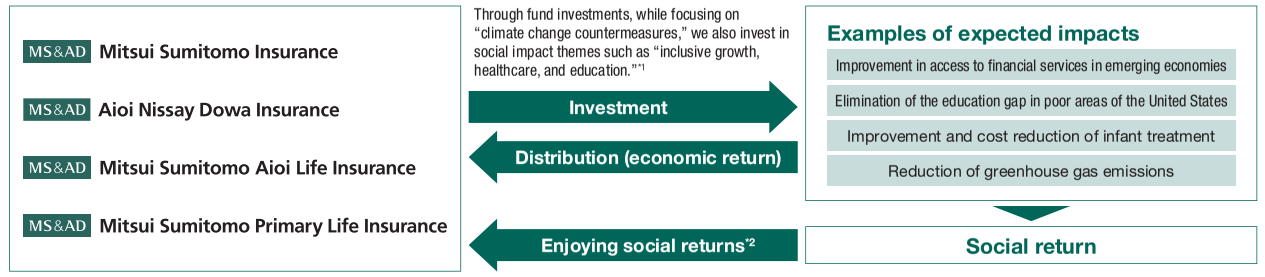
Breakdown of ESG-themed investments (end of March 2024)

By theme	Investment and loan balance
Investment in ESG-themed funds	¥232.3 billion
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	¥73.3 billion
Transition/Sustainability-linked finance	¥28.0 billion
Green finance	¥146.6 billion
Support for sustainable global development	
Social sustainability (including supranational bonds)	¥221.3 billion
Regional revitalization, healthcare, impact investment*, etc.	¥21.5 billion
Total	¥722.9 billion

*Of the investment amount commitment to the fund, only the invested amount is included

Started Group joint impact investments

The MS&AD Insurance Group's management philosophy is "Provision of security and security through global insurance and financial services businesses to support the development of a vibrant society and a healthy future for the planet." Through this investment, we aim to generate a positive and measurable impact on the environment and society while also achieving economic returns. In addition, we will use this investment as an opportunity to build a network related to impact investments and to contribute to the achievement of the SDGs and the creation of a sustainable society by accumulating knowledge on environmental and social impact assessment and management.



*1 Investment through a Group-specific investment vehicle. Managed by MSR (investment ratio: MS 85%, LGT 15%), an investment (asset management) JV in New York. LGT, a management company in Switzerland, is one of the global leaders in the ESG field.
*2 Achievement of the SDGs and the realization of a sustainable society

Stewardship code support

In 2014, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance announced their acceptance of Japan's Stewardship Code. Through constructive dialogue with investee companies and the exercise of voting rights based on an ESG perspective, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are promoting the enhancement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective. In dialogue with investee companies, we also check the status of our initiatives focusing on the following themes:

Results of dialogue (July 2022 to June 2023)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Number of companies engaged in dialogue	202 companies	159 companies	361 companies

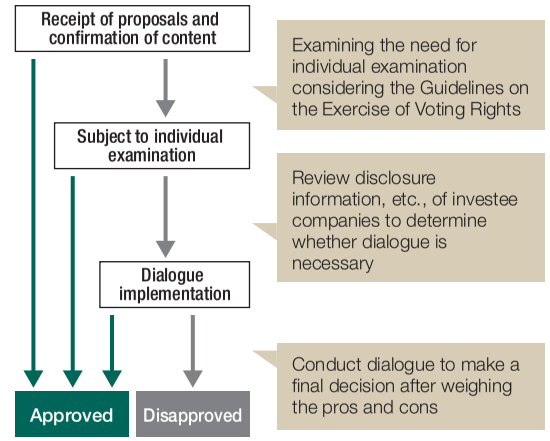
Results of exercising voting rights (July 2022 to June 2023)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Proposals for which voting rights were exercised (management proposals)	2,206	1,535	3,741

Number of disapproved proposals (July 2022 to June 2023)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Number of disapproved proposals (management proposals)	19	21	40

Process for exercising voting rights



Theme of the dialogue

Theme of the dialogue	Specific content
ESG	Impact of climate change on business and countermeasures, relationship between social issues and business, appointment status and expected roles of outside officers, attendance of outside officers at Board of Directors meetings, etc., and compliance with the Corporate Governance Code
Closing status	Results for the current fiscal year, outlook for the next fiscal year and beyond, measures to improve profitability and growth, and short-term risk factors
Management strategy	Expectations and progress of management plans, medium- and long-term investment policies, and sustainability considerations in business strategies
Capital management	Shareholder return and internal reserve policies, views on dividends, and indicators
Business risk	Response to risk factors in business and establishment of a BCP (business continuity plan)

Interactive cases

	Examples of dialogue focusing on ESG, capital strategies, etc.
Case 1 (ESG dialogue)	Conducted dialogue on the status of consideration of sustainability perspectives, including the existence of GHG emission reduction targets. We confirmed that companies are accelerating consideration as demands from society have intensified.
Case 2 (Shareholder return)	In the course of dialogue with a company to which we have requested an improvement in the dividend payout ratio in the past two years, we confirmed that the dividend payout ratio has improved to above 10%, and that although it currently does not meet the 20% dividend payout ratio required by our guidelines, the company is aiming for a payout ratio above 20% in the next fiscal year and beyond, thus shifting to a policy of prioritizing shareholder returns, which we have been requesting.

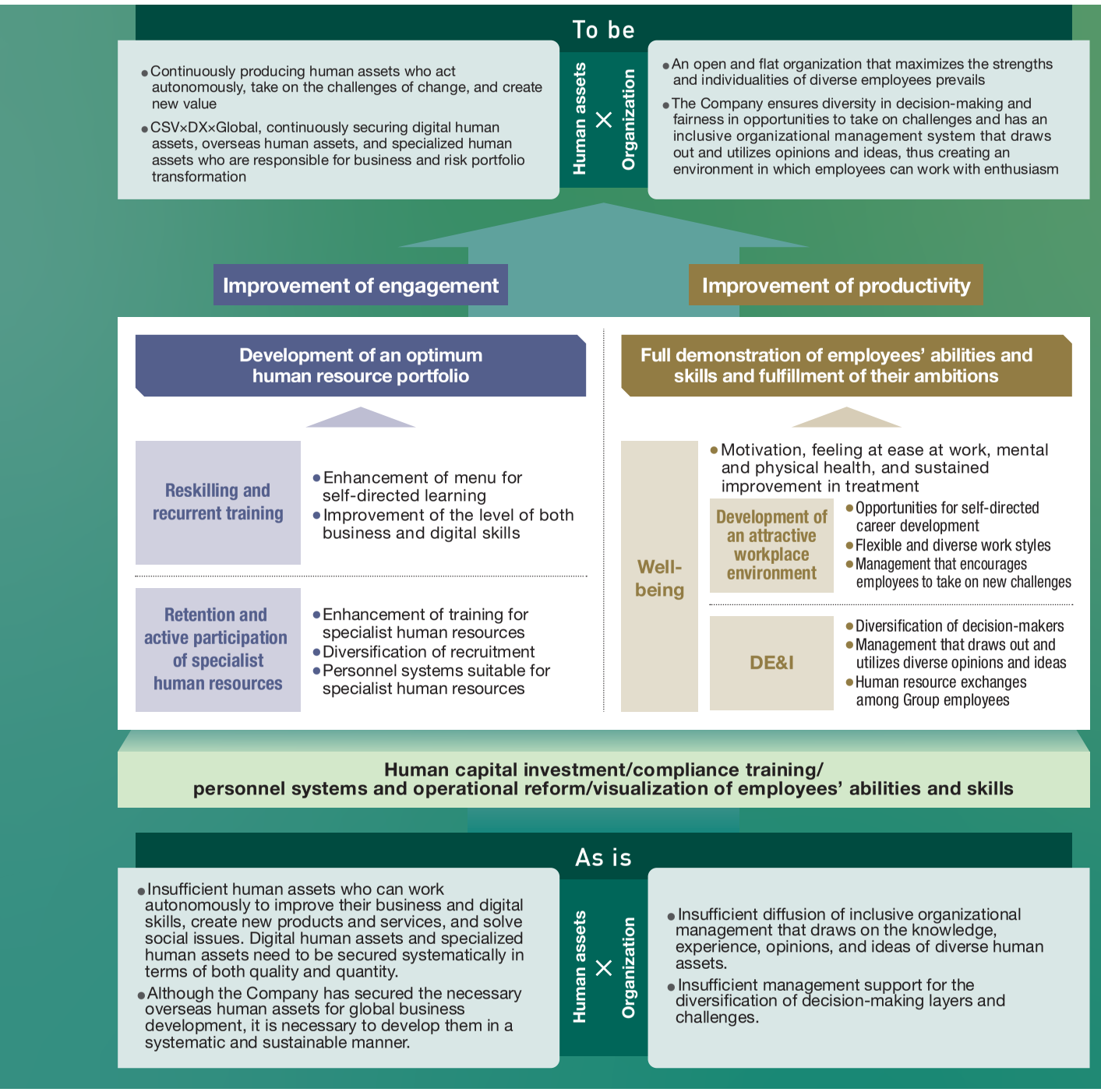
Cases of disapproval

	Cases of disapproval in exercising voting rights
Case 3 (Election of company auditors and retirement benefits)	Although this company's business performance was stable, its dividend payout ratio was low, and independent officers had not been appointed as outside company auditors. Despite exchanging opinions through dialogue, we determined that improvement could not be expected at this time and voted against two proposals related to the election of company auditors and retirement benefits.
Case 4 (Appropriation of surplus and election of directors)	This company's dividend payout ratio for the last three fiscal years was less than 10%, which was below our guideline, and was notably low compared to the company's financial position and the levels of its industry peers. In addition, a scandal occurred with its employees, and there were concerns about inappropriate expenditures of around ¥1 billion, a high level compared to the company's profits. Accordingly, we voted against two proposals related to the appropriation of surplus and the election of directors.

Foundations

Human Resource Strategy

The Group's greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value.
Under our human asset strategy linked to the basic strategy of the Medium-Term Management Plan (2022–2025), we are working on "building an optimal portfolio of human resources" and the "full demonstration of employees' abilities and skills and fulfillment of their ambitions," and we are focusing on "Value (value creation)," "Transformation (business reforms)," and "Synergy (pursuit of Group synergies)."
In addition, to improve employee engagement, we are developing a working environment that includes opportunities for self-directed career development; flexible, efficient, and effective work styles; and a corporate culture that encourages a spirit of taking on new challenges. (See "Employee satisfaction" on p. 82)





Dialogue

Human asset development now and in the future

**The Group as a whole is focusing on human asset development, which is the cornerstone of the MS&AD Insurance Group's human asset strategy, having formed a "Human Asset Development Team" consisting of members from Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the Group's core non-life insurance companies, within the holding company.
For this report, we spoke with the line managers in charge of human asset development at both companies who are responsible for "human asset development" to talk about the present and future of human asset development.**

▶ Human asset development measures at Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Takada In human capital management, human asset development is the cornerstone of management strategy. If each employee takes on the challenge of autonomous growth, it will lead to the sustainable growth of the company. At Aioi Nissay Dowa Insurance, we have three priority initiatives related to human asset development. The first is to "strengthen the management layer," under which we will reclarify its role as the cornerstone of organizational management, and systematically acquire the required management skills. The second point is the "training of young employees." By their third year in the company, we expect new graduate employees to have acquired product knowledge, problem-solving skills, and digital literacy as basic skills. The third point is "CSV×DX experts," under which we will focus on developing human assets who possess advanced digital knowledge and skills, and who will lead all employees in implementing CSV×DX.
Sugawara At Mitsui Sumitomo Insurance, we are planning "personnel reforms" in FY2025 that will significantly overhaul our existing personnel management, and we will review our management of human asset development with a focus on skills. Specifically, we have defined the "common skills" required of all employees and the "job skills" to achieve expected results in departments and jobs, and we are considering a system in which employees work on the skills they wish to acquire and are evaluated according to the degree to which they demonstrate these skills. As the number of skills needed by employees is more than 900, we have prepared a "Skill Training Navi" that contains more than 1,500 training options to support employees in acquiring skills.

▶ Strengths of the Group's common human asset development measures

Takada We have training programs operated jointly by the two companies in areas such as follow-up measures for young employees and opportunities to think about their future careers, and we have been able to achieve more efficient and higher-quality operations compared to our own stand-alone programs. It also makes employees feel that they are employees of the Group, and they are stimulated by Mitsui Sumitomo Insurance employees who are undergoing training with them. Training with employees of other Group companies away from the workplace has benefits for employees, such as the opportunity to learn by being exposed to characteristics that are not available in their own companies.
Sugawara Because economies of scale are effective in human asset development measures, increasing the amount of content available for selection through standardization is a major advantage for employees. As we can expect efficiency gains, including in terms of costs, we intend to expand the shared use of this system to other Group companies in the future, which will contribute to the active exchange of human resources.

▶ Investment in human asset development

Takada We should expand investment in human asset development itself, but I believe that we cannot measure such efforts only by the amount of money invested. For example, we are accumulating external expertise and bringing it in-house, with employees taking on the role of instructors. In such ways, we are becoming more independent, and it is important to devise ways to invest in human asset development, including our use of time.
Sugawara As part of the selection and concentration of strategies, we must also determine "which areas to invest in." Looking at the Group as a whole, I believe that we should focus more on areas of human asset development, such as management human assets and specialist human assets, particularly in the digital and overseas fields.

▶ Toward the sustainable growth of the Group

Takada As the world becomes increasingly diverse, we will be left behind if there is no variation in our thinking and approaches. Diverse employees at each Group company will utilize their own individuality and characteristics to excel in their respective fields of expertise, and management will combine these diverse areas of expertise to enhance team strength. As a result, we intend to create a group in which diverse human assets can play an active role.
Sugawara We intend to develop human assets who can respond to change and take on challenges. As we live in an era of VUCA,* where we do not know what will happen in five to 10 years, we will continue to develop human assets who can flexibly respond to changes in the social and business environment.

*VUCA: Volatility, Uncertainty, Complexity, and Ambiguity. "A state of uncertainty and difficulty in predicting the future."

Human asset strategic domain

We aim to be a company that continues to produce human assets who are not bound by the existing framework of the insurance business, but who act autonomously and take on the challenge of reform utilizing advanced knowledge and cutting-edge technology

Development of an optimum human resource portfolio

Skill enhancement and self-directed career development

- Expansion of training opportunities
- New personnel system and management

Specialist human resources

- Digital human resources
- Human resources for the international business
- Specialist human resources as a whole

Skill enhancement and self-directed career development

Expansion of training opportunities

By expanding our investment in human resources, we provide a variety of learning opportunities both within and outside the Group, which contributes to maximizing the skills of each employee.

New personnel system and management

We will continue revising conventional personnel systems and operations to respond to increasingly diverse perspectives on employment, achieve DE&I, and enhance the skills of our employees, thereby strengthening our human capital.

Taking on challenges across boundaries

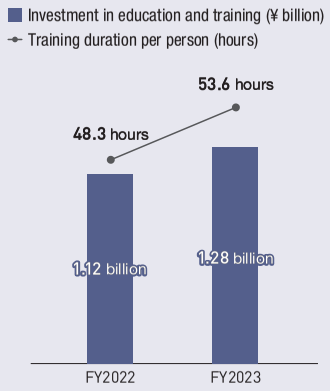
By participating in the operations of local companies, start-ups, etc., and through collaboration with diverse members, we acquire new knowledge that cannot be obtained within the Company or the Group, which contributes to self-directed career development.

Open recruitment and post challenge

By allowing employees to determine transfers to departments and posts of their choice for themselves, we further enhance their attitude toward their work, enabling them to exercise their skills more quickly and produce high-level results.

Clarification of skills

By clarifying the skills required for jobs and motivating employees to acquire them, we encourage the self-directed career development of each individual.



Specialist human resources

Digital human resources

The use of digital technology will be essential to improve the efficiency and sophistication of operations and to resolve risks and issues for customers and society. Through a variety of internal and external opportunities, we are working to enhance the skills of our employees to enable them to apply their business abilities to digital technology.

Raising the level of basic knowledge

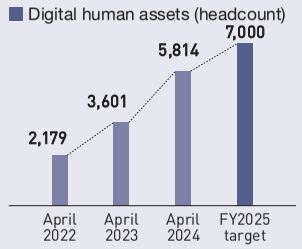
- Provision of a practical program on fundamental knowledge related to utilizing digital data.
- Appointment of a driving force for digital promotion in each organization and promotion of self-directed enhancement of digital literacy.

Advanced expertise

- Development of partnerships with universities and other external institutions* to train employees who are expected to play advanced roles.

*INIAD (Toyo University Faculty of Information Networking for Innovation and Design), KUAS (Kyoto University of Advanced Sciences, Faculty of Engineering), Shiga University Graduate School, AIOI R&D Lab-Oxford, etc.

→ Utilizing digital technology to improve the efficiency and sophistication of operations, etc.
→ Utilizing our expertise to create new value (e.g., products, services) that has never existed before.



Human resources for the international business

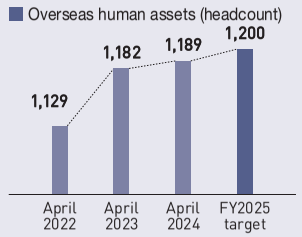
Employees capable of promoting business in a global environment will be essential for the development of the international business. We are developing human resources in a multifaceted and systematic manner, while promoting a generational shift in the "management human resources" and "specialist human resources" required for the international business.

Overseas dispatch training

- Based on open recruitment, employees are posted overseas for one year, in principle, contributing to the development of human resources that will support management strategies and operations in various specialized areas (e.g., accounting, systems, asset management, risk management) in the international business from a medium- to long-term perspective.

→ We have built good relationships with domestic and international business partners with a diverse sense of values, contributing to results.

Note: In addition to the above, we have systems aimed at the acquisition of skills and elements required of international human resources through the simulated experience of global business with overseas entities from within Japan, etc.



Specialist human resources as a whole

In addition to digital human resources and international human resources, we are developing systems and environments to stably and flexibly secure and develop human resources who can be expected to play highly active roles utilizing their expertise in areas such as accounting, actuarial operations, and legal affairs.

Development of a job-based system suitable for specialist human resources

We have developed a compensation system for specialist human resources, and we are promoting people based on their abilities and strengthening the hiring of experienced personnel through open recruitment.

Incentives to encourage increased expertise

We have established compensation benefits for employees who possess advanced qualifications and demonstrate expertise, as part of our efforts to secure specialist human resources.

Group standardization

In addition to efforts at each company, we will expand opportunities for the development of human resources through collaboration among specialized departments across the Group and promote allocation of such resources to growth areas.

We aim to be a company that accepts the strengths and individualities of each member of a diverse workforce, and where an open and flat organization that enables employees to exercise their capabilities to the maximum possible extent has permeated

Full demonstration of employees' abilities and skills and fulfillment of their ambitions

Well-being

- Motivation
- Ease of working
- Mental and physical health

DE&I

- Diversity
- Equity
- Inclusion

Well-being

Well-being

For each and every employee to work energetically and exercise their abilities to the maximum possible extent, we are working to maintain and improve employee "motivation," "feeling at ease at work," and "mental and physical health."

Motivation

We implement a cycle in which we improve employee engagement by continuously surveying various factors that contribute to feeling motivated, such as a sense of growth, demonstration of initiative, and trust.

Ease of working

- To create flexible work styles suited to employees' life stages, we have introduced a personnel system that allows employees to choose whether to relocate.
- We are fostering a culture in which all employees work to deepen their understanding and mutual appreciation of housework, childcare, nursing care, and other factors.

Mental and physical health

We aim to achieve work styles that allow employees to leave the office on time. Accordingly, we will create an environment in which each employee can work healthily and energetically, ensuring that they have time for exercise and sleep, by reducing working hours through work-style reform.

DE&I Diversity, Equity & Inclusion

Diversity

We are promoting efforts to incorporate the knowledge of our diverse human assets and utilize this knowledge in decision-making, including expanding the promotion of women to officers and management roles.

Appointment of women as "non-executive directors" of affiliated operating companies

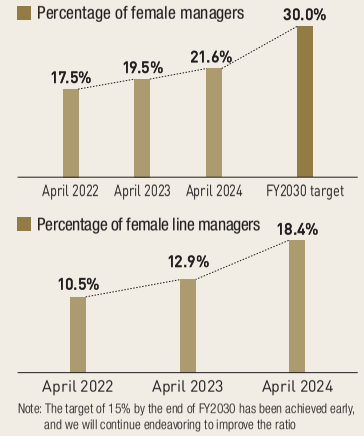
By appointing female General Managers as non-executive directors of affiliated operating companies, we provide them with opportunities to practice management-level decision-making at an early stage and encourage them to raise their awareness of further advancement and desire for self-education.

Note: Appointment of women as non-executive directors of affiliated operating companies directly invested in by the Company: 32 women in total since FY2019

Assignment of women to deputy general manager and assistant branch manager posts

By appointing female employees as deputy managers of departments and branches and providing them with opportunities to gain work experience with an eye toward a higher level, we are developing women who can look forward to becoming General Managers of lines, meaning the heads of departments and branches.

Note: 44 people as of April 2024



Note: The target of 15% by the end of FY2030 has been achieved early, and we will continue endeavoring to improve the ratio

Equity

We promote initiatives with a strong awareness of equity, and by eliminating differences and inequalities based on gender, employee classification, and other attributes, we create an environment in which everyone can exercise their abilities, skills, and motivation to the maximum possible extent.

Change in mindset through unification of employee categories

Previously, employee classifications were mainly centered on the approach that male employees = "all-area type" and female employees = "regional type," which might have resulted in differences between men and women in terms of job descriptions and opportunities to play an active role.

By abolishing the "all-area type" and "regional type" employee classifications, and by eliminating gender-based and classification-based perceptions of employees' roles, we have made it possible to fairly provide opportunities and set evaluation criteria, and created an environment that allows each employee to exercise their abilities and skills to the maximum possible extent.

Inclusion

To leverage diversity, inclusive organizational management is essential for drawing out opinions and ideas based on the knowledge, experiences, and values of diverse human assets and utilizing them in organizational decision-making. We are working to ensure psychological safety and foster and instill a corporate culture that embraces and leverages diversity.

Ensuring psychological safety

We are working to foster an open and flat corporate culture by thoroughly training management on the background of the need for psychological safety and its effects, and by reforming the conventional top-down management style.

Inclusive organizational management

Through opportunities such as the "e-Business Seminar," in which officers and employees of Group companies interact across the Group, transcending the boundaries of individual companies, we create opportunities to experience the sense of values of diverse employees and utilize them in inclusive organizational management.

Special Feature Green Resilience Report

(Excerpt)

The following is an excerpt from the MS&AD Green Resilience™ Report 2024 (TCFD and TNFD Report), which is scheduled to be released in October, mainly from the “Strategy” section.

The average global temperature in 2023 was 1.45°C above pre-industrial levels, making it the hottest year in recorded history. Average temperatures have been rising steadily because of climate change, while large-scale floods, forest fires, and other natural disasters have occurred frequently and caused serious damage in many parts of the world. MS&AD Insurance Group is making integrated efforts to address climate change and preserve and restore natural capital.

Climate and nature are closely interrelated. Forests are an important CO_2 sink, and at the same time, they prevent downstream flooding and landslides by storing large amounts of rainwater and slowly discharging it into rivers. Rising temperatures and droughts, however, have increased the risk of forest fires, and there is an increased risk of landslides when forests are left densely packed. Accordingly, to limit the damage caused by extreme weather events, we believe it is important to take the climate-nature nexus approach.

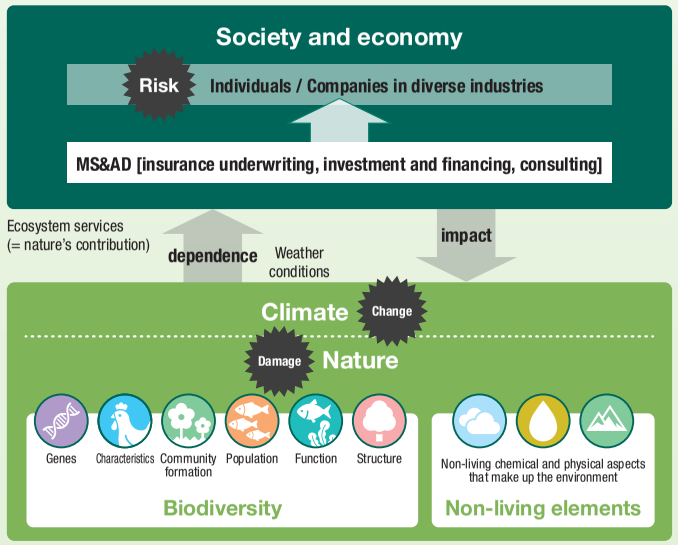
Natural capital acts as a foundation of society that provides us with diverse blessings, and it is essential for the development of a vibrant society and a healthy future. The Group has been focusing on an approach that aims for a safe and secure society and the well-being of diverse people by protecting nature and using its power to mitigate and adapt to climate change, which we call “Green Resilience.”

Based on this belief, the Group has been taking a multifaceted and integrated view of climate/nature-related risks and opportunities, and we will disclose information based on the disclosure recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”) and disclosure recommendations of the Taskforce on Nature-related Financial Disclosures (“TNFD”), as the “MS&AD Green Resilience™ Report” starting from this fiscal year.

Strategy Strategies for climate/nature-related risks and opportunities

STRATEGY

Dependence and Impact on Climate and Nature



Our society and economy depend on various contributions from nature (ecosystem services). According to the World Economic Forum, half or more of the world’s GDP is dependent on nature.

On the other hand, we place a heavy burden on nature through our daily lives and business activities. Damage to natural capital and changes in climate systems cause various negative social and economic impacts.

The Group supports the business activities of customers in all industries through the provision of insurance products and services, as well as investment and financing, and other services. Therefore, we believe it is important to understand on a medium- to long-term time frame how our business partners’ activities depend on and impact the climate and nature, and how they will affect society and the economy in the future, leading to risks to our customers’ business activities.

Source: Modified by the Company from Dasgupta, P. (2021), *The Economics of Biodiversity: The Dasgupta Review* (London: HM Treasury) (2021.2)

Risk at the MS&AD Insurance Group

~ Capturing changes in climate, nature, and society in underwriting/investment and financing ~

Climate/nature-related risks include the direct impact of climate change and damage to nature (physical risk), as well as the impact of rapid social change toward net zero or nature positive (transition risk). As an insurance and financial group focused on the non-life insurance business, the Group must assess physical and transition risks from both underwriting/investment and financing (asset management) perspectives to analyze climate/nature-related risks and opportunities.

Climate/nature-related physical risks

Within the Group, our underwriting has already been financially impacted by increased catastrophe risk related to climate change, including forest fires and hailstorms, as well as wind and flood disasters caused by typhoons and torrential rains. In addition to climate change, the impact of the depletion of water resources and various other risks on society and business activities is expected to increase over the medium to long term.

H+: Very High H: High M: Medium L: Low

Classification	Event	Examples of main impacts on policyholders and investment and financing recipients	Examples of main impacts on the Group and degree of impact ◆Underwriting ◇Investment and financing		Period of manifestation: Short term	Medium term	Long term
Acute risks	Typhoons, hurricanes, storm surges	Stronger tropical cyclones cause significant damage to homes and businesses. Depending on their course, such cyclones could cause damage over a wide area. Storm surges also cause significant damage to coastal areas	◆Insurance claims payouts occur, particularly concerning many homes, businesses, vehicles, and other property ◇Asset management returns deteriorate owing to large-scale damage affecting important business sites at the recipients of investment and financing	H+	●	●	●
	Torrential rain, flooding	Increased temperatures increase the amount of water vapor in the atmosphere, causing torrential rainfall. Extensive flooding caused by improper land use or flood control conditions cause significant damage. Lack of soil stability due to deforestation and vegetation removal, or cutting and reclamation of slopes, causes landslides triggered by torrential rainfall		H	●	●	●
	Hail and snow damage	Hailstorms are caused by active convective activity due to warm, moist air currents in the updrafts generated by strong solar radiation and cold air inflows into the sky. Falling hail damages vehicles and buildings. Many facilities of non-heavy snowfall areas are not strong enough to withstand, and heavy snowfall damages facilities	◆Insurance claims payouts occur for damage to vehicles and facilities ◇Not likely to lead to a significant deterioration in asset management returns	H	●	●	●
	Forest fires	Heat waves and extreme heat cause forest fires. Insufficient tending to forests, such as the neglect of dead trees and underbrush, increases the risk of fire. Fire spreading to surrounding urban areas, etc.,will lead to significant damage	◆Insurance claims payouts occur for forests, as well as homes and businesses in the event of fires spreading ◇Asset management returns deteriorate owing to large-scale damage affecting important business sites at the recipients of investment and financing	M	●	●	●
	Heat wave, cold wave	Severe heat and cold waves cause human suffering, sudden strains on energy and water resources, and logistical disruptions such as traffic paralysis	◆Not likely to result in large insurance claims payouts ◇Not likely to lead to a significant deterioration in asset management returns	M	●	●	●
Chronic risks	Dry spells and droughts	Agriculture, food, and water-intensive businesses experience increased costs and losses owing to difficulties in procuring materials and interruptions in manufacturing. In addition, the interruption of water transportation and the shortage of cooling water could affect a wide variety of industries	◆Not likely to result in large insurance claims payouts ◇Asset management returns deteriorate as performance worsens at companies dependent on water resources	L		●	●
	High temperatures (heat)	Disruptions due to rapid increases in energy demand could occur. Data centers, power plants, and other facilities face an increased burden for cooling. Labor efficiency falls as outdoor activities, such as construction sites are restricted, and there is an impact on health, such as increased stress due to heat and the spread of infectious diseases	◆Not likely to result in large insurance claims payouts ◇Asset management returns deteriorate as performance worsens at companies for which high temperatures can be a risk	L		●	●
	Depletion of water resources	The depletion of water resources, such as excessive groundwater pumping and development in groundwater recharge areas, significantly impacts the business activities of companies that use a lot of water for raw materials and manufacturing processes	◆Not likely to result in large insurance claims payouts ◇Asset management returns deteriorate as performance worsens at companies dependent on water resources	L		●	●
	Degradation of other ecosystem services	Serious losses might occur when ecosystem services on which livelihoods and business activities depend, such as pollination for agriculture, are degraded or destroyed owing to damage to natural capital	◆Not likely to result in large insurance claims payouts ◇Asset management returns deteriorate as performance worsens at companies overly dependent on ecosystem services where natural capital is severely damaged	L			●

◇ Physical risk analysis in underwriting

The Group believes that our social mission is to continue to provide compensation, even in a society where natural disasters are increasing because of climate change. We have formulated a basic policy on net exposure to catastrophe risk as a Group, and each Group company procures reinsurance (ceding and receiving reinsurance) based on this policy, as part of our efforts to control catastrophe risk across the Group as a whole. In addition, we conduct scenario analysis to identify changes in catastrophe risk caused by the progression of climate change, and we endeavor to refine future risk assessments. (See “Risk Management” on pp. 59–60)

Analysis of impact of typhoons based on temperature rise scenarios

With respect to the impact on underwriting of damage caused by typhoons in Japan (physical risk), the Group analyzed changes in insurance claim payments due to typhoons for which the force and frequency have changed by global warming, based on the RCP8.5 scenario. We confirmed that insurance claim payments might increase, as shown in the table on the right.

Examples of typhoons in 2050

Scenario used	Changes in typhoon “force”	Changes in typhoon “frequency”
RCP8.5 (4°C scenario)	Approx. +5% to +50%	Approx. -30% to +28%

◇ Analysis of physical risk, etc.,in insurance and financing

As an institutional investor, the Group invests in and lends to many companies, and we believe that an increase in flood damage at key sites of investment and financing entities because of climate change could lead to a deterioration in our return. Therefore, we analyze the physical risk of our major investee assets to identify climate change risks in our asset management. We also analyze the relationship between the business sites of our investment and financing entities and nature-related sensitive locations.

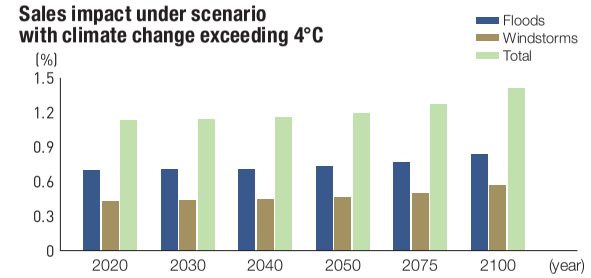
Climate change physical risk assessment at investment and financing entities and nature-related sensitive locations

We used data of direct operating sites (108,600 sites) from the top 500 companies in our investment and loan portfolio to quantitatively assess the financial impact of climate change and analyze sensitive locations, which is one of the TNFD’s sector disclosure metrics for financial institutions.

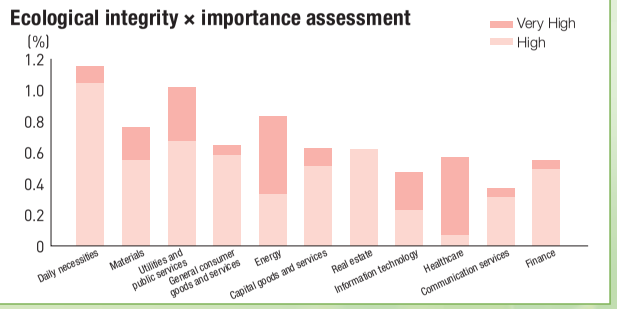
We analyzed the impact of flooding and windstorm risks attributable to climate change on the sales of the relevant entities and found that the impact of lost sales (flooding and windstorms combined) could increase by 5.2% by 2050 compared with 2020 under the 4°C scenario.

Our analysis of sensitive location was based on the criteria presented in the TNFD’s LEAP approach, conducting the assessment from four perspectives:importance of biodiversity, ecological integrity, importance of ecosystem services (including indigenous peoples, etc.), and water-related physical risk. We rated all sites on a 5-point scale and calculated the ratio of sites rated 4 (High) or 5 (Very High) for each entity, then calculated the total ratio for all entities. We then calculated the total ratio for each industry sector, confirming the level of sites in sensitive locations for each sector. For details of these analyses, please refer to the MS&AD Green Resilience Report 2024.

Sales impact under scenario with climate change exceeding 4°C



Ecological integrity × importance assessment



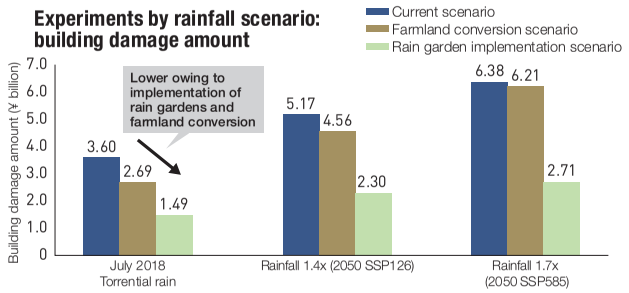
◇ Analysis of the effectiveness of “rain gardens” for reducing damage from flooding

In Japan, the frequency of torrential rain (50 mm or more of rainfall per hour) increased approximately 1.5 times[*1] in 2014–2023 compared with 1976–1985, and flood disasters have become more frequent in this regard. In recent years, the damage caused by inland flooding in urban areas has accounted for approximately 40% of all disasters, and in Tokyo, it amounts to approximately 70%.[*2] In addition to the increased frequency of torrential rainfall, the increase in paved surfaces due to urbanization is preventing rainwater infiltration, resulting in an increase in inland flooding as rainwater that exceeds the capacity of drainage flows out into rivers and sewers at once, which has created a need for urban planning adapted to climate change.

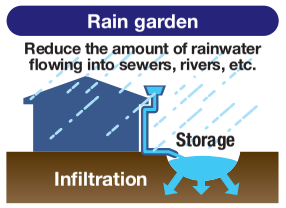
To prevent natural disasters and mitigate damage, the Group is committed to “Green Resilience,” which means protecting nature and using its function to mitigate disasters. As one measure, we are focusing on “rain gardens,” which reduce the rapid runoff of rainwater into rivers, etc. “Rain gardens” provide multifaceted value to the community, including improving biodiversity and preserving water resources while mitigating the risks caused by flood disaster, and we consider them a typical example of an integrated approach to addressing climate change and restoring natural capital. To clarify the effect of a “rain garden” in reducing the damage caused by flooding, the Group conducted a quantitative analysis using actual locations and confirmed its effect. In the future, we will accelerate efforts to spread awareness in cooperation with local governments and research institutions, thereby supporting the creation of safe and secure communities.

Quantitative analysis of the effect of “rain gardens” on flood disaster risk reduction in urban river basins

In northern Kyushu, the annual frequency of extreme heavy rainfall of 50 mm or more per hour is trending upward, and there has been much flood damage. We set scenarios where “rain gardens” and “park water storage” were implemented for rainwater retention infiltration within the basins (7.8 km²) of small rivers in cities that have been affected by continuous flooding in recent years (see table below for details), and analyzed the effect on reducing the amount of damage to buildings. As a result, the amount of damage was reduced by nearly 60% in torrential rain in July 2018, and we confirmed that the reduction effect would be further enhanced in scenarios where temperatures rise in the future.



Regarding the amount of building damage, we calculated asset values by multiplying the total floor area (3D urban model data) by the house asset table value per unit area for 2018, and then applied the house damage function from the Manual for Economic Evaluation of Flood Control Investment (2020) of the Ministry of Land, Infrastructure, Transport and Tourism



Target	Case setting
Public facilities, commercial facilities, residential	●Rainwater is collected from the roof in a rain garden (20 cm deep) with a base area 1/5 that of the roof area ●Infiltration capacity from base layer: 100 mm/hr
Park	●Storage facility with the area of the base of the park (20 cm depth) ●No infiltration is expected from the park

This calculation result is a partial modification of the Rainfall-Runoff-Inundation (RRI) model program of the Public Works Research Institute.

*1 Japan Meteorological Agency website, “Past Changes in Heavy Rainfall and Extreme Heat Days (Extreme Phenomena)”
*2 Ministry of Land, Infrastructure, Transport and Tourism, “Status of Recent Rainfall and Inland Water Damage, and Current Status of Sewerage System Development”

Climate/nature-related transition risks

As we transition to a net zero and nature-positive society, rapid changes in various areas, such as laws and regulations, technology, and markets, pose a risk (transition risk) to business activities. The Group believes that these risks could lead to a deterioration in underwriting and investment returns. We believe, however, that the impact will be limited because, except for a few products, we have few directly underwritten products that provide compensation for transition risk. Technological innovation and the introduction of new laws and regulations will provide new opportunities for insurance provision but also pose risks if we are unable to address these needs.

H+: Very High H: High M: Medium

Classification	Event	Examples of main impacts on policyholders and investment and financing entities	Examples of main impacts on the Group and degree of impact (◆Insurance underwriting ◇Investment and financing)		Period of manifestation: Short term	Medium term	Long term
Technology	Advances in net zero and nature-positive technologies and changes in industrial structure	As technologies that contribute to net zero and nature positive, such as decarbonaization, recycling, and polltion removal technologies, spread rapidly, could render existing technologies and infrastructure obsolete and result in loss of our share of the traditional market	◆Loss of opportunities to offer insurance ◇Decline in investment returns	M		●	●
Market	Changes in demand for products and services that contribute to net zero and nature positivity	Increased demand to net zero and nature positivity among consumers and clients could reduce demand for products and services that lead to global warming and excessive impacts on nature		M		●	●
Policies, laws, and regulations	Rising carbon prices, emission regulations, and changes in the energy mix	Additional carbon price–related costs incurred by businesses that emit large amounts of GHGs, like the imposition of carbon prices by governments, and responses to requests from customers to introduce renewable energy could lead to a loss of earnings and a decline in competitiveness		M		●	●
	Strengthening of environment-related regulations and standards	The strengthening of laws and regulations, etc., as part of efforts to achieve net zero and nature positivity might not only increase regulatory compliance costs but also lead to business downsizing and suspensions, and difficulties in procuring raw materials, resulting in a loss in profitability. In addition, the burden of disclosure could increase costs, and inadequate disclosure might have a negative impact on management		M	●	●	●
	Increase in climate/ nature-related litigation	Errors in climate/nature-related measures have resulted in significant business losses, and there is a risk that such errors in management strategy could lead to high costs, including officer lawsuits and compensation, as well as a decline in corporate value due to brand damage	◆Possibility of high insurance claims payments in D&O insurance[*1] ◇Decline in investment returns	M	●	●	●
Reputation	Criticism due to errors or delays in climate/ nature-related measures	Risk that the discovery of involvement in businesses that have significant adverse effects on global warming and nature could lead to consumer boycotts and suspension of business with clients, resulting in reduced sales, brand damage, a decline in corporate value, and worsening financing costs	◆Possibility of insurance claims payments for brand image insurance[*2] ◇Decline in investment returns	H+	●	●	●

*1 D&O: Directors & Officers’ liability insurance. Compensation for damages, litigation expenses, etc., incurred by corporate officers because of claims for damages arising from acts (including omissions) committed by corporate officers in their capacity as officers
*2 Compensation for expenses incurred for measures necessary to restore brand image in the event of an accident requiring compensation, etc.

◇ Analysis of transition risk in insurance and financing

The Group conducts scenario analysis of the impact of transition risk on investments and loans. We have checked the impact of the mounting burden of carbon prices on the investment portfolio if carbon pricing is implemented. This analysis is based on the current greenhouse gas emissions of investee companies. As investee companies move forward with decarbonization efforts, the carbon costs they will bear in the future will decrease, and the impact on their management will be reduced. We will continue taking steps to mitigate the impact on our investment portfolio through engagement with investee companies.

Analysis of impact of carbon cost on investments

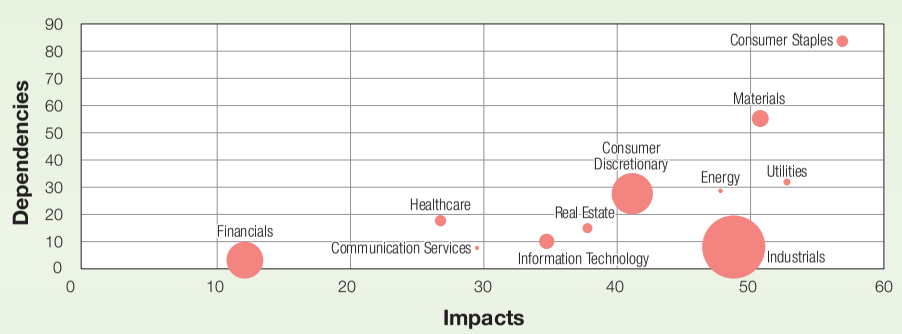
Using analysis tools from S&P Global Trucost, we calculated the current ability of investee companies to pay for future carbon costs they will incur (Carbon Earnings at Risk).

Impact of carbon costs on the Group’s investee companies	Example of stocks: 2030 Low scenario: 4.5% Medium scenario: 13.2% High scenario: 18.2%	Trucost’s high, medium, and low scenarios based on Nationally Determined Contributions (NDCs) and the OECD and IEA scenarios

Identification of key industry sector relating to climate- and nature

The impact of climate/nature-related physical risks, such as heat waves and depletion of water resources, varies greatly from industry to industry. Regarding transition risks, there are many industry-specific changes in the social environment, such as technological innovation and changes in policies, laws, and regulations, and industry-specific considerations are important for properly analyzing climate/nature-related risks. To this end, we have identified six key industries based on the extent of the dependencies and impacts of our client companies on climate and nature, as well as our Group’s ownership ratio of underwriting and investments and loans, and analyzed associated risks and opportunities. In this section, we analyze risks and opportunities in the “automotive and parts industry” and the “transportation industry,” two of the six key industries.

Dependencies, impacts, and exposure by industry



Explanation of table

- We identified business activities that depend on ecosystem services and those that have a large impact on natural capital, and arranged them in a table by adding up the ratings for each item of dependence and impact (within the impact, greenhouse gas emissions are calculated with double the weighting).
- The size of the bubble shows the total percentage of insurance (coverage for 10% of premiums income as of March 31, 2024) and investments and loans for both domestic and foreign listed stocks, corporate bonds, and corporate loans as of March 31, 2023.

Climate/nature-related risks in key industries

	Automotive and parts industry Risks: ◆ Upstream ■ Own operation ◇ Downstream Opportunities: ◆ Upstream ■ Own operation ◇ Downstream	MS&AD Group Risks: ● Underwriting ○ Investment and financing ◎ Consulting services, etc. Opportunities: ● Underwriting ○ Investment and financing ◎ Consulting services, etc.
Physical Risks	◆ Disruptions in the supply chain, such as damage to suppliers and contract manufacturers and suspension of logistics functions due to natural disasters ◆ Increased raw material costs due to lower yields and deteriorating quality of raw material caused by rising temperatures, drought, and ecosystem degradation ■ Damage to facilities and equipment due to natural disasters, losses incurred because of manufacturing stoppages, and sales declines ■ Deterioration in quality and operating rates due to temperature increases, increased energy costs, and employee health risks due to the deteriorating efficiency of air-conditioning and reduced productivity ◇ Damage to suppliers and delivery destinations, suspension of operations, disruption of store operations, and customer outflow because of natural disasters ■ **Strengthen BCP measures for large-scale disasters caused by extreme weather conditions to win customer trust and increase orders** ■ **Increase added value by enhancing product durability in response to rising temperatures, precipitation, and changing weather patterns**	● Increase in insurance payments due to natural disasters ● Decline in premiums income due to business downturn of client companies ○ Decrease in asset value and business downturn at investee companies due to damage from natural disasters ◎ **Support for the development of business continuity plans to prepare for natural disasters, extreme temperature increases, water shortages, etc.** ◎ **Increased income from the provision of services related to adaptation measures, disaster prevention and reduction, and nature conservation**
Transition Risks	◆■ Increased costs due to the introduction of a carbon tax ■ Decrease in demand for ICE cars due to growing awareness among consumers ■ Increased costs due to stricter regulations, such as emission regulations, fuel efficiency GHG emissions, water resources and waste management, and investment for energy efficiency and renewable energy ■ Loss of revenue due to negative reputation from air pollution, water pollution, plastic pollution, and waste from business operations ■ Decrease in reputation among stakeholders and investors and decline in sales due to delays in climate change measures and response to ESG disclosure ■ **Increased sales due to growing demand for EVs and FCVs** ■ **Gain market share through the successful introduction of environmentally friendly technologies, such as the use of renewable energy, and the reduction of water and plastics usage** ■ **Reduce costs by using recycled materials or resources and increase sales by promoting associated value** ◇ **Reduce costs and GHG emissions by efficient logistics (joint transportation, modal shift)**	● Decline in premiums due to business downturn in companies and markets concerned ● Decrease in premiums due to stricter underwriting standards and conditions resulting from stricter environmental regulations ○ Lower investment returns due to business downturn in companies and markets with insufficient responses to climate/nature-related issues ●○ Negative reputation due to involvement in businesses that lead to global warming and the destruction of nature ● **Increase sales by providing insurance that support new technologies such as EVs and FCVs, establish related value chains, introduce business models such as recycling** ○ **Business leap of such companies and markets which make progress in responding to climate/nature-related issues** ◎ **Increased income from credit intermediation to offset GHG emissions** ◎ **Develop and provide new services to mitigate negative impacts on nature related raw material procurement, etc.** ◎ **Increase in income from services supporting disclosure and business strategies considering climate/nature-related risks**

	Transportation industry	MS&AD Group
	Risks: ◆ Upstream ■ Own operation ◇ Downstream Opportunities: ◆ Upstream ■ Own operation ◇ Downstream	Risks: ● Underwriting ○ Investment and financing ◎ Consulting services Opportunities: ● Underwriting ○ Investment and financing ◎ Consulting services
Physical Risks	◆■ Severe impact on transportation infrastructure or flight schedules and increased risk of accidents due to natural disasters and weather changes ◆■ Decline in labor productivity under high temperatures, and an increase in costs due to a shortage of laborers ■ Reduced durability of vehicles and infrastructure, increased maintenance, and energy costs due to a deterioration in efficiency of air-conditioning because of extreme temperatures ■ Increased transportation costs due to the depletion of fossil fuels and other natural resources ■ Increased risk of accidents due to collisions with cetaceans, deer, bears, and other large animals ◇ Increased costs for alternative logistics and lost business opportunities due to damage and suspension of business partners caused by natural disasters ◇ Decrease in passengers due to degradation of natural tourism resources **■ Increase in income associated with services to meet increased transportation demand for responding rapidly to natural disasters**	● Increase in insurance payments due to natural disasters ● Decline in premiums income due to business downturn of client companies ○ Decrease in asset value and business downturn at investee companies due to damage from natural disasters **◎ Increased income from provision of services related to adaptation measures, disaster prevention and reduction, and nature conservation**
Transition Risks	■ Increase in operating and technological costs due to stricter emission regulations and fuel efficiency ■ Decrease in demand for conventional means of transportation due to a rise in environmental awareness ■ Increase in costs with the introduction of a carbon tax, credits, and the shift to biomass and SAF fuels ■ Loss of market share due to the failure to introduce environmentally friendly technologies, such as the use of renewable energy and the reduction of GHG emissions ■ Negative reputation from air pollution, water pollution, and waste from business operations ■ Accidents during transportation resulting in fines, compensation, pollution removal and habitat restoration expenses, etc., and reputation damage ■ Decrease in reputation among stakeholders and investors and decline in sales due to delays in climate change measures and response to ESG disclosure **■ Increase in sales due to introduction of EVs, FCVs, and other decarbonized energy-based transportation** **■ Reduction in costs and creation of a new market for environmentally and nature-friendly transportation services or joint transportation** **■ Reduce costs by using recycled materials and resources, and increase sales by promoting associated value** **■ Reduce transportation costs and GHG by efficient logistics (joint transportation, modal shift)**	● Decline in premiums income due to business downturn in the companies and markets concerned ● Decrease in premiums due to stricter underwriting standards and conditions resulting from stricter environmental regulations ○ Lower investment returns due to business downturn in companies and markets with insufficient responses to climate/nature-related issues ●○ Negative reputation due to involvement in businesses that lead to global warming and the destruction of nature **● Increased demand for new compensation due to support for innovation in areas such as new energy and transportation means** **○ Dramatic business progress of companies and markets that successfully respond to climate/nature-related issues** **◎ Increased income from mediation in areas such as credits to offset GHG emissions** **◎ Increase in income from the provision of services related to information disclosure and business strategies considering climate/nature-related risks**

Opportunities within the MS&AD Insurance Group

The Group aims to contribute to solving social issues and grow together with society to realize a resilient and sustainable society. Our business model, “Value Creation Story,” is centered on the highly public nature of the insurance business, where we provide value to society by solving social issues, and at the same time, we achieve value in terms of sales and profits.

Based on the “Perspective of Sustainability of the MS&AD Insurance Group,” the MS&AD Insurance Group, as an operator of insurance and financial service businesses, underwrites various risks including accidents and disasters, and provides compensation in case of emergency. In addition to reducing the occurrence of risks, we focus on solving social issues that cause risks. Through our efforts to “identify and inform on risks,” “prevent risks from occurring/minimize the impact,” and “reduce the economic burden,” we are creating shared value with society through our activities.

◇ Initiatives to “identify and inform on risks” ~ Business Activities with Consideration for Sustainability ~

Based on our “Perspective of Sustainability,” the Group practices business activities with consideration for sustainability, aiming to solve social issues together with our stakeholders. When underwriting and making investments and loans, we evaluate and analyze risks that could pose a negative impact on the environment and society and work with our business partners to reduce these risks. In addition to climate/nature-related physical and transition risks, assessments also cover risks related to the impact on nature and local communities, as well as risks related to indigenous peoples’ rights; associated with renewable energy projects, which are rapidly spreading as part of efforts to achieve decarbonization; and new agriculture, forestry, and fisheries projects that involve large-scale development in unexplored areas. We support net zero and nature positive through the provision of products and risk consulting services that contribute to the prevention and reduction of discovered risks and the resolution of issues.

“Perspective of Sustainability” (https://www.ms-ad-hd.com/en/csr/summary/materiality.html)

Expand efforts for before and after compensation and protection for natural disasters

In response to the frequent occurrence of natural disasters, the Group supports local disaster prevention and reduction activities through services such as the “Cmap Real-Time Damage Forecasting Website and App” and the “‘Disaster Prevention Dashboard’ disaster prevention and reduction system.” Japan’s first alert service that notifies users of information on hailstorm forecasts helps to avoid and mitigate damage by delivering push alerts to users in areas where the probability is increasing. In addition, our “Inland Flooding Forecast System,” which is currently undergoing verification experiments, predicts inland flooding, which is frequent in urban areas, thus fulfilling a useful purpose in helping residents evacuate and take countermeasures, with the aim of mitigating damage.

In addition, to help disaster victims rebuild their lives as quickly as possible, we support the prompt issuance of disaster damage certificates as a post-compensation service, as well as more efficient administrative work for their delivery.

To implement these various services and local disaster prevention and reduction activities, we have launched the “Disaster Prevention Partner” system in cooperation with agents and other organizations. With the Group playing a central role, we will work together to conduct disaster prevention activities suited to local characteristics and build frameworks for cooperation with local governments and disaster relief organizations. In this way, we will improve local disaster preparedness while also creating business opportunities by strengthening our points of contact with customers.



Development and provision of products and services that contribute to climate change adaptation

“Flood compensation,” which is attached to fire insurance for homes and businesses, covers damage to buildings, household goods, and equipment caused by floods. Prompt compensation for damages is extremely important for supporting disaster victims in rebuilding their lives. “Weather derivatives” are designed to stabilize earnings by avoiding or mitigating losses, such as reduced sales or increased costs, caused by extreme or unfavorable weather conditions. Their effect is particularly noticeable in industries that depend heavily on the weather, such as agriculture and tourism. In Australia, the “Weather Index Insurance Platform for Farmers” enables online, real-time insurance quotes. We leverage insurtech technology to provide this service, making it possible to obtain coverage quickly and conveniently. In addition, in countries where insurance markets are not fully developed, recovery and reconstruction can be extremely difficult if natural disasters of a certain scale occur, which could lead to further poverty and political instability. Accordingly, we work with the World Bank and other international institutions to endeavor to promptly provide funds to such countries, through participation in public natural disaster compensation programs.



Support for net zero and nature positivity through insurance products and services

The Group provides insurance and services to support businesses as they transition to net zero and nature positivity, including analysis of risks associated with renewable energy projects and compensation for such risks. We provide insurance for reduced earnings if equipment expected to generate J-Credits is affected by natural disaster. “RoofPlus” is a scheme to support the introduction of solar power generation for in-house consumption by SMEs through a leasing system in cooperation with solar O&M companies. The installation of power generation on rooftops was previously mainly performed by large companies, but this scheme makes it easy for SMEs to do so.

To support decarbonization, we have also developed a special policy to compensate for additional costs. With a conventional insurance policy, we could only pay insurance claims to restore a property to its original condition, but based on the concept of “Build Back Better,”* we are supporting the transition to a net-zero society. The “Carbon Neutral Support Agreement” provides compensation associated with the installation to reduce CO_2 emissions when restoring damaged buildings, and the “EV Replacement Expense Clause” provides compensation to replace an ICE vehicle with an EV after major damage due to an accident.

Reducing resource use is a key element in the transition to nature positivity, and the promotion of a circular economy is thus essential. In response to the social issue of mass disposal in the apparel industry, “Clothing Recycling Expense Compensation (No-burn Insurance)” supports the recycling of clothing by providing compensation associated with recycling when apparel manufacturers and retailers suffer damage. In addition, we are working with customers to utilize recycled parts in automobile repairs, thus contributing to a circular economy.

In terms of products and services that contribute to the preservation and restoration of natural capital and biodiversity, the “Marine Pollution Response Additional Expense Compensation Clause” covers the cost of preservation and restoration activities for damage to nature to complement the social responsibilities of ship operators, which were previously not subject to compensation. The “Reforestation Expense Compensation Clause (Forest Keeper)” covers the cost of reforestation of damaged forests. We also offer an insurance program that provides compensation for the risk of fire spread from “noyaki (open burning),” which is essential for maintaining grasslands in the Aso region of Kumamoto Prefecture. In some cases, noyaki had to be suspended owing to lack of allowance for the risk of fire spread, but thanks to the provision of “noyaki insurance” by the Group, traditions closely tied to the nature and history of Aso have been maintained, contributing to the nurturing of agricultural and livestock products, as well as preserving abundant water resources, among other ecosystem services.



*A concept advocated in the field of disaster prevention, based on the idea of achieving community development with more resilient measures, in addition to restoring communities to their original state during the reconstruction phase after a disaster occurs.

Support for analysis, assessment, and disclosure of climate/nature-related risks and opportunities

MS&AD InterRisk Research & Consulting provides services to analyze and assess climate/nature-related physical and transition risks and support disclosure. We have focused on quantitative assessment of physical risks related to climate change in collaboration with external organizations with advanced knowledge. In 2020, we collaborated with U.S. start-up Jupiter Intelligence to launch a service that quantitatively assesses various forms of catastrophe risk in the future to within 90 m^2 accuracy for the entire world, leveraging AI-based climate change impact assessments. In our “Large-scale risk assessment of Climate change for Flood (LaRC-Flood®)” project in collaboration with the University of Tokyo and Shibaura Institute of Technology, launched in 2018, we estimate changes in future flood frequency and inundation depth distribution with a high degree of accuracy worldwide, and we utilize the results in consulting. In addition, in FY2023, we began offering “Flood Risk Finder,” a SaaS-type platform that enables global flood risk assessment, as a new business.

For nature-related risks, the entire value chain, including raw material procurement, as well as direct business activities, should be subject to assessment. It is important to conduct scientific analysis and assessment on a regional basis, as risks differ depending on the state of nature and ecosystems in each region that businesses have contact with and the details of the business. With the evolution of AI and DX technologies, “naturetech” start-ups, which understand and analyze complex nature, are emerging in Japan and abroad. The Group has performed a series of demonstrations with companies with groundbreaking technologies, including a partnership with Think Nature Inc., which possesses big data related to natural capital, in 2022. While engaging in these demonstrations, we provide support focused on industries with particularly strong connections to nature, such as TNFD disclosure support focused on the urban real estate industry and freshwater resources, in addition to general support.



Flood Risk Finder screen image

Collective action to encourage the transition to nature positive

Unlike net zero, the transition to nature positive requires different initiatives depending on the state of the local nature and ecosystem. It is important to share clear targets for nature positive based on the details and degree of dependence on nature and the impact of land use change, as we work to solve local social issues. Then, we must formulate effective measures and promote collective action by various stakeholders. In the MS&AD Green Earth Project, we engage in collective action to encourage a shift to nature positive through activities to preserve and restore nature in three locations across Japan, in collaboration with research institutions and involving local businesses, NPOs, etc. As part of our efforts to achieve Green Resilience in local communities, we aim to build safe, secure, and vibrant regional models, such as mitigating flood damage through preservation and restoration of wetlands across entire basins, and the formation of alliances for groundwater preservation and use.



“Green Basin Flood Control Project” for the Kuma River in Kumamoto Prefecture: In the Kuma River basin, which suffered serious flood damage in July 2020, we are focusing on disaster prevention and reduction and local regeneration by protecting and utilizing nature, including the preservation of wetlands. We are also focusing on developing “rain garden partnerships” within the prefecture, in which both citizens and businesses participate.

Foundations

Sustainability

Sustainability initiatives and dissemination among employees

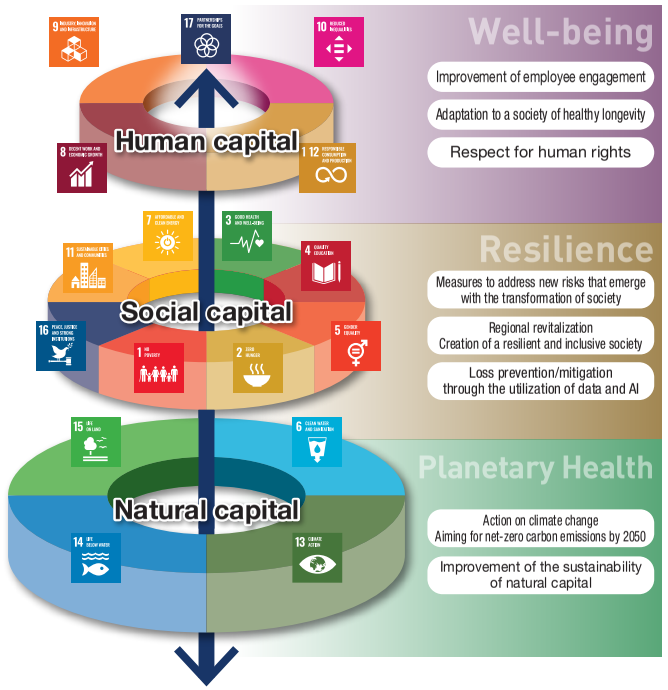
The MS&AD Insurance Group has identified "Symbiosis with the global environment (Planetary Health)," "Safe and secure society (Resilience)," and "Happiness of diverse people (Well-being)" as three key issues from among various social issues, and we are focused on finding solutions to these issues.

Although the three might appear to be separate issues, they are deeply interrelated and require integrated efforts to address them.

The SDGs Wedding Cake model proposed by the Stockholm Resilience Centre is a model that illustrates how the 17 SDGs are made up of three layers, which are closely related to each other.

Translated into key social issues for the Group, the happiness of diverse people is made possible by a safe and secure society, which in turn has symbiosis with the global environment, or the natural environment necessary for people to live in.

Source: Prepared by the Company based on the SDGs Wedding Cake model by the Stockholm Resilience Centre



Topics

Sustainability Contest

Approximately 40,000 Group employees in Japan and overseas working on sustainability issues

The Group believes that it is important for every employee to feel that their day-to-day work is connected to the sustainability of society and to work together with customers to resolve sustainability issues.



At the 2nd Sustainability Contest held at Aioi Nissay Dowa Insurance Century Hall (Ebisu) in 2019

Since 2018, we have held the Sustainability Contest with the aim of instilling an understanding of our story of value creation and CSV (Creating Shared Value with society) in our daily operations. To date, we have received approximately 2,200 applications from Group companies in Japan and overseas, and the contest has contributed to solving sustainability issues while also sharing excellent initiatives within the Group.



We held Sustainability Contests from 2020 to 2022 (3rd to 5th contests) online without cancellation despite the COVID-19 pandemic. A local subsidiary in India was awarded the Grand Prize in 2022.

Future Sustainability Contests

For the FY2024 Sustainability Contest, we plan to establish awards by theme to recognize a variety of initiatives, such as initiatives by young employees and senior employees, collaboration with external parties, and inter-group cooperation, to enable many employees to apply to the contest as a forum for reflecting on the cycle of sustainability initiatives. We will encourage our employees to take on the challenge of solving social issues and foster the "earning power" of the Group.

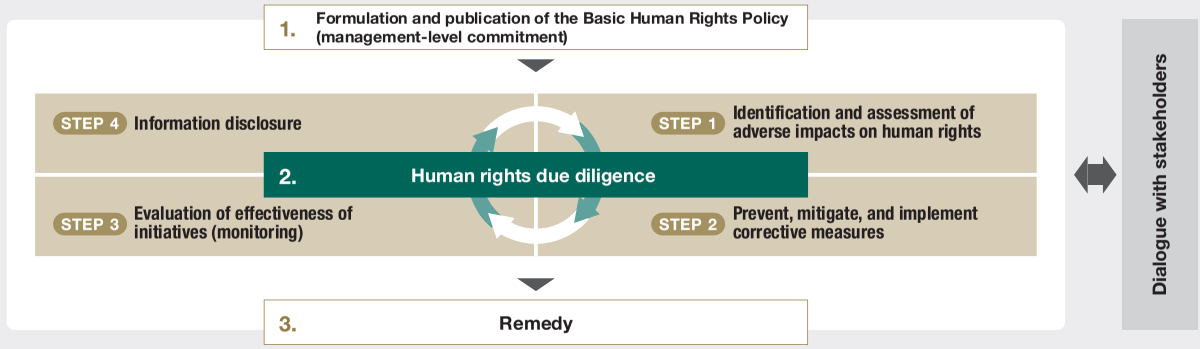
Happiness of diverse people (Well-being): Respect for human rights

The MS&AD Insurance Group will fulfill its corporate responsibility to respect human rights in the way required of corporations and contribute to the realization of a sustainable society, in accordance with the UN Guiding Principles on Business and Human Rights.

To realize the Group's mission, "To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business," it is important that we consider the mutual impact of all our business activities on society, including the environment and human rights, when acting. The MS&AD Insurance Group Basic Human Rights Policy, which applies to all officers and employees of the Group, agents, and other business partners, etc., and a wide range of other parties involved with the Group, clarifies that the Group has a responsibility to respect and protect human rights. Based on this Basic Human Rights Policy, we identify and assess potential negative impacts on human rights that might occur in our business activities and work with a wide range of stakeholders to promote efforts to respect human rights (human rights due diligence) to prevent or mitigate such impacts.

Management system of respect for human rights

We promote efforts in accordance with a management system of respect for human rights, including the formulation of human rights policies, the implementation of human rights due diligence, and the provide of remedies.



Prepared with reference to the "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains" by the Ministry of Economy, Trade and Industry

Activities and dialogue that respect human rights

Establishment of the Basic Human Rights Policy

Since February 2017, we have established the "MS&AD Insurance Group Basic Human Rights Policy" and have been fulfilling our corporate responsibility to respect human rights.

Identification and assessment of adverse human rights impacts

We have organized the points of contact where human rights risks occur from the Group's value chain and stakeholders, created a risk map, and identified three priority issues in our efforts to respect human rights.

1) Fair and impartial customer service
2) Consideration of human rights measures by underwriters, investors, and external contractors
3) Consideration for the health of employees and a working environment free of discrimination

In response to the April 2023 release of METI's "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains" and reflecting the overall efforts to respect human rights at our overseas entities, we conducted a reassessment of the FY2021 assessment in FY2023.

Implementation of prevention, mitigation, and corrective measures, and monitoring

Examples of prevention and mitigation measures

Fair and impartial customer service

We listen to a wide range of customer opinions through the implementation of initiatives in line with our "customer-first policy in business operations" and are working on continuous improvements to our quality and operations

Consideration of human rights measures by underwriters, investors, and external contractors

We have formulated the Group policy on "business activities with sustainability in mind" and implemented business activities with ESG factors in mind. We consider these factors, including respect for human rights, in underwriting and investment and financing

Consideration for the health of employees and a working environment free of discrimination

We implement initiatives to prevent harassment in workplace training, position-based training, and e-learning training, etc., for all employees (including contract employees and dispatch employees)

Through various types of monitoring, including inspections of outside vendors, we confirm the efficiency and effectiveness of prevention and reduction measures, and implement dialogue and corrective actions.

Remedy

We have established a reporting and consultation system for employees and others, a harassment hotline, and a human rights issues consulting desk mainly for outside vendors, so that in the event of a violation of laws and regulations or internal regulations, or inappropriate behavior, we can promptly recognize that fact and take the necessary measures as a company.

Progress of the Medium-Term Management Plan (2022–2025)

Progress of numerical management targets financial

The quantitative targets (financial) of the Medium-Term Management Plan (2022–2025) are to achieve Group adjusted profit of ¥760 billion (¥450 billion excluding the impact of the sale of strategic equity holdings) and Group adjusted ROE of 16% (10% excluding the impact of the sale of strategic equity holdings), with the aim of achieving global peer-level profits and profitability by FY2025. Efforts to strengthen profitability are steadily progressing, and we are responding appropriately to changes in the environment. Together with the impact of accelerated sales of strategic equity holdings, this has resulted in a significant expansion in the Group adjusted profit forecast for FY2025 to ¥760 billion, compared with the target of ¥440 billion–¥470 billion set at the time the Medium-Term Management Plan was formulated. We have also revised the timing of the application of IFRS to the end of FY2025 from the viewpoint of appropriate financial reporting.

Structure of the FY2025 profit target

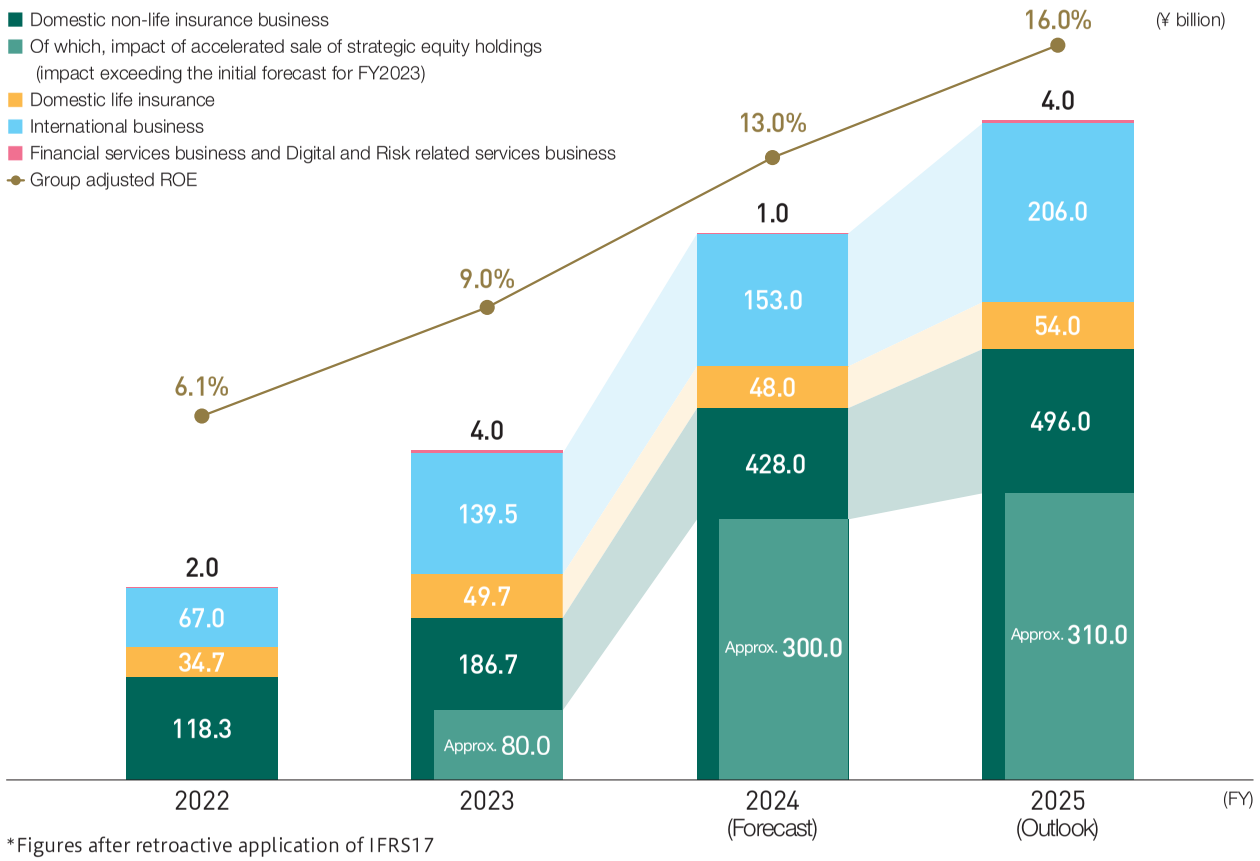
We aim to increase Group adjusted profit by ¥380.1 billion over the next two years, from ¥379.9 billion in FY2023.

The factors contributing to growth in profit are expected to be as follows: in the domestic non-life insurance business, approximately ¥309.0 billion from the impact of accelerated sales of strategic equity holdings, as well as the promotion of improvement in profitability and major business style reforms; in the domestic life insurance business, approximately ¥4.0 billion; in the international business, approximately ¥67.0 billion from the improved profitability of Lloyd's and the reinsurance business, as well as the accelerated growth of the Americas business, and improvements in the profitability of the Toyota retail business and other factors.

(¥ billion)

Group adjusted profit

	FY2023 results	FY2024 (forecast)	FY2025 (outlook)
Total	379.9	630.0	760.0
Domestic non-life insurance business	186.7	428.0	496.0
Domestic life insurance business	49.7	48.0	54.0
International business	139.5	153.0	206.0
Financial services business/ Digital and Risk related services business	4.0	1.0	4.0



*Figures after retroactive application of IFRS17

Progress of numerical management targets non-financial

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that support the three basic strategies of the Medium-Term Management Plan (2022–2025), we have set the following numerical management targets (non-financial) for sustainability, quality, and human asset initiatives. By achieving these numerical management targets, we will support the promotion of our basic strategy to become a corporate group that supports a resilient and sustainable society.

Sustainability KPIs

Priority issue	KPI progress		Target	FY2023 results
Symbiosis with the global environment (Planetary Health)	GHG emission reduction rate (versus FY2019)		FY2030: -50% FY2050: Net zero	-35.3% (Scope 1 + 2)
	Renewable energy usage rate		FY2030: 60% FY2050: 100%	23.0%
	FY2025	Premium growth rate for products that contribute to the decarbonization of society and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	24.5%
Safe and secure society (Resilience)	FY2025	Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	17.6%
		Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	11,892 cases
Happiness of diverse people (Well-being)	FY2025	Number of companies supporting human rights–related measures Example: Harassment prevention consulting	1,000 instances a year	1,047 cases
		Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	70,000 cases
		Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.60 million	2.22 million cases

Human assets and quality KPIs

( ): FY2023 results

Human Assets

End of FY2030 (aiming for early achievement)

- Percentage of female managers: 30% (21.6%)
- Percentage of female line managers: 15% (18.4%)

FY2025

- Digital human resources: 7,000 persons (5,814 persons)
- Overseas human resources: 1,200 persons (1,189 persons)
- Productivity improvement: 8.5% (9.2%)
- Percentage of mid-career hires among managerial staff: Current level (23.0%) or higher
- Percentage of non-Japanese managers among officers of overseas subsidiaries: Current level (83.2%) or higher
- Percentage of employees who exercise regularly: Current level (27.8%) or higher
- Male childcare leave: Percentage of male employees taking childcare leave: 100%; Duration of leave: 4 weeks (89.9%, 12.1 days)
- Number of annual paid leave days taken: The same level or higher compared with the previous year (16.5 days)
- Employee awareness survey:
  - Sense of feeling that our business helped create shared value
  - Constant awareness of Mission, Vision, and Values
  - Pride in work, feeling motivated
  - Playing active roles

  → The same level or higher compared with the previous year

See P.82 for employee satisfaction data

Quality

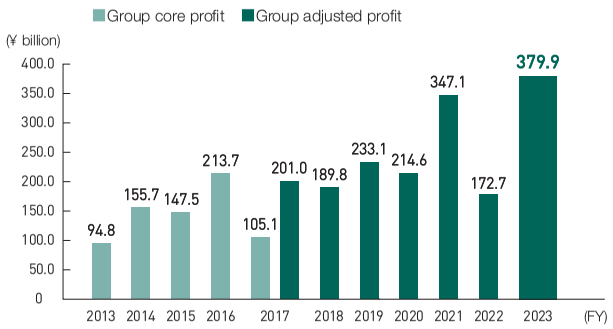
FY2025

- Customer satisfaction level (on contract procedures and the claim payment process): The same level or higher compared with the previous year

☑ A check mark indicates that FY2023 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

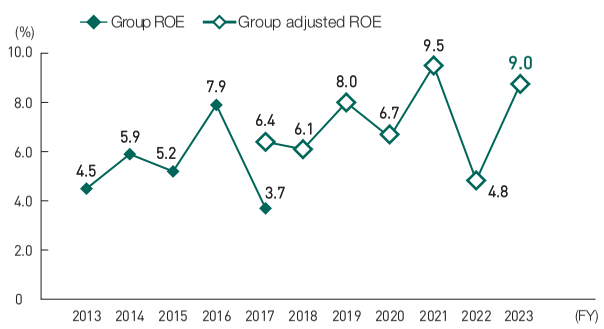
Numerical Management Targets

Group core profit/Group adjusted profit*1



This is profit that serves as a source of shareholder returns and is the numerical management target in the Medium-Term Management Plan.

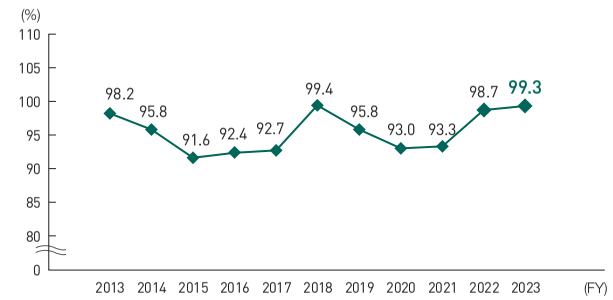
Group ROE/Group adjusted ROE*1



This is one of the numerical management targets in the Medium-Term Management Plan and indicates the ratio of Group core profit/Group adjusted profit, as shown to the left, in respect to consolidated net assets.

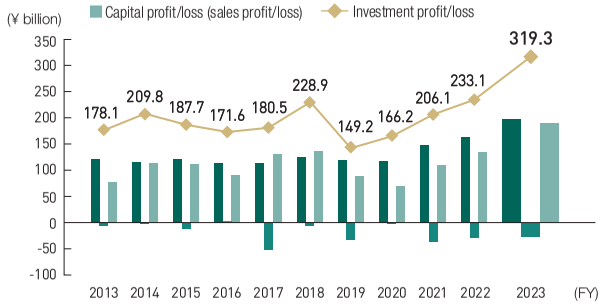
Profitability Indicators

Combined ratio*2 (domestic non-life insurance business)



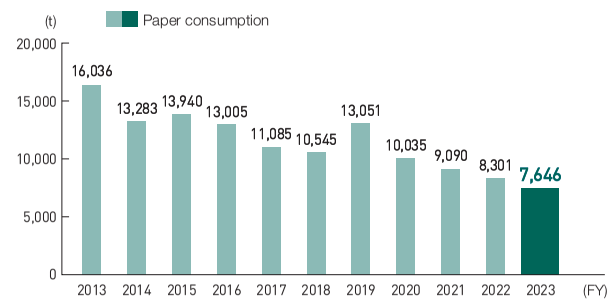
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

Investment profit/loss*2 (domestic non-life insurance business)



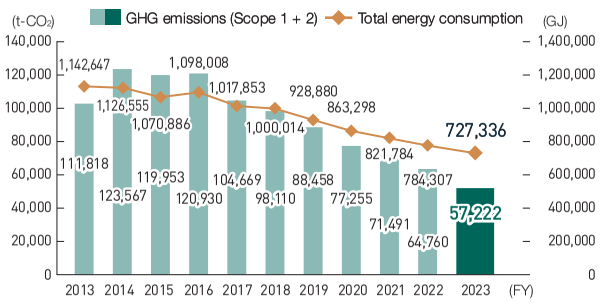
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

Paper consumption



Paperless meetings, PDF-format pamphlets, and portable device and tablet use are being actively incorporated to help reduce paper consumption through various measures including increased application of RPA. FY2019 saw a temporary increase in printed materials due to the change in Japan's era name and product revisions.

☑ Greenhouse gas (GHG) emissions and total energy use*3



Reducing GHG emissions will contribute to mitigating climate change, which is a risk to the insurance business. It also contributes to a reduction in business expenses related to energy use.

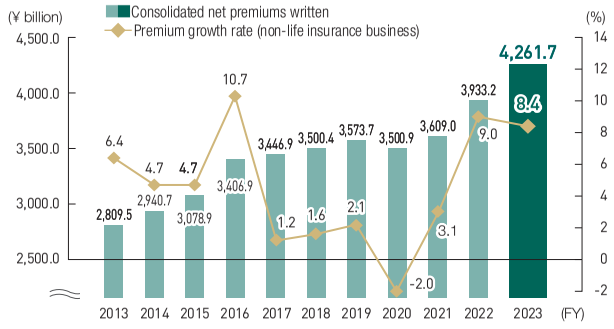
*1 The definitions for adjusted profit and adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018. (See the "Glossary of Insurance Terminology" on p. 117 for details.)

*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

*3 For FY2013 to FY2016, GHG emissions resulting from tenant use of rental properties were included in our own GHG emissions. Moreover, emissions for FY2013 to FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures. Total energy consumption is calculated based on the energy conversion coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. Electric power energy use, however, is 3.6 GJ/MWh.

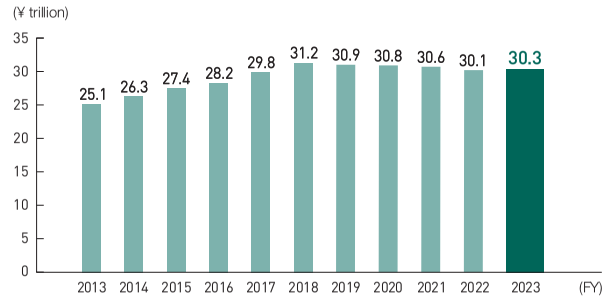
Growth Potential Indicators

Consolidated net premiums written*4 and premium growth rate (non-life insurance business)



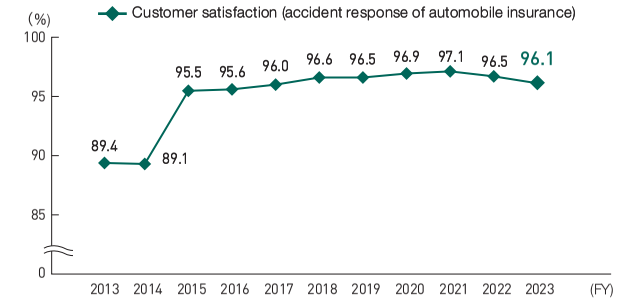
Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

Policies in force*7 (domestic life insurance business)



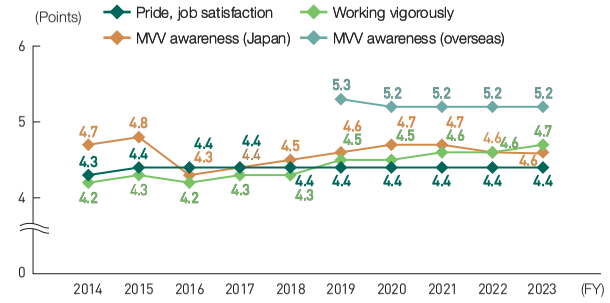
Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on p. 120.)

Customer satisfaction*5



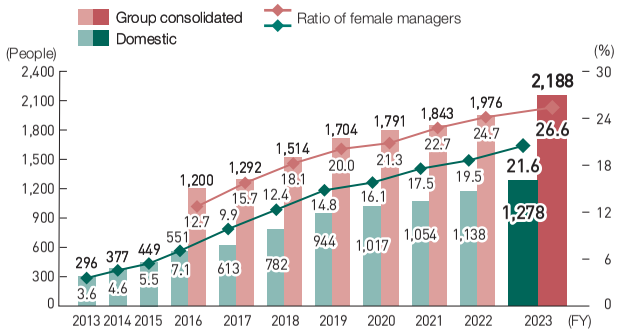
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

Employee satisfaction



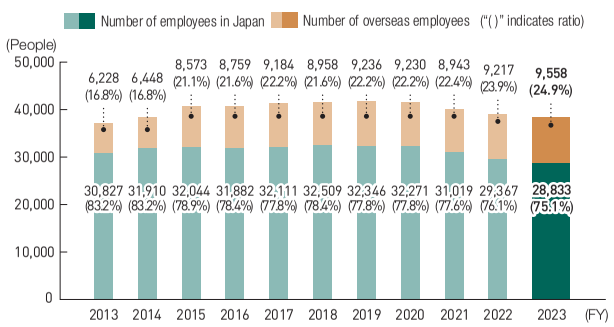
Scope: Domestic Group companies. All-employee average on a 6-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

☑ Number and ratio of female managers*6



By promoting diversity in the manager position (section managers and above), we believe that we will allow for strategies, product development, and organizational management that incorporate diverse perspectives and sense of values, leading to higher customer satisfaction and growth potential.

☑ Number and ratio of global employees



Increasing the number of employees from different cultures and with a diverse sense of values, and deepening mutual understanding among employees, leads to stronger organizational capacity for the Group and is a driving force especially in international business development.

*4 Excludes the Good Results Return premiums of the "ModoRich" voluntary automobile insurance product

*5 Customer survey choices were streamlined from five options to four in FY2015 and unified within the Group. This figure indicates the ratio of customers who chose the top two options (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance).

*6 As of April 1 of the subsequent fiscal year for domestic Group companies and as of December 31 for overseas Group companies

*7 Total amount of policies in force for individual insurance and individual annuity insurance at MSI Aioi Life and MSI Primary Life

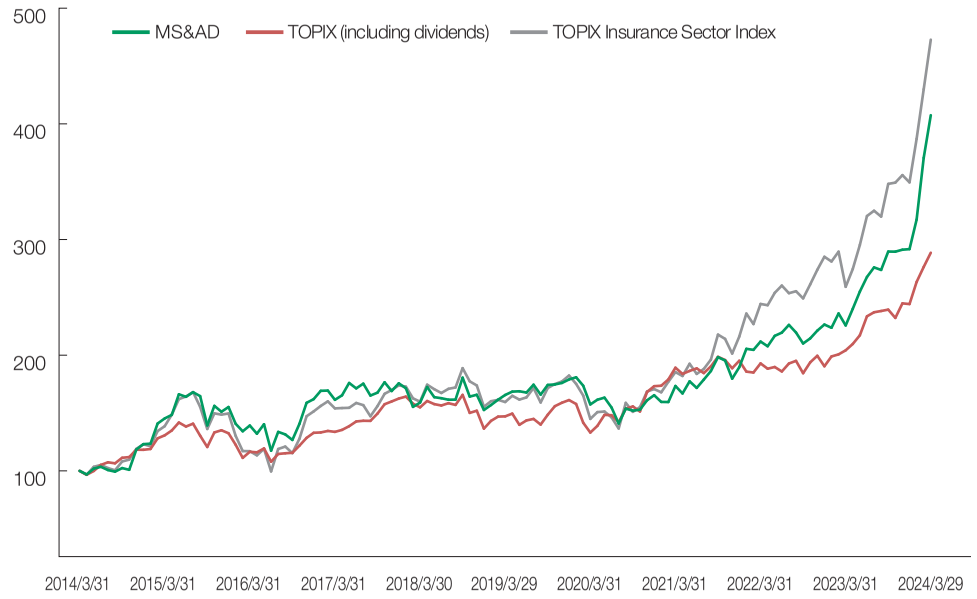
11-Year Performance

Key Management Indicators

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Consolidated financial data (¥ million)												
Ordinary income	4,362,754	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361	4,892,244		5,132,042	5,251,271	6,572,889
Net premiums written	2,811,611	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732	3,500,996		3,609,052	3,934,473	4,261,736
[Net premiums written]*1	[2,809,581]	[2,940,756]	[3,078,995]	[3,406,966]	[3,446,940]	[3,500,403]	[3,573,732]	[3,500,996]		[3,609,052]	[3,934,473]	[4,261,736]
Insurance claims paid (non-life + life)	2,025,545	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833	2,307,722		2,418,385	2,772,451	2,774,237
Ordinary profit/(loss)	190,259	287,061	291,578	352,612	211,548	290,847	157,701	306,524		390,499	231,113	416,440
Net income attributable to owners of the parent*2	93,451	136,247	181,516	210,447	154,057	192,705	143,030	144,398		262,799	161,530	369,266
Comprehensive income/(loss)	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938		310,470	-80,923	1,527,696
Net assets	2,285,832	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038	3,126,657		3,302,749	3,056,273	4,513,562
Total assets	16,878,148	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455	24,142,562		25,033,846	25,000,433	26,960,207
Consolidated solvency margin ratio*3	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%		857.9%	777.7%	771.8%
Equity ratio	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%		13.0%	12.0%	16.6%
Return on equity (ROE)	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%		8.3%	5.2%	9.8%
Combined ratio*4 (domestic non-life insurance)	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%		93.3%	98.7%	99.3%
Group core profit*5/Group adjusted profit*6	¥94.8 billion	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion	¥214.6 billion		¥347.1 billion	¥172.7 billion	¥379.9 billion
Group ROE*7/Group adjusted ROE*8	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%		9.5%	4.8%	9.0%
Per share data (yen)												
Net income per share (basic)*9	50.19	73.78	99.57	116.98	86.68	109.57	82.78	85.26		158.17	99.93	231.83
Net income per share (diluted)*10	—	—	—	116.96	86.66	109.53	82.74	85.21		158.10	99.90	231.77
Group core profit/(Loss) per share/ Group adjusted profit*11	50.93	84.33	80.94	118.79	59.15	107.95	134.97	126.73		208.96	106.86	238.54
Dividend per share (DPS)	18.66	21.66	30.00	40.00	43.33	46.66	50.00	51.66		60.00	66.66	90.00
Book-value per share (BPS)	1,215.40	1,673.13	1,489.86	1,524.27	1,654.88	1,570.70	1,436.12	1,841.80		1,985.07	1,877.98	2,817.00
Stock price–related data												
Year-end market price (closing price) (yen)	788	1,123	1,045	1,180	1,118	1,123	1,008	1,083		1,326	1,368	2,711
Price-earnings ratio (PER)*12 (times)	15.70	15.23	10.50	10.09	12.90	10.25	12.18	12.70		8.38	13.70	11.69
Price-to-book ratio (PBR)*12 (times)	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59		0.67	0.73	0.96
Dividend yield*12	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%		4.5%	4.9%	3.3%
Annual total shareholder return (TSR)*13	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%		28.0%	8.2%	104.8%
Stock price volatility (annual rate)*14	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%		21.7%	23.7%	27.2%
Capital management policy data (¥ million)												
Total dividends	34,715	39,900	54,447	71,489	77,014	81,720	85,770	86,995		99,088	107,140	143,348
Dividend payout ratio (consolidated)	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%		37.9%	66.7%	38.8%
Aggregate amount of repurchase*15	9,997	29,992	19,996	29,938	29,981	31,972	34,999	34,999		74,999	19,999	(Maximum) ¥200 billion
[Average repurchase price (yen)]*16	(841)	(1,124)	(1,014)	(1,246)	(1,146)	(1,160)	(1,135)	(1,095)		(1,346)	(1,706)	—
Shareholder return ratio*17	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%		50.0%	74.0%	(Plan) 90.0%
Nonfinancial data												
Customer satisfaction (accident response for automobile insurance)*18	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%		97.1%	96.5%	96.1%
Number of employees	37,055	38,358	40,617	40,641	41,295	41,467	41,582	41,501		39,962	38,584	38,391
(of which at consolidated overseas subsidiaries) ☑	(6,228)	(6,448)	(8,573)	(8,759)	(9,184)	(8,958)	(9,236)	(9,230)		(8,943)	(9,217)	(9,558)
Number of female managers*19 (domestic) ☑	296	377	449	551	613	782	944	1,017		1,054	1,138	1,278
Number of employees participating in social contribution activities (domestic)	11,373	15,124	16,507	19,861	20,022	23,601	27,673	26,519		23,024	22,553	21,231
Greenhouse gas emissions (Scope 1 + 2)*20 (t-CO_2) ☑	111,818t-CO_2	123,567t-CO_2	119,953t-CO_2	120,930t-CO_2	104,669t-CO_2	98,110t-CO_2	88,458t-CO_2	77,255t-CO_2		71,491t-CO_2	64,760t-CO_2	57,222t-CO_2
Paper consumption (domestic)	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t	10,035t		9,090t	8,301t	7,646t

☑ A check mark indicates that FY2023figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Total shareholder return (TSR) over the past 10 years



- The graph shows the fair value (investment performance) of investments at each point in time, with the investment amount as of March 31, 2014, set as 100.
- We have calculated our total shareholder return (TSR) based on the accumulated amount of dividends and the share price. Moreover, when accumulating dividends, the amount of dividends prior to the stock split is calculated using detailed figures without rounding fractional amounts.
- Returns for TOPIX data are calculated using the index including dividends.
- Rates of return beyond one year are converted to annualized rates of return by averaging over multiple years.

Source: Calculated by MS&AD Holdings based on data from Bloomberg

*1 Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special clause for premium adjustment and refund at maturity.
*2 The net income or net loss attributable to parent company shareholders is disclosed.
*3 Consolidated solvency margin ratios have been calculated from FY2011 reflecting the revision of the Insurance Business Act, etc.
*4 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*5 Group core profit = Consolidated net income – Net capital gains/losses on stock (e.g., gains/losses on sales) – Net evaluation gains/losses on credit derivatives – Other incidental factors + Equity in earnings of the non-consolidated Group companies (before FY2017)
*6 Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + Equity in earnings of the non-consolidated Group companies (from FY2018)
*7 Group ROE = Group core profit ÷ Consolidated net assets (average of beginning and ending amounts excluding stock acquisition rights and non-controlling interest) (before FY2017)
*8 Group adjusted ROE = Group adjusted profit ÷ Average of beginning and ending amounts on the B/S of adjusted net assets (Consolidated net assets + Catastrophe loss reserve and others – Goodwill and other intangible fixed assets) (from FY2018)
*9 Net income/(loss) per share (EPS) disclosed
*10 Net income per share (EPS) and diluted EPS disclosed. Diluted net income/(loss) per share data before FY2015 are not disclosed because there was no potential dilution during that period.
*11 Group core profit/(loss) per share (before FY2017) or Group adjusted profit/(Loss) per share (from FY2018)
*12 Stock price–related indicators are based on the market price of the stock at the end of the fiscal year.
*13 Total shareholders' return is calculated as follows: (Fiscal year-end stock price – Previous fiscal year-end stock price + Annual dividends) ÷ Previous fiscal year-end stock price
*14 Stock price volatility is the annualized standard deviation of returns based on daily closing prices.
*15 The aggregate amount of repurchase price in FY2023 is ¥200 billion (maximum). Of this amount, ¥10 billion has already been acquired. The acquisition period for the remaining ¥190 billion is from May 21, 2024, to December 23, 2024 (resolved at the Board of Directors meeting held on May 20, 2024).
*16 The average repurchase price for FY2023 has not been stated because the repurchase of own shares has not been completed.
*17 Shareholder return ratio = (Dividends applicable to the fiscal year (paid in December of that year and June of the following year) + Value of share repurchases during the period through the time of the general shareholders' meeting in the following fiscal year) ÷ Group core profit for the fiscal year (from FY2018: Group adjusted profit))
*18 Ratio of customers satisfied with accident response for automobile insurance (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance). From FY2015, the client survey was modified from five stages to four stages.
*19 Number of female employees in positions of manager or higher (as of April 1 of the subsequent fiscal year for domestic Group companies)
*20 From FY2013 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2013 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.

Domestic Non-Life Insurance Business

Aspirations

In the domestic non-life insurance business, we will leverage our strengths in "three distinctive insurance companies," the "largest sales network in Japan," and a "strong network" to improve profitability in voluntary automobile insurance; enter the black earlier in fire insurance; and accelerate the expansion of casualty insurance to increase profits and continue to achieve strong growth.

Business Environment

Strengths and features

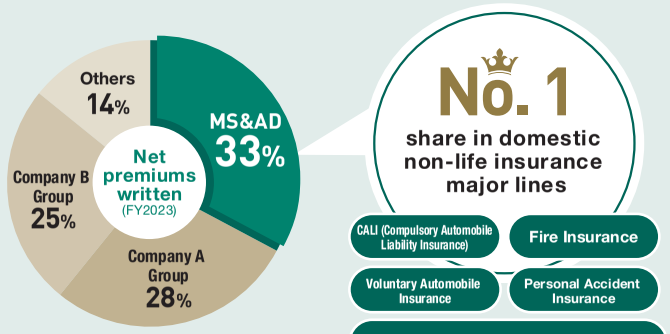
- To meet diversifying customer needs brought on by changes in social structure and lifestyles, our Group provides products and services through three non-life insurance companies with different business models (such as products and sales channels). Mitsui Sumitomo Insurance conducts businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance centers on foundations with the Toyota Group and the Nippon Life Insurance Group and conducts locally rooted businesses. Mitsui Direct General Insurance specializes in direct sales to individual customers. We leverage their respective strengths to maintain scale and superiority in Japan.

Risks and opportunities

- In the domestic non-life insurance market, the environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly severe. In recent years, insurance payments have increased due to frequent and severe natural disasters, and the burden on business expenses has increased because of rising inflation and wage increases. There are also concerns about the future contraction of the insurance market due to the falling birth rate and aging population in Japan. In this environment, our Group will continue to work toward sustainable growth with this business as our core business, by steadily incorporating insurance needs for new risks and taking as a business opportunity the solution of social issues that emerge in the wake of various changes in the environment, such as the advancement of digitalization.

Market position

- With diverse partnerships and the largest number of distribution channels in the industry, we have the largest market share in major lines of business in the domestic non-life insurance market.



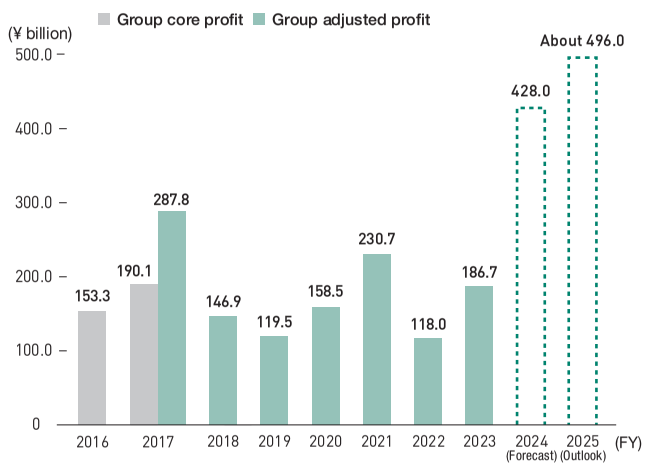
MS&AD Mitsui Sumitomo Insurance
MS&AD Aioi Nissay Dowa Insurance
MS&AD Mitsui Direct General Insurance

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

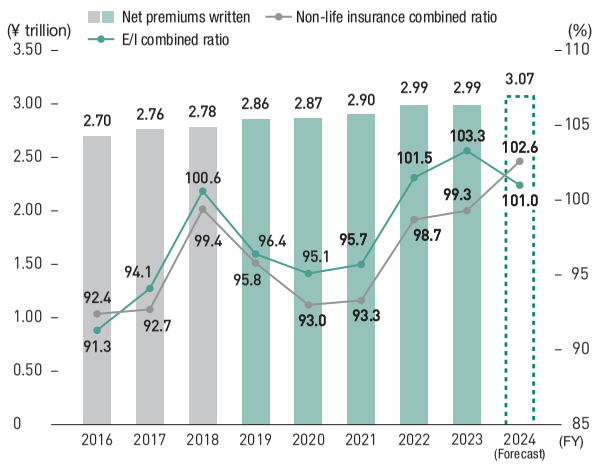
Group Management Figures

(Non-consolidated simple sum of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance)

Group core profit/Group adjusted profit



Net premiums written and combined ratio*1



*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Progress of the Medium-Term Management Plan (2022–2025)

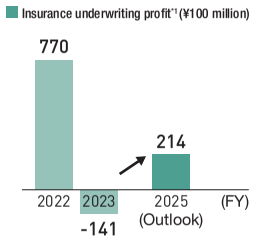
Voluntary automobile insurance profitability improvements

Measures

- Premium rate increase (January 2024) and optimization of underwriting and claim payments
- Strengthen response to secondary perils such as hailstorms
- Strengthen sales of telematics insurance (including products with dashcams), which contribute to lower accident rates, and enhance efforts to reduce traffic accidents and detect fraudulent claims

Achievements

- In FY2023, the loss ratio worsened and insurance underwriting profit turned negative owing to an increase in the frequency of accidents, increases in labor and parts unit costs, and an increase in the average payout per claim owing to inflation and other factors
- We aim to increase underwriting profit and achieve our target for FY2025 by lowering the loss ratio through strengthening the measures described on the left, etc., and by closely monitoring the earnings situation and revising premium rates as necessary



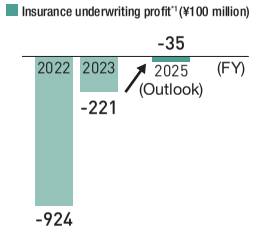
Fire insurance profitability improvements

Measures

- Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policies
- Develop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Develop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies

Achievements

- Making steady progress on efforts to improve profitability. Significant improvement in insurance underwriting profit in FY2023
- The percentage of contracts that can be ensured to break even will exceed 50% this fiscal year, improving our underwriting portfolio
- We expect to achieve profitability in FY2026 by implementing measures such as large-lot loss prevention and products and premium rate revisions (October 2024)



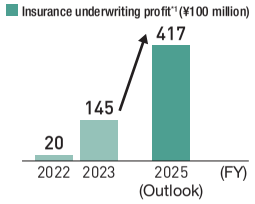
Expansion of casualty insurance

Measures

- Strengthen sales of products for SMEs
- Expand earnings as a growth driver by improving the ability to deal with new risks
- Develop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites

Achievements

- Steady growth in insurance underwriting profit
- In addition to responding to new risk areas, we aim to achieve our target for FY2025 by continuing to strengthen sales of packaged products for SMEs that have excellent growth potential and profitability



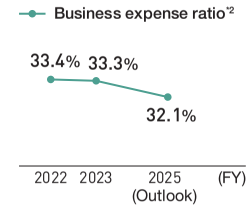
Reduction of business expense ratio

Measures

- In addition to capturing the benefits of large-scale system development projects, we will promote the further integration of middle- and back-office operations through the "One Platform Strategy," and thus accelerate productivity improvement
- Accelerate cost reductions through the utilization of digital technology and business process transformation

Achievements

- The business expense ratio is steadily declining toward the 30% level, thanks to steady progress on efforts to reduce the business expense ratio, centered on the "one platform strategy"
- We will continue to transform productivity based on our "One Platform Strategy" and promote further cost reductions, aiming to achieve our target for FY2025



*1 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*2 Simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Value creation (CSV×DX)

We are promoting the utilization of AI throughout the Group, and in the domestic non-life insurance business, we have begun to introduce generative AI into our business processes

Promotion of AI utilization

Steady progress in introduction throughout the Group

Research & development, etc.
Technical verification of generative AI utilizing OSS*3

Utilization of generative AI (ChatGPT)
Began using in May 2023 and expanded to all Group members in September

Introduce to business processes
Begin utilization in the claim services and call center domains, etc.

Customer service
Considering solution introduction at MS&AD InterRisk Research & Consulting

*3 Open source software

Examples of introduction in business processes

Claim services domain

- By combining the transcription of telephone audio with a summarization function using generative AI, we expect to achieve a reduction of approximately 290,000 hours of work per year by streamlining the creation of conversation transcripts
- As a countermeasure against fraudulent claims, we are considering systems that utilize AI to detect photographs that use fake images for insurance claims, etc.

Call center domain

- We have introduced AI voice chat for part of our accident reception operations, enabling responses that do not keep customers waiting even during times of high call volume due to natural disasters, etc.

Domestic Life Insurance Business

Aspirations

We operate our domestic life insurance business utilizing the respective strengths of two life insurance companies with different characteristics, Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products.

We will achieve growth by providing products and services that contribute to solving the social issues of the age of 100-year life spans: “extending healthy life expectancy” and “extending asset life.”

Business Environment

Strengths and features

[Strengths of Mitsui Sumitomo Aioi Life Insurance]

- Strong sales network consisting of the largest domestic sales network of Mitsui Sumitomo Insurance and Aioi Nissay Dowa, as well as close relationships with leading Japanese corporate groups

[Strengths of Mitsui Sumitomo Primary Life Insurance]

- Close relationships with financial institutions backed by product development and education and training capabilities as a pioneer in over-the-counter sales via financial institutions

Risks and opportunities

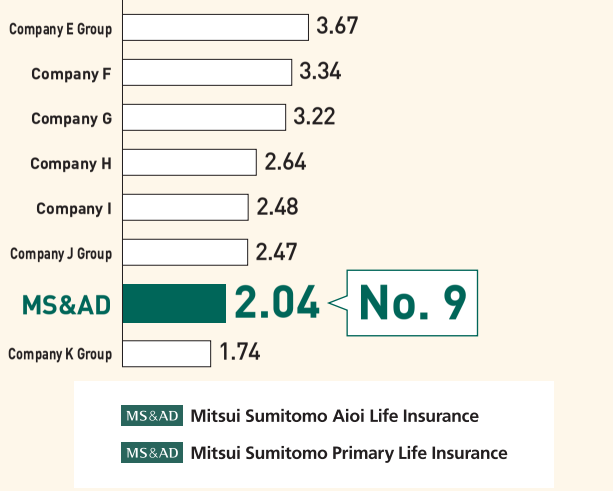
- The social structure is changing daily, including increases in the burden of nursing care and medical expenses with the falling birth rate and aging population, and the arrival of the era of considerable inheritances and living wills. In the domestic life insurance business, we are achieving growth by positioning the social issues emerging because of these changes as business opportunities and by steadily capturing demand related to new risks.
- In the first stage of our Medium-Term Management Plan (2022–2025), we expanded our products and services to contribute to solving social issues in the age of 100-year life spans. Mitsui Sumitomo Aioi Life Insurance sold protection-type products such as income guarantee insurance, palliative medical insurance, and nursing care/dementia insurance. We also provided new insurance value through the release of “MSA Care,” a healthcare service that provides support before and after protection, including prevention before illness, early detection of illness, and prevention of serious illness after onset, in addition to conventional protection. Mitsui Sumitomo Primary Life Insurance sold whole life insurance for asset life extension and smooth asset inheritance through inheritance and living wills, etc., as well as pension insurance for asset formation and other products. In addition, for customers who want to prepare for future inflation and other factors, we began sales of the industry’s first individual pension insurance with a feature whereby the annuity amount increases in tandem with an index.

Market position

- It has been growing steadily as the core business of the Group, including ranking ninth in the domestic life insurance industry in terms of premiums and other income (FY2023).
- We will continue to build a well-diversified business portfolio by expanding our domestic life insurance business.

Domestic life insurance companies/ groups’ premiums ranking

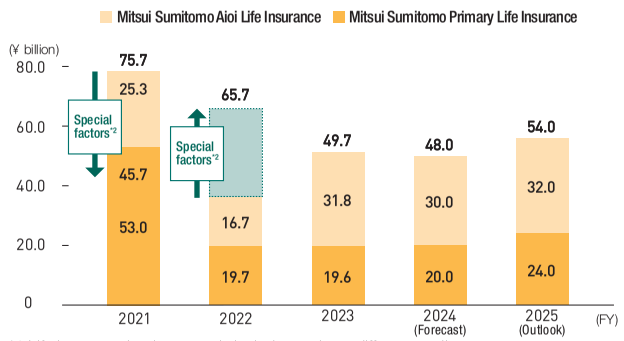
(FY2023)



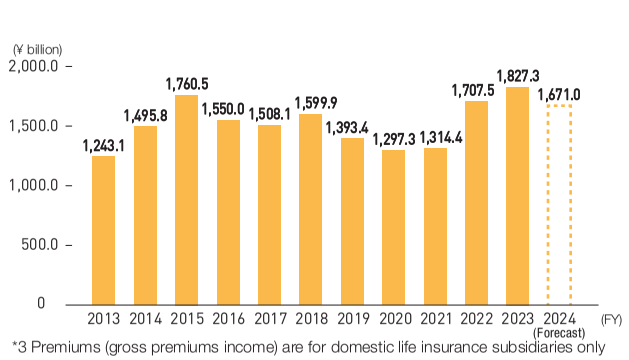
Source: Prepared by MS&AD based on publicly announced information from each insurance company

Group Management Figures

Group adjusted profit*1



Life insurance: premiums (gross premiums income)*3



*1 Life insurance business totals include purchase difference adjustments, etc.
*2 Factors affecting profit on a one-time or individual basis
*3 Premiums (gross premiums income) are for domestic life insurance subsidiaries only

Progress of the Medium-Term Management Plan (2022–2025)

Step up customer approaches utilizing distribution channels

Measures

Mitsui Sumitomo Aioi Life Insurance

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies and strengthen partnership sales of Mitsui Sumitomo Primary Life Insurance products

Mitsui Sumitomo Primary Life Insurance

- Solidify our leading position through training that contributes to the practice of customer-focused business operations at financial institution agents, support for the development and strengthening of sales frameworks, etc.

Achievements

- Mitsui Sumitomo Aioi Life Insurance pursued group synergies and increased the life and non-life cross-selling ratio to 21.1%. In addition, Mitsui Sumitomo Primary Life Insurance’s product sales expanded beyond ¥50 billion in the first stage of the Medium-Term Management Plan (2022–2025). We also promoted “MSA Care,” a pre- and post-protection healthcare service, which has been introduced in more than 2,500 companies.
- Mitsui Sumitomo Primary Life Insurance promoted training for financial institution agents and sales support for consulting-type products based on a customer-focused perspective, resulting in an increase in the amount of policies in force of more than ¥1 trillion in the first stage of the Medium-Term Management Plan (2022–2025).

Improvement in profitability through expansion of investment income

Measures

Mitsui Sumitomo Aioi Life Insurance

- Expand the scale of higher-return assets to ¥980 billion (FY2025)

Mitsui Sumitomo Primary Life Insurance

- Improve the return on risk (ROR) through appropriate risk-taking in line with the advancement of risk management, based on rigorous ALM management

Achievements

- Mitsui Sumitomo Aioi Life Insurance controlled interest rate risk by purchasing ultra-long-term bonds, and increased open foreign bonds and other assets, thus ensuring soundness and liquidity, while also promoting risk-taking. (Higher return assets stood at ¥764.4 billion as of March 31, 2023.)
- Mitsui Sumitomo Primary Life Insurance took steps to diversify investment methods, including promoting investment in assets that can be expected to earn illiquidity premiums, while also strengthening ALM management and paying sufficient attention to risks. In addition, we promoted the advancement of our asset management risk management and monitoring framework, including expanding the number of specialized personnel.

Provision of products and services that contribute to solving social issues

Measures

Mitsui Sumitomo Aioi Life Insurance

- Development of products and services that contribute to solving social issues such as nursing care and dementia
- Integrated provision of products and the “MSA Care” healthcare service to address the progression of the aging society

Mitsui Sumitomo Primary Life Insurance

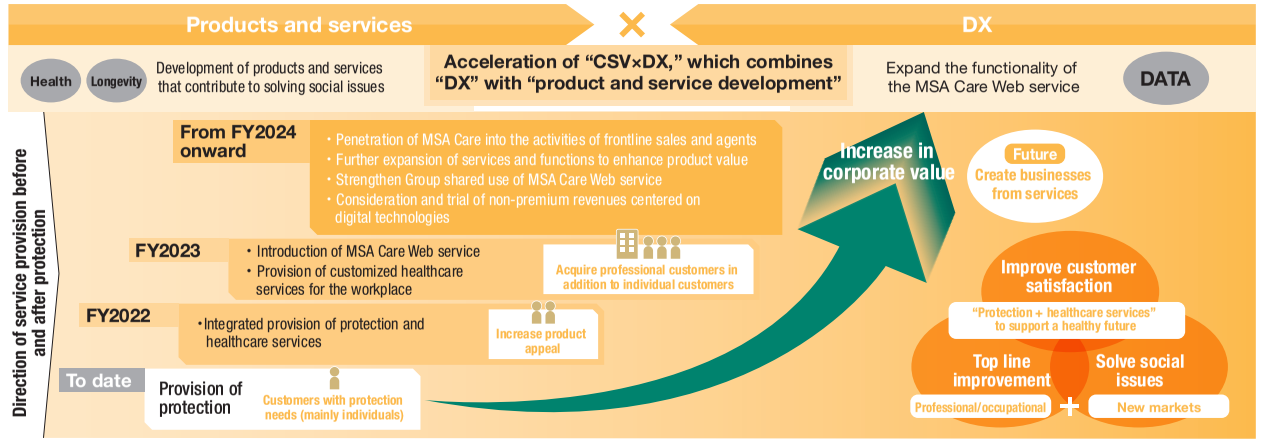
- Development and revision of products that meet customer needs, and expansion of yen-denominated products
- Diversify access to asset builders through the diversification of sales channels

Achievements

- Mitsui Sumitomo Aioi Life Insurance promoted integrated proposals, etc., for “MSA Care,” a new service covering cancer insurance, palliative medical insurance, nursing care/dementia insurance, etc., with other products.
- Mitsui Sumitomo Primary Life Insurance has developed highly original products such as tontine-type annuities, index-linked annuities, and level premium payment products, and expanded its product lineup to contribute to asset formation, asset utilization, and asset succession for a wide range of customers.

Value creation (CSV×DX)

We will support a “healthy future” for our customers and achieve a combination of CSV and DX through healthcare services integrated with protection.



International Business

Aspirations

Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birth rate and aging population, therefore increasing revenue in the international business is increasingly important for the growth of the Group. On the other hand, due to various changes in the environment, including changes in lifestyle due to technological innovations, new risks and associated insurance needs are emerging globally. In this business environment, we will provide products and services that meet the insurance needs of international and local communities and customers, and thus drive the sustainable growth of the Group.

Business Environment

Market position

- In addition to underwriting risks globally in the Lloyd's and reinsurance businesses, we are expanding our businesses in regions around the world, including the Americas, Europe, and Asia, and in FY2023, this business grew to a scale of ¥1,620.3 billion in net premiums written (non-life only) and ¥139.5 billion in Group adjusted profit. In Asia, we have deployed comprehensive sales targeting corporate and retail customers and have achieved the No. 1 position in the ASEAN market in terms of gross written premiums.

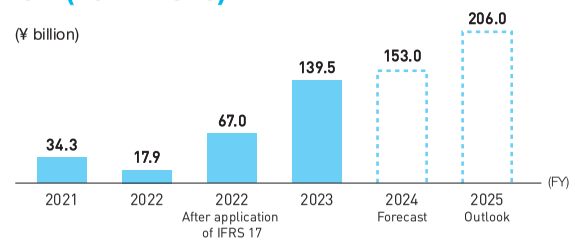
Understanding of the environment	
Uncertainty in the business environment	Business opportunities from environmental changes
Increasing severity and frequency of natural disasters and climate change	**Hardening of the insurance market as a whole**
International conflicts and geopolitical risks	**Post-COVID-19 economic recovery**
International economic and financial conditions	**Recovery of the asset management environment**
International accounting and tax standards and solvency regulations	**Economic growth in emerging countries, particularly in Asia**
Regulations of insurance authorities in each country	**Responding to diverse social changes and issues, etc. (e.g., decarbonization, poverty, digitalization of lifestyles, cyber risk)**
(Re)insurance market premium rate cycle (hardening and softening)	
Competitive environment in the insurance and financial industries, etc.	

Characteristics by business and region	
Lloyd's and reinsurance	Strength in underwriting global risks in the Lloyd's and reinsurance markets by utilizing our expertise.
Americas	Reorganized the business structure in 2023 to move from our businesses centered on Japanese companies toward a full-scale entry into local markets.
Europe	Strength in insurance mainly for local companies in major countries in continental Europe, such as Germany and France.
Asia	We are the only non-life insurance group providing direct insurance in 10 ASEAN countries, and we are No. 1 in the region in terms of gross written premiums. Strengths include our strong relationships with conglomerate groups in various countries and the presence of the MSIG brand.
Toyota retail	Providing voluntary automobile insurance and related products at automobile dealers in cooperation with the Toyota Group, mainly in Europe, Australia, China, and Thailand.
ADI Head Office reinsurance	Generating earnings from integrated ceding and reinsurance operations with selected partner reinsurers.
International Life Insurance Business	Capturing growth in the life insurance market by partnering with leading Asian conglomerates that own banks, etc. In addition to having a low risk correlation with non-life insurance, this business generates stable earnings with little capital.

Progress of the Medium-Term Management Plan (2022–2025)

Group adjusted profit

- In FY2023, the international business generated Group adjusted profit of ¥139.5 billion, a record high. It also accounted for approximately 37% of total Group adjusted profit. We will continue to expand our earnings and grow this business into a core business alongside the domestic non-life insurance business.



Recovery of profitability in the Lloyd's and reinsurance businesses

- These businesses contributed significantly to record high profits in the international business thanks to notable improvements in profitability, including reducing volatility through management and control of catastrophe risk (e.g., hurricanes in North America), portfolio replacements that comply with underwriting discipline, and increasing premium rates to take advantage of the opportunity presented by market hardening. We aim to continue to expand our business and improve profitability by utilizing our strengthened business foundation and market presence.

Growth of regional businesses

- In our Asian business, we will solidify our position as the No. 1 non-life insurer in the ASEAN region in terms of gross written premiums, while also steadily strengthening our business foundations outside the ASEAN region. We are strengthening our DX platform and expanding transactions with platform providers to capture the business of the growing middle-income class. In the Americas business, we acquired Transverse Insurance Group, LLC, in January 2023 and reorganized our business structure, thus strengthening our business foundations for full-scale entry into the local U.S. market.

Pursuit of the Group's comprehensive strengths

- We are promoting the "TENKAI Project," which aims to accelerate the expansion of the Group's corporate value and sustainable growth through sharing and implementation of the knowledge and expertise of entities in Japan and overseas among each Group company and demonstrating Group synergies. We are accumulating results mainly in domains where we can expect significant effects, such as DX, CX, IT, asset management, and underwriting and reinsurance.



Value creation (CSV×DX)

In line with the trend toward digital purchasing of products and services, we have been successful in our efforts across the Asia region to offer insurance through various digital platforms used by consumers.



- Generating sales through effectively embedding simple, bite size insurance policies into various products and services offered by platform providers with large customer bases (embedded insurance sales)
- Contributing to the spread of insurance among low-income groups

Entities in Asia collaborate with each other to develop platform providers and offer products across the region

Initiatives by major international business

Lloyd's and reinsurance businesses

- MS Amlin Underwriting Limited (hereinafter "AUL"), a major Lloyd's syndicate, and MS Amlin AG (brand name: MS Reinsurance, hereinafter "MS Re"), a reinsurance company based in Bermuda and Switzerland, provide insurance services to customers that take advantage of their respective unique characteristics, and they play a central role in the Group's international business in terms of generating earnings. Furthermore, Mitsui Sumitomo Insurance Company (Europe), Limited (brand name: MSIG UK), a direct insurance company in the United Kingdom, is also included in this business segment.

1. AUL

- Lloyd's, where AUL conducts business, is an insurance market with licenses that can be underwritten from about 200 countries and regions, attracts highly specialized underwriting risks from all over the world, and has become a center of expertise in insurance underwriting and human assets.
- AUL is one of Lloyd's top 10 largest insurers (2023) and has built a portfolio of highly profitable lines. We will continue focusing on expanding the scale of this business and improving profitability.

2. MS Re

- We have bases in major reinsurance markets around the world and will develop markets with a different approach from the direct insurance business, such as building medium- to long-term relationships of trust with our customers, namely direct insurance companies.
- We will further accelerate our growth by leveraging our increased competitiveness resulting from the penetration of the MS Reinsurance brand, which we have been using since 2022, as well as our high credit rating (A+ by AM Best and S&P Global).



AUL



MS Re Zurich


MS Re Bermuda

Americas business

- We have bases in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest insurance market, we have previously focused mainly on Japanese companies in our business, but we are also making full-scale inroads into the local market. We acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA[*1] market, in January 2023. Together with MSIG USA[*2], these two companies will accelerate profit growth and the diversification of revenue sources in the United States.
- We will also consider business investments in specialty insurance companies that have low correlation with catastrophe risk, high specialization, and stable profitability.

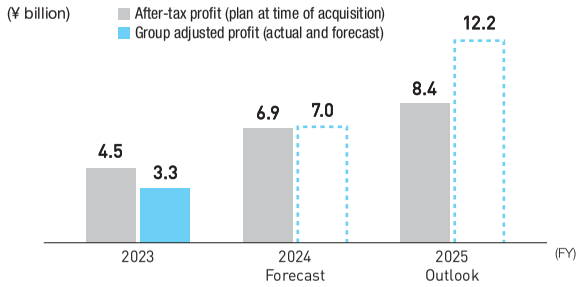
*1 MGA: Managing General Agent. A company entrusted with authority by insurance companies, which performs operations including underwriting, reinsurance arrangements, and claims appraisal
*2 Brand name used by Mitsui Sumitomo Marine Management (U.S.A.), Inc., for its full-scale entry into the local market

New business structure in the United States

MSIG USA	● **Strengthen the profitability of business focusing on Japanese companies** ● **Began entry to local business through partnerships with AMWINS and major brokers**
MS Transverse	● **Expand business opportunities with MGA** ● **Capture local business as a fronting company**

MS Transverse business expansion

Although there was a delay due to the impact of the hardening of the reinsurance market, we expect growth to exceed our plan at the time of acquisition from 2024 onward

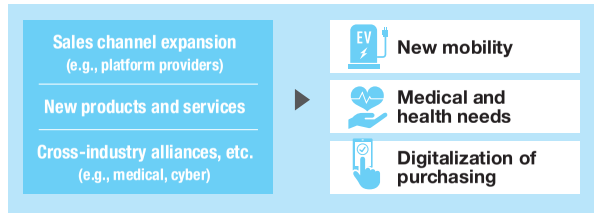


Asia business

- Our strength is our broad business foundations covering the ASEAN region, India, China, etc.
- We will focus on expansion in the retail market, which has significant potential for growth, by working to diversify sales channels in response to changes in society and consumers, and by strengthening cooperation with platform providers and other companies.
- We will also consider opportunities for business alliances and business investments that will speed up the process of capturing revenue opportunities.

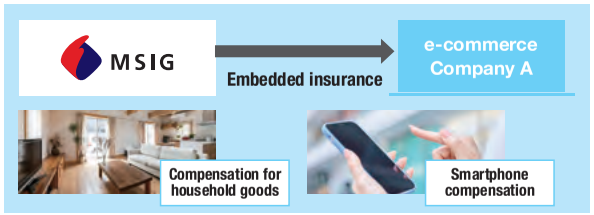
Main initiatives

We will achieve dramatic growth in our retail business by accessing a combination of "population × high growth × changes in society and consumers" through "sales channel expansion × product development × cross-industry alliances, etc. "



Diversification of sales channels (e.g., platform providers)

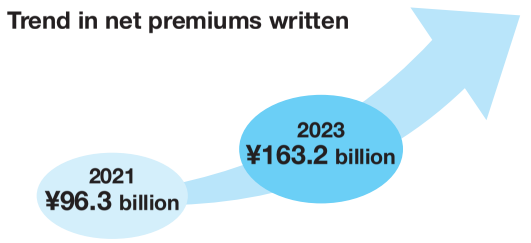
Streamlining existing sales channels such as agents, while expanding collaboration with platform providers, etc. (The following is an example of a new sales method.)



Toyota retail business and international telematics business

- We provide voluntary automobile insurance and related products through Toyota/Lexus dealers in 39 countries and regions around the world, and net premiums written are steadily increasing thanks to an increase in the number of new vehicles sold and an increase in the coverage ratio.
- We offer telematics voluntary automobile insurance in 13 countries. We will also further accelerate the development and deployment of cutting-edge connected mobility insurance.

Trend in net premiums written



Telematics automobile insurance (example)

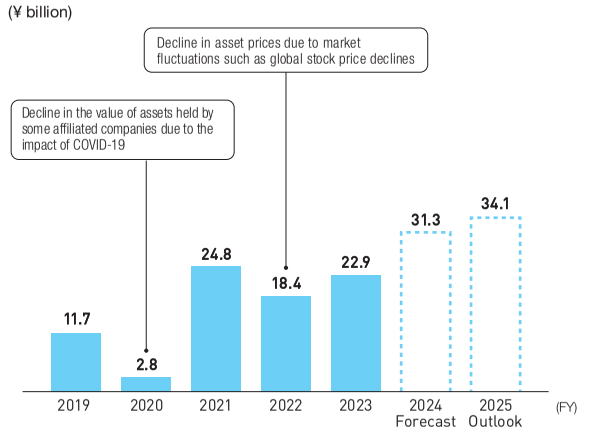


PHYD
(Pay How You Drive)
We obtain and analyze driving behavior data related to emergency braking, sudden acceleration, fast cornering, etc., and calculate insurance premiums based on driving characteristics

International life insurance business

- We will capture growth in the Asian life insurance market by collaborating with partners such as state-owned companies and major conglomerates that have banks and other sales channels, mainly in China and India, which have huge populations. We will work to increase profits and corporate value.
- In the United Kingdom and Australia, we aim to achieve stable growth in corporate value and cash flows by investing in market leaders.

Group adjusted profit



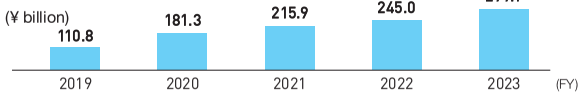
Note: Data for FY2022 onward after application of IFRS 17

Growth of the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia: Expected to grow at an annual average rate of 10.7% through 2031[*1]	交銀人寿 HongLeong Assurance Berhad MAX LIFE MSIG
Australia (annuity insurance business): Expected to grow at an annual average rate of 5.1% through 2041[*2]	challenger
UK (annuity and asset formation business): Huge market of GBP3 trillion growing at GBP150 billion/year[*3]	Phoenix

*1 Source: Allianz Insurance Report 2021
*2 Source: Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)
*3 Source: Phoenix IR data

Transition of EV (our share)[*4]



*4 Total of sites under the jurisdiction of the Life Insurance Department in Asia, which calculates EV. Calculated by multiplying the local year-end EV by the exchange rate at the end of each period

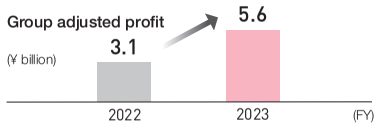
Financial Services Business

Progress of the Medium-Term Management Plan (2022–2025)

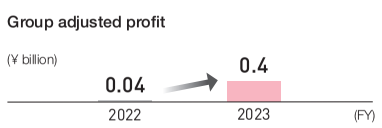
Based on social issues, changes in the environment, and customer needs, we aim to provide a variety of products and services that are independent of insurance and contribute to profits in a stable manner by utilizing the Group's comprehensive capabilities, including domestic sales and overseas entities.

Areas to focus on We focus on the following three areas where we can expect market growth and improvements in our corporate brand value

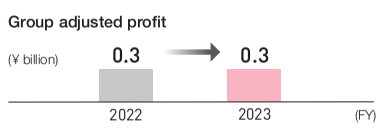
1 Asset building-related business
(financial services for individuals, asset management, variable annuity reinsurance)



2 Provision of risk solutions contributing to ESG
(weather derivatives, insurance-linked securities*)



3 Response to changes in the social environment
(e.g., investment in start-ups)

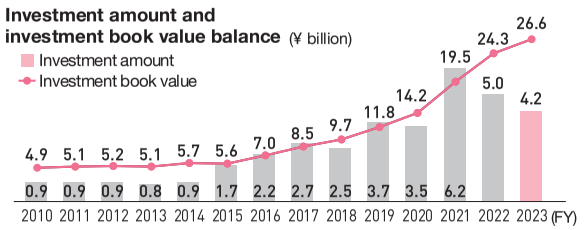


*Insurance-linked securities: Collective term for securitization products that transfer natural catastrophe risks and other insurance risks to the capital markets

Examples of initiatives

Venture capital

- Through MS&AD Ventures (p. 56) and MITSUI SUMITOMO INSURANCE Capital, we invest in start-ups in Japan and overseas, including AI, healthcare, and IT businesses that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy.
- At MITSUI SUMITOMO INSURANCE Capital, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research & Consulting. In FY2023, we invested approximately ¥4.2 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.



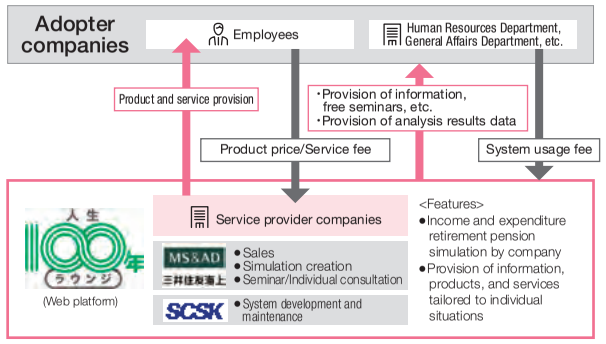
ART*

- Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the development and sales of new products such as "Typhoon Yojin," a weather derivative to hedge business losses caused by typhoons.
- We are also working to provide weather risk solutions overseas through our U.S. subsidiary, MSI Guaranteed Weather, LLC., and we have recently been selling weather index insurance in Australia.
- Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company, an equity-method affiliate, and solicits domestic institutional investors for the funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked to strengthen our insurance-linked securities business by improving our proposal capabilities and expanding our product lineup.

Financial services for individuals

- In FY2022, Mitsui Sumitomo Insurance began selling a new service called "100-year Life Lounge," which simulates the lifetime earnings and expenditures of employees and supports asset building to supplement employee benefits. We are constantly adding options within these services, including asset-building robot advisors and family budgeting, with an eye on the 100-year life span era. We also developed an app for smartphones to improve customer convenience, which we released in FY2023.

(Reference: https://www.ms-ins.com/business/100nenlounge/)



Defined Contribution Pension

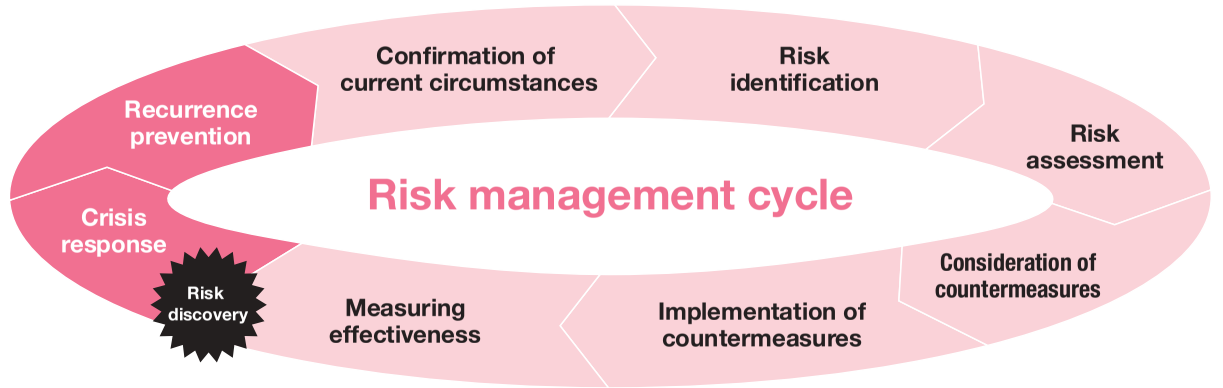
- Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are strengthening services related to the system introduction of corporate defined contribution pension plans for which the market is growing and are working to popularize individual-type defined contribution pension plans (iDeCo), which are facing increasing social demands due to the falling birth rate and aging population. For corporate defined contribution pension plans, we strengthened our ability to offer proposals to SMEs. For individual-type defined contribution pension plans, we expanded our sales channels and improved operational efficiency such as cost reductions.

*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.

Digital and Risk Related Services Business

Progress of the Medium-Term Management Plan (2022–2025)

Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD InterRisk Research & Consulting (hereinafter "MS&AD InterRisk Research") leading the Group as a "Platform Provider of Risk Solutions."



Case studies

RM NAVI

At MS&AD InterRisk Research, we have released "RM NAVI," which provides access to the latest information on risk management. By registering as a free member, users can obtain reports in a timely manner, engage with consultants, use digital solutions, and access other services that can be guided and provided from the viewpoint of an e-commerce website. We support our customers' businesses as a compass for risk management.



Cyber Risk Finder

For midsized and small companies, we provide services such as diagnosis and monitoring of the vulnerabilities most commonly used in ransomware attacks, based solely on the domain of the e-mail address (the part after the @ mark) and basic company information such as the company name. We provide urgent notifications to quickly address particularly dangerous vulnerabilities, and customers can use our security support services for technical assistance.



Flood Risk Finder

This is an online service that can be used for everything from flood risk analysis to future climate change impact analysis for the entire world. By simply registering their company's or supplier's location information, users can check forecasts of flood depth and frequency changes on a map and download them as data.



Other businesses

Assistance services

MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.

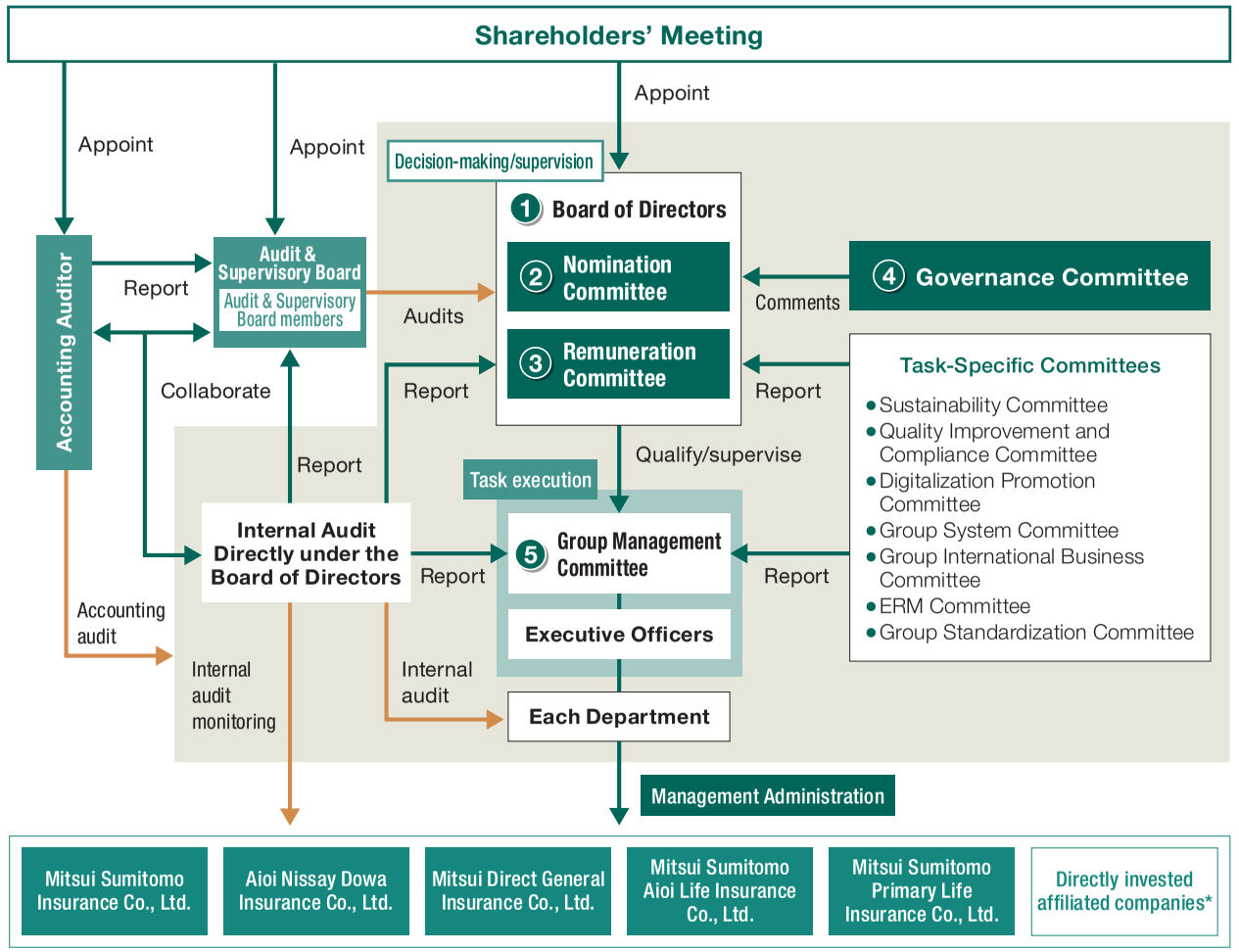


Corporate Governance System and Initiatives

Corporate Governance System

As a company with a board of auditors, the Company shall ensure that the Board of Directors appropriately performs its supervisory functions and that the independent Audit & Supervisory Board members appropriately perform their auditing functions. In strengthening this dual functionality, we actively practice information disclosure in our efforts to heighten governance. The Company has established the Nomination Committee and the Remuneration Committee (for both committees, more than half the members, as well as the committee chairperson, are Outside Directors) within the Board of Directors and the Governance Committee (the committee is chaired by an Outside Director and consists of all Outside Directors, the Chairman of the Board, the Vice Chairman of the Board and the President of the Board). We are fortifying our stance on corporate governance that is highly effective and transparent.

MS&AD Insurance Group Holdings, Inc. (as of July 1, 2024)



*Related operating companies consist of the following eight: MS&AD InterRisk Research & Consulting, MS&AD Business Support, MS&AD Staffing Service, MS&AD Systems, MS&AD Business Service, MS&AD GRAND ASSISTANCE, MS&AD ABILITYWORKS, and MS&AD Ventures.
Note: Committees boxed in ▭ indicate those under the scope of supervision of the Board of Directors.

❶ Board of Directors

As the ultimate decision-making authority for Group management, the Board of Directors deliberates and decides upon matters of importance for Group management and supervises the execution of duties performed by directors, executive officers, and others.
Chairperson: Noriyuki Hara
Internal: Eight members Outside: Seven members /
FY2023 meetings held 12 times (excluding board meetings held on paper)
Attendance rate 100%

❷ Nomination Committee

Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning the nomination policy and nomination of candidates for Directors and Audit & Supervisory Board Members; the nomination, promotions, dismissals, and disciplinary actions pertaining to Executive Officers; and the nomination, dismissals, etc., of Directors and Audit & Supervisory Board Members of the Group's domestic insurance companies.
Chairperson: Rochelle Kopp (Outside Director)
Internal: Three members Outside: Five members /
FY2023 meetings held five times
Attendance rate 100%

❸ Remuneration Committee

Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning policy for determining remuneration for Directors and Executive Officers, remuneration amount, limits on total remuneration for Directors, and policy for determining Executive Officer remuneration, etc., for the Group's domestic insurance companies.
Chairperson: Mariko Bando (Outside Director)
Internal: Three members Outside: Five members /
FY2023 meetings held one time
Attendance rate 100%

❹ Governance Committee

In the Governance Committee, Outside Directors consult with the Chairperson, Vice Chairperson, and President on matters pertaining to the status of corporate governance, as well as policies and positions, and make comments to the Board of Directors on an as-needed basis.
Chairperson: Junichi Tobimatsu (Outside Director)
Internal: Three members Outside: Five members /
FY2023 meetings held two times
Attendance rate 100%

❺ Group Management Committee

The Group Management Committee discusses important matters pertaining to management policy and strategy, and management of the Company and the Group. It also deliberates on important matters of the Group's domestic insurance companies.
Chairperson: Shinichiro Funabiki
Members: Executive Officers, President of Mitsui Direct General Insurance, President of Mitsui Sumitomo Aioi Life Insurance, President of Mitsui Sumitomo Primary Life Insurance, two Audit & Supervisory Board Members /
FY2023 meetings held 12 times
Attendance rate 100%

Task-Specific Committee Approach to Value Creation

Task-specific committees have been established with the objective of holding discussions about important matters of Company management associated with the execution of tasks, and they work to bring the opinions of relevant departments into mutual alignment. The results of the committees' discussions are on an as-needed basis summarized by the officer in charge and reported to the Group Management Committee, the Board of Directors, and others.

Task-Specific Committee Overview

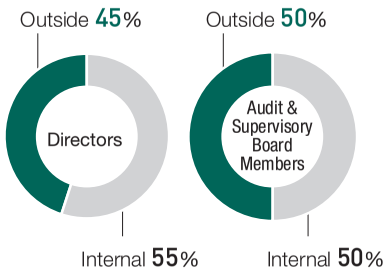
Committee	FY2024 structure									FY2023 initiatives	
		Committee members									
	Administrator	Chairperson	Vice Chairperson	President	Vice President	Senior Executive Officer	Managing Director	Outside Directors	Audit & Supervisory Board Members	Number of times held	Main agenda Items
Sustainability Committee	CSuO Motojima	●	●	●	●	●	●	●	●	4 times	●Discussion on the direction of the Group's nature-positive initiatives ●Discussion on greenhouse gas emission reduction targets for business partners ●Discussion on the direction of the Group's efforts to respect human rights
Quality Improvement and Compliance Committee	CRO Tamura				●	●	●	●	●	4 times	●Monitoring and discussion of quality improvement issues utilizing customer feedback, etc. ●Confirmation of the status of formulation and implementation of compliance programs for the Group and each company ●Establishment and promotion of a cross-organizational information security management system for the Group and each company
Digitalization Promotion Committee	CDO Motoyama	●	●	●	●	●			●	4 times	●Discussion on promoting the introduction and utilization of generative AI in the Group and the content of the risk countermeasure guidelines ●Discussion on the direction of the Group's medium- to long-term strategy for utilizing the My Number Card and the structure for consideration
Group System Committee	CIO/CISO Tsuda				●				●	14 times	●Discussions on initiatives for rebuilding system infrastructure, large-scale system development projects across Group companies, etc. ●Discussion on the status of cybersecurity risk events and implementation of countermeasures, as well as the occurrence status of system failures and quality measures
Group International Business Committee	Executive Officer Morimoto	●	●	●	●				●	3 times	●Business monitoring using ROI as a KPI for overseas subsidiaries to improve capital efficiency, and discussion on improvement initiatives and business reviews ●Confirmation and discussion of various strategies to accelerate the growth of the U.S. business ●Report and discussion on initiatives to improve the profitability of the Toyota retail business
ERM Committee	CFO Higuchi CRO Tamura				●	●			●	9 times	●Discussion of important issues related to improving the corporate value, financial soundness, capital efficiency, and profitability of the Group as a whole ●Discussion on strengthening the Company's internal risk detection capabilities ●Discussion on the introduction of International Financial Reporting Standards (IFRS) and new capital regulations
Group Standardization Committee	CFO Higuchi				●	●			●	4 times	●Consideration and discussion on improving the efficiency of head office functions, etc. (e.g., integrated operation, expansion of BPO), and quality improvement ●Consideration and discussion on aspirations for the integrated operation of head office functions, as well as costs and benefits

Corporate Governance Evolution

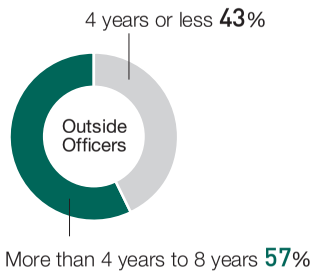
	2010–2013	2014–2017	2018–2021	2022–2025
Medium-Term Management Plan	New Frontier 2013	Next Challenge 2017	Vision 2021	Medium-Term Management Plan (2022–2025)
	Establishing a Group governance system	Strengthening Group governance	Improving the corporate governance system	Practicing highly transparent and effective corporate governance
Governance Evolution	• Institutional design: Became a company with a board of auditors • Introduced an executive officer system • Assigned multiple Outside Directors • Established the Nomination Committee and the Remuneration Committee	• Implemented analysis and evaluation of the Board of Directors' effectiveness and published the evaluation results • Introduced performance-based compensation • Introduced stock options as a stock-based compensation system for Directors (Inside Directors only) and Executive Officers • Published selection criteria for Directors and Audit & Supervisory Board Members (including criteria for independence) • Newly established the Governance Committee mainly composed of Outside Directors • Newly installed titles such as Group CFO and Group CRO • Enacted and released the Basic Policy for Corporate Governance	• Introduced the CEO Succession Plan • Revised the executive remuneration system (Company business performance linkage and medium- to long-term performance (nonfinancial indicators) evaluation) • Promoted diversity among the Board members • Reorganized the task-specific committees (launched the Sustainability Committee, the ERM Committee, and the Group Standardization Committee) • Newly established the titles of Group CDO and Executive Officer in charge of promotion of D&I (currently Executive Officer in charge of promotion of DE&I)	• Introduced stock issuance trust systems • Introduced guidelines for holding the Company's own shares • Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors • Newly established the title of Group CSuO **<Second stage of the Medium-Term Management Plan (2024 onward)>** • Newly established the Group Risk Management Committee (with participation of outside experts)

Director/Audit & Supervisory Board Member Composition (as of July 1, 2024)

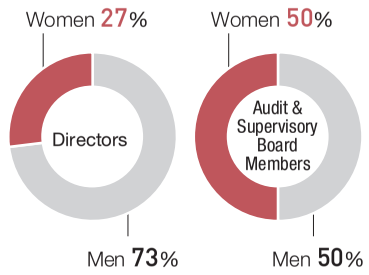
Ratio of Outside Directors



Length of Term in Office of Outside Directors

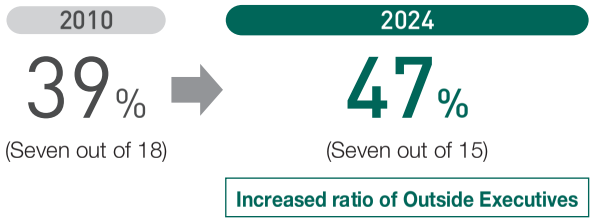


Ratio of Women



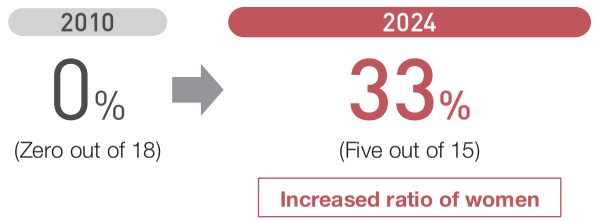
Ratio of Outside Directors and Outside Audit & Supervisory Board Members on the Board

(compared with July 1, 2010)



Ratio of Women on the Board

(compared with July 1, 2010)



Skills Matrix of Directors, Audit & Supervisory Board Members, and Executive Officers

To ensure discussions from diverse perspectives toward realizing the Group's growth strategy, the Nomination Committee deliberated on the skills (knowledge, experience, and capabilities) necessary to ensure the effectiveness of the Board of Directors. From the viewpoint of judging important matters such as management strategy and supervising the execution of duties, the Committee determined the following.

i) Basic skills that are generally required

Corporate Management | Human Resources and Human Asset Development | Legal Affairs, Compliance, and Internal Audit | Risk Management | Finance and Accounting

ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

Insurance Business | Internationality

iii) Skills necessary for business transformation and addressing issues that are considered important by the market, in view of the current business environment of the Company

IT and Digital | Sustainability

Furthermore, regarding Audit & Supervisory Board Members, we also consider Finance and Accounting to be important skills.

Officer	Skills								
	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs, Compliance, and Internal Audit	Risk Management	Finance and Accounting	Insurance Business
Director Hara	●	●		●	●	●	●		●
Director Kanasugi	●	●		●	●	●			●
Director Funabiki	●	●	●	●	●	●			●
Director Higuchi	●	●	●	●	●	●	●	●	●
Director Shimazu		●	●	●	●	●	●		●
Director Shirai				●		●	●		●
Outside Director Bando	●	●		●	●	●			
Outside Director Tobimatsu		●				●			
Outside Director Kopp	●	●		●	●				
Outside Director Ishiwata				●					
Outside Director Suzuki	●	●		●	●				
Auditor Suto							●	●	●
Auditor Suzuki							●	●	●
Outside Auditor Uemura						●			
Outside Auditor Kunii	●							●	

In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

Executive Officer Tamura		●	●	●	●	●	●	●	●
Executive Officer Motojima	●			●	●				●
Executive Officer Niiro	●	●		●	●				●
Executive Officer Hayakawa	●	●						●	●
Executive Officer Tsuda	●	●	●		●				●
Executive Officer Owada		●		●	●			●	●
Executive Officer Arakawa	●			●					●
Executive Officer Tatematsu									●
Executive Officer Motoyama			●		●				●
Executive Officer Sato				●		●			●
Executive Officer Hori		●				●	●		●
Executive Officer Morimoto	●	●			●				●

For information on Executive Officers, see the Group's official website. https://www.ms-ad-hd.com/en/group/about/hd/executive.html

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process

Conduct and compile self-assessment and board evaluation questionnaires for all directors

- 12-item questionnaire (questions on roles, the responsibilities, and operation of the Board of Directors) incorporating external knowledge and a gap analysis on the importance and adequacy of the proposals for Board of Directors meetings were distributed in advance, and the questionnaire was conducted in the form of an interview by the secretariat.
- To incorporate external viewpoints into the evaluation of the Board of Directors, we took into consideration the opinions of external organizations on the evaluation of the Board of Directors in FY2022, and the results were reflected in the questionnaire in FY2023.
- We confirmed the implementation of the improvement measures outlined in the evaluation of the Board of Directors in FY2022 (functional improvement measures in FY2023).

Opinion exchange in Outside Board of Directors' meeting

- In an Outside Board of Directors' meeting (composed of all Outside Directors), opinion exchange for analysis and evaluation was conducted based on the questionnaire results.

Summary of analysis and evaluation, incorporating suggestions for improving Board functionality from the Governance Committee

- The Governance Committee (all Outside Directors, Chairman of the Board, Vice Chairman of the Board, and President) has conducted analysis and evaluation based on the results of the exchange of opinions at the Outside Board of Directors' meeting and the opinions of external organizations and has organized measures to improve functions in FY2024.

Based on the results, implement functional improvement measures

Analysis and assessment of the Board of Directors' effectiveness

The results were as follows, based on the content of discussions and the exercise of functions by the Board of Directors in FY2023, its operational aspects, the training and information provided to outside officers, and other factors.

Evaluation results	● All directors strongly recognize that the Medium-Term Management Plan is a commitment to internal and external stakeholders, and sufficient information is shared and discussed regarding progress management and related measures, and the best efforts are made to achieve the plan. ● Executive study sessions are held on areas closely related to the insurance business today, enhancing the knowledge of directors and contributing to improving the quality of discussions at meetings of the Board of Directors. We must continue to hold study sessions. ● Although there is sufficient discussion concerning business investments in their early stages, it is desirable to enhance explanations of the direction of new business investment, reviews of past business investment, etc. ● Insufficient penetration of our mission, etc., to the front lines is one of the factors behind the price-fixing issues, etc. Accordingly, we must consider methods to periodically review the status of penetration of our mission, etc.
Functional improvement measures	● We will expand opportunities to explain the positioning of business investment projects in our overall strategy for the international business, past performance at the time of the capital increase, etc. ● We will expand opportunities to explain our long-term direction and outlook for growth strategy and capital management policy (including shareholder returns) at meetings of the Board of Directors and executive study sessions. ● In addition to working to improve analytical methods for the employee awareness survey, we will continue to conduct tours of the front lines of insurance companies and exchange opinions with overseas top management, enabling directors to confirm the penetration and implementation of our mission and other principles by our employees.

Remuneration Plan Targeting Strengthened Governance

■ Basic Policy

- Our aim is to enhance Group governance and medium- to long-term corporate value.
- The remuneration plan for Directors and Audit & Supervisory Board Members is now linked to the business performance of the Company to serve as an appropriate incentive for sustainable growth.
- The remuneration standard set allows us to be competitive as a global company.

■ Process for determining remuneration

Remuneration for Directors

- Upon deliberation by the Remuneration Committee, which comprises a majority of Outside Directors so as to achieve transparency, a resolution is made at the Board of Directors and an amount that does not exceed that determined by the Shareholders' Meeting is decided upon.

Deliberation by the Remuneration Committee

- The Remuneration Committee advises the Board of Directors regarding policies and other matters pertaining to determining the amount of Directors' remuneration and Executives' remuneration.

Resolution by the Board of Directors

- The Board of Directors will adhere to the advice provided by the Remuneration Committee to the maximum extent possible, and the amount of remuneration will be determined after assessing whether it is in line with the remuneration system decided through a Board of Directors resolution.

Remuneration for Audit & Supervisory Board Members

- Without exceeding the amount determined by resolution at Shareholders' Meetings, remuneration for Audit & Supervisory Board Members is determined with consideration to the differences of being either full-time or part-time, their burden with regard to auditing tasks, and reference to details and levels of compensation made to Directors, as well as consultations provided by Audit & Supervisory Board Members.

■ Composition of remuneration

- Fixed remuneration is set separately for each role, and performance-linked remuneration is determined considering company business performance.

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	●	●	●
Outside Directors	●	—	—
Audit & Supervisory Board Members	●	—	—

- The standard structure ratio for executive remuneration is as follows, based on role.

President and CEO:

The ratio of performance-linked remuneration is set to be higher than other roles.

(Standard ratio)

Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
50%	25%	25%

Other roles:

Ratios of fixed remuneration and performance-linked remuneration are set to be different for different roles.

(Standard ratio)

Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
Approx. 60%–70%	Approx. 20%	Approx. 10%–20%

■ Stock-based remuneration details

- Stock-based remuneration is paid through restricted stocks and, as a general rule, the restriction is released upon retirement of the Officer.
- In the case that inappropriate behavior becomes evident during an Officer's tenure, either the restricted stocks will be made available for free acquisition during the period of restriction or they will be returned after the period of restriction has been concluded (malus and clawback clauses).

Performance index, etc., related to performance-linked remuneration

- Performance-linked remuneration is linked to business performance and is determined based on both financial and nonfinancial indicators.
- The financial and nonfinancial indicators were selected based on the Group's Medium-Term Management Plan (2022–2025). The indicators and reasons for their selection are as follows.

		Indicators/Evaluation items	Selection reasons
Financial indicators (single fiscal year performance)		●Group adjusted profit ●Consolidated net income ●Group adjusted ROE	The indicators we have selected are Group adjusted profit, which is an indicator of shareholder return; Group adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. Note: Following the introduction of IFRS, we plan to change "consolidated net income" to "IFRS net income" and "Group adjusted ROE" to "IFRS adjusted ROE."
Nonfinancial indicators (medium to long term)	Basic strategy	●Value (creation of value) ●Transformation (business transformation) ●Synergy (demonstration of Group synergies)	The evaluation items of nonfinancial indicators are the basic strategies and the foundations that support the basic strategies to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–2025).
	Foundations	●Sustainability ●Quality ●Human assets ●ERM	

- In the calculation of performance-linked remuneration, the standard ratio of financial indicators to nonfinancial indicators is 50:50.
- Regarding the application coefficient, financial indicators vary in a range of 0–3.0 and nonfinancial indicators vary in a range of 0.5–1.5 for a standard of 1.0.
- For performance-linked remuneration, monetary remuneration and stock-based remuneration are each calculated as specified below, based on the base amount for each role.
  Monetary remuneration: Base amount for each role × Company business performance coefficient (financial indicators × 80% + nonfinancial indicators × 20%)
  Stock-based remuneration: Base amount for each role × Company business performance coefficient (financial indicators × 20% + nonfinancial indicators × 80%)
- Monetary remuneration is set to reflect the performance of a single fiscal year more accurately by placing a higher percentage of financial indicators than nonfinancial indicators.
- By increasing the ratio of nonfinancial indicators to financial indicators, stock-based compensation is set to more accurately reflect the evaluation of initiatives that contribute to the enhancement of corporate value over the medium to long term.

Financial Indicators (FY2023)

	Results	Plan	Achievement ratio/ difference
Group adjusted profit	¥379.9 billion	¥280.0 billion	135.7%
Consolidated net income	¥369.2 billion	¥280.0 billion	131.9%
Group adjusted ROE	9.0%	7.5%	+1.5 point

Nonfinancial Indicators (FY2023)

Evaluation items	Evaluation results
Basic strategy	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was on par with the standard. ●Through the promotion of "CSV×DX," there has been steady progress on the development and deployment of products and services for before and after compensation and protection that contribute to solutions to social issues. On the other hand, despite efforts to strengthen profitability in the domestic non-life insurance business, profitability deteriorated due to changes in the business environment, such as more severe and frequent natural disasters, a hardening of the reinsurance market, and continued inflation. ●We made progress in business portfolio reform by expanding the international business and the domestic life insurance business, risk portfolio reform by reducing strategic equity holdings and curbing catastrophe risk, and the pursuit of new businesses utilizing digital data. ●Progress was generally in line with plans on efforts to achieve further growth by strengthening collaboration by utilizing the diversity of the Group, improving operational quality and productivity through our One Platform Strategy, and realizing synergies between life and non-life insurers and on a global basis.
Foundations	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was below the standard, taking into consideration the fact that the premium adjustment case occurred, etc. ●We implemented excellent initiatives, including initiatives under the financial alliance to address climate change and improve the sustainability of natural capital, support for development of the TNFD's disclosure recommendations, and conserve and restore the natural environment under the "MS&AD Green Earth Project." ●The Company worked to establish customer-focused business operations, including collecting customer surveys, complaints, and comments on social media, and improve products and services accordingly, but there were price-fixing issues and incidences of fraudulent insurance claims by agents, and some aspects of business operations could not be described as sufficiently customer focused. ●Under our human resources strategy for the first stage of the Medium-Term Management Plan, we worked to achieve our basic strategy by continuing to develop human assets who "act autonomously, take on the challenges of change, and create new value," based on the pillars of "development of an optimum human resource portfolio" and "full demonstration of employees' abilities and skills and fulfillment of their ambitions." ●Adjusted ROE increased year on year as we promoted the strengthening of our ERM foundations to improve capital efficiency and reduce the cost of capital, but we must further improve capital efficiency to achieve the "stable achievement of adjusted ROE of 10% or more," as stated in the Medium-Term Management Plan.

Total amount of remuneration (FY2023)

Total remuneration by category, total amount by type of remuneration, and number of applicable corporate officers

(¥ million)

Corporate officers category	No. of corporate officers	Total remuneration	Breakdown		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	7	352	181	133	38
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	56	56	—	—
Outside Directors/Audit & Supervisory Board Members	8	96	96	—	—

Total amount of consolidated remuneration, etc., of those whose total amount of consolidated remuneration, etc., is ¥100 million or more

(¥ million)

Name	Corporate officer category	Company category	Total remuneration	Breakdown		
				Fixed remuneration	Performance-linked remuneration	
					Monetary remuneration	Stock-based remuneration
Yasuyoshi Karasawa	Director	Submitting company	127	55	71	—
Yasuzo Kanasugi	Director	Submitting company	101	24	15	10
	Director	Aioi Nissay Dowa Insurance Co., Ltd.		32	5	13
Noriyuki Hara	Director	Submitting company	139	28	19	12
	Director	Mitsui Sumitomo Insurance Co., Ltd.		37	23	18

CEO Succession Plan

- With the aim of achieving sustainable growth and enhancing corporate value in our Group, we have established a succession plan that positions the appointment and dismissal of the Group CEO (hereinafter "CEO") and the development of successors as a key management issue.

Criteria for CEO selection

- ☑ Ability to embody the Group's Mission, Vision, and Values and having the concept of CSV (Creating Shared Value) in their own system of values
- ☑ Ability to plan and build a future vision
- ☑ Fairness and impartiality
- ☑ Ability to develop human assets
- ☑ Ability to demonstrate leadership
- ☑ Global response capability
- ☑ Acting in the Group's best interest

CEO selection process

Recommendation by the current CEO
- The current CEO prioritizes several candidates and recommends them to the Nomination Committee.
- Candidates can be from within the Group or outside the Group.

↓

Deliberation by the Nomination Committee
- Deliberation of the nomination from the CEO's recommendation.
- Outside Directors can recommend other candidates.

↓

Resolution by the Board of Directors
- The Nomination Committee advises the Board of Directors, which makes the final decision.

Development plan for CEO candidates

- The CEO plays an important role and can mentor numerous candidates. The candidates (from within the Group) should have the following experience:
  - Experience across departments (administration, operations, international, sales, claims services, systems, and others)
  - Management at a domestic company and/or an overseas subsidiary

CEO dismissal process

- When an Outside Director deems it necessary to discuss dismissal such as when the CEO is subject to the prohibitions stipulated in the Executive Officer Rules (e.g., violating obligations set forth in the Companies Act and other laws and regulations or company regulations) or when it is determined that it is difficult for the CEO to properly continue their duties due to health or other reasons, the Outside Director shall deliberate on their own initiative with members of the Nomination Committee excluding the CEO.
  Based on the results of the deliberation, necessary procedures are carried out in accordance with the Companies Act and internal regulations.
- Directors who are not Outside Directors can request a meeting of the Board of Directors to be convened in accordance with the Rules of the Board of Directors and submit proposals for dismissal of Directors at the Shareholders Meeting.

Engagement with Shareholders and Investors

The MS&AD Insurance Group is actively engaged in transparent information disclosure and constructive dialogue with shareholders and investors to achieve sustainable growth and improve corporate value. Specifically, we reduce information asymmetry with shareholders and investors by providing highly transparent information disclosure, and we share feedback obtained from constructive dialogue with shareholders and investors with management and related departments and utilize that in our management strategies.

Results of FY2023 activities

We held “information meetings” for shareholders and investors at which the President explained management strategies and business results, “thematic meetings” focusing on the international business, which is of particularly high interest to investors and analysts, and “ESG briefings” to introduce the Group’s ESG initiatives. We also held company briefings for individual investors and provided opportunities for the President and Group CFO to individually engage in dialogue with shareholders and investors in Japan and overseas.

Event	Description	Frequency
Conference call to explain financial results	Quarterly and full-year results	4 times
Information meeting	Group’s overall management strategy and performance	Twice
MS&AD thematic meeting	Specific topics of interest to investors and analysts	Once
MS&AD ESG briefing 2023	Group’s ESG initiatives	Once
Briefing session for individual investors	Group’s overall management strategy and performance	4 times
Individual meetings with domestic and overseas shareholders and investors	Group’s overall management strategy and performance	223 times

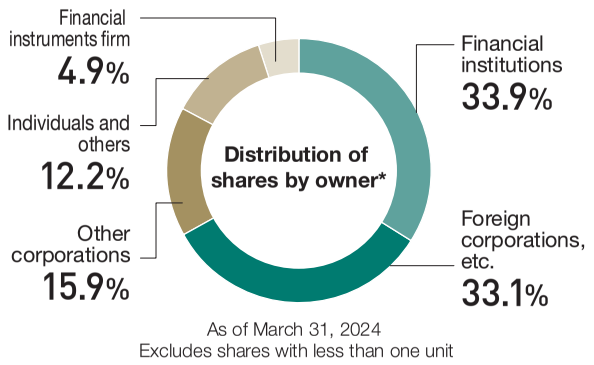
Key dialogue themes and concerns

Through regular reports to the Group Management Committee and the Board of Directors, we share information with top management and related departments on the opinions of shareholders and investors, their views on us, and stock market evaluation and utilize this information to formulate and implement management strategies, thereby enhancing corporate value. In addition, based on dialogue with shareholders and investors, we are accelerating efforts to improve capital efficiency, such as improving ROE and reducing strategic equity holdings.

Theme	Concerns
Business environment	●The impact of changes in the business environment, including continued inflation, a rise in personnel expenses, the frequent and severe occurrence of natural disasters, and the hardening of the reinsurance market, and countermeasures against them
Shareholder return policy	●Concept on basic and additional returns ●Stable shareholder returns
Capital management	●Overseas M&A policies and targets ●Plans to reduce strategic equity holdings and use of funds ●Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	●Improvement in profitability and revision in the premium rate of fire insurance ●Outlook of post-coronavirus voluntary automobile insurance earnings and revisions in the premium rate ●Details and progress of business cost reduction initiatives
Domestic life insurance	●Impact of recent domestic and foreign interest rate and exchange rate fluctuations and the future outlook
International business	●MS Amlin’s earnings outlook given the hardening of the market ●Drivers and outlook for business expansion in the Americas

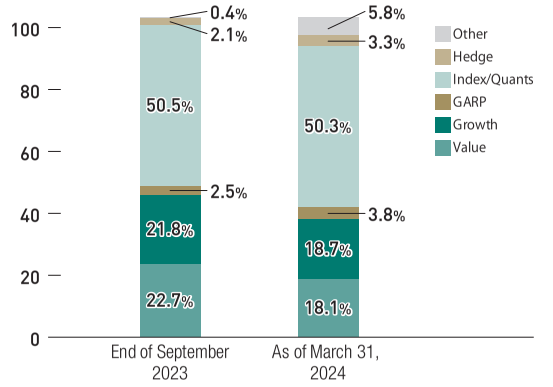
Overview of shareholders and IR activities for investors

Shareholder composition: 33.9% financial institutions; 33.1% foreign corporations, etc.; 15.9% other corporations; and 12.2% individuals and others. We hold regular meetings with shareholders and investors in Japan and overseas and actively engage in “constructive dialogue.” In addition, from the viewpoint of immediate and fair information disclosure, the information meeting was broadcast live in Japanese and English, and we are working to distribute information through English disclosure on our website.



As of March 31, 2024
Excludes shares with less than one unit

Shareholder composition by investment type (Overseas institutional investors)



Information disclosure as a basis for dialogue

Website (Japanese/English)

- To ensure fair information disclosure, we promptly disclose IR event materials in both Japanese and English.
- Our website has won the top prize at the “Daiwa IR 2023 Internet IR Awards” for three consecutive years (2021, 2022, 2023).



Consolidated reports (Japanese/English)

- In FY2023, we explained our progress toward the numerical management targets of the Medium-Term Management Plan (2022–2025), among other things. In addition, we introduced our CSV×DX initiatives through a special feature page.
- We received Gold at the 9th Asian Integrated Report Awards and Bronze at the WICI Japan Integrated Report Awards 2023.



Shareholders’ Meeting

	14th term	15th term	16th term
Date (fixed time)	June 27, 2022 (Monday)	June 26, 2023 (Monday)	June 24, 2024 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	19,305 persons	21,995 persons	25,961 persons
Ratio of the exercise of voting rights	86.9%	84.1%	83.4%

For more information, see the Group’s official website. **●Investor relations (https://www.ms-ad-hd.com/en/ir.html)**

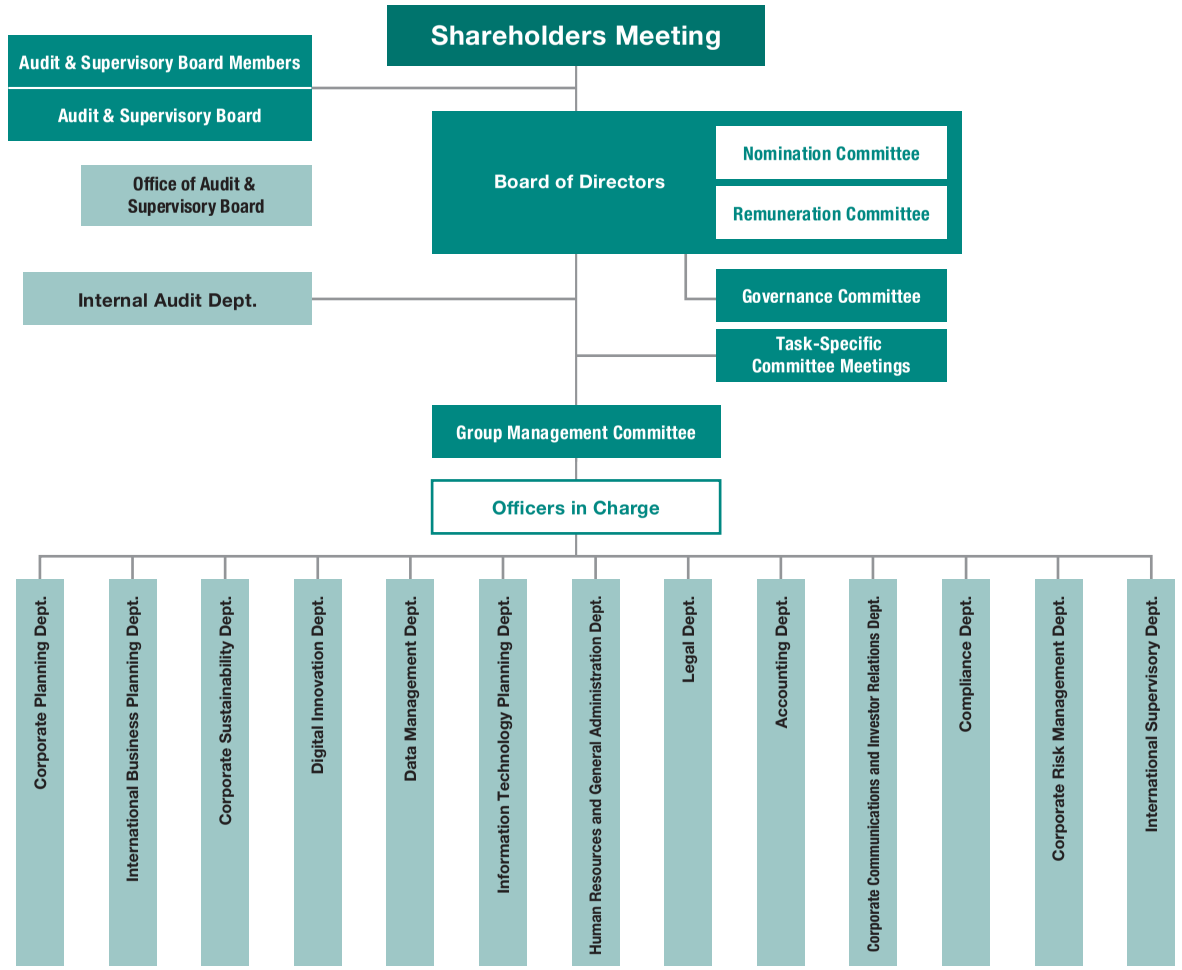
●Policy on constructive dialogue with shareholders ●Financial and nonfinancial information (timely disclosure materials, securities reports, earnings conference call materials, corporate governance reports, information meeting materials*, sustainability reports) ●Video of the President’s presentation (including Q&A summary) ●Notice of ordinary general meeting of shareholders
*Including capital costs and initiatives to improve stock prices

Corporate Profile

MS&AD Insurance Group Holdings is an insurance holding company. The Company controls the entire MS&AD Insurance Group, planning strategies and allocating management resources across the Group, as well as monitoring and overseeing Group companies. The Company has thus established a system for Group corporate governance. The Company will be the force to maximize the total potential of the Group, forming the center of efforts to raise the level of management control, pursue Group synergies, accelerate decision-making, and develop human assets through various business frameworks and personnel systems.

Corporate Name	MS&AD Insurance Group Holdings, Inc.
Date Established	April 1, 2008 (Name changed on April 1, 2010)
Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan
Representative	Shinichiro Funabiki, Representative Director, President & CEO
Paid-in Capital	¥101,076 million (as of March 31, 2024)
Number of Employees	450 (38,391 on a consolidated basis) (as of March 31, 2024)
Business Description	Activities as an insurance holding company are as follows: 1. Management and administration of non-life insurance companies, life insurance companies, and companies that it might own as its subsidiaries under the Insurance Business Act, and business incidental thereto; and 2. Any business associated with the above under the Insurance Business Act.
Stock Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Independent Auditor	KPMG AZSA LLC

MS&AD Insurance Group Holdings, Inc., Organizational Chart (as of August 1, 2024)



Stock and Shareholders (as of March 31, 2024)

1 Summary of Issued Shares

Class of Stock	Common Stock	**Total Number of Authorized Shares**	900,000,000
Total Number of Issued Shares	536,071,400	**Number of Shareholders**	98,369

2 Shareholding Profile

Breakdown by Sector

	Japanese Financial Institutions	Japanese Securities Companies	Other Japanese Companies	Foreign Companies and Individuals	Japanese Individuals and Others	Total
Number of Shareholders	170	44	1,303	1,062	65,209	67,788
Number of Shares Held (millions)	181.05	26.27	85.31	176.78	66.64	536.07
Percentage of Shares Issued	33.8%	4.9%	15.9%	33.0%	12.4%	100%

Breakdown by Number of Shares Held

	1–99	100–999	1,000–9,999	10,000–99,999	100,000 and Above	Total
Number of Shareholders	30,581	53,614	12,759	1,071	344	98,369
Percentage of All Shareholders	31.1%	54.5%	13.0%	1.1%	0.4%	100%

Breakdown by Region

	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
Number of Shares (Millions)	1.15	2.78	267.33	66.59	16.37	2.02	1.95	2.44	175.41	536.07
Percentage of Shares Issued	0.2%	0.5%	49.9%	12.4%	3.1%	0.4%	0.4%	0.5%	32.7%	100%

3 Major Shareholders

(as of March 31, 2024)

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	75,762	14.29
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	52,610	9.92
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	36,325	6.85
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	26,808	5.06
JP MORGAN CHASE BANK 380055 (Standing agent: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	270 Park Ave., New York, NY 10017, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	13,037	2.46
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	1776 Heritage Dr., North Quincy, MA 02171, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	9,163	1.73
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Japan	7,631	1.44
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Dept., Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Congress St., Suite 1, Boston, MA 02114, USA (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	7,036	1.33
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351, Boston, MA 02101, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	6,555	1.24
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank St., Canary Wharf, London, E14 5JP, UK (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	6,501	1.23
Total		241,433	45.54

Notes:
1. The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.
2. The Company owns 5,968 thousand treasury shares, but these are omitted from the table above.
3. On April 1, 2024, a 3-for-1 stock split was conducted in relation to the Company's common stock, but the number of shares held above represents the number of shares held prior to the stock split.

4 Changes in Total Number of Issued Shares, Paid-in Capital, and Capital Reserves

Date	Issued Shares		Paid-in Capital		Capital Reserves	
	Increase/Decrease	Balance	Increase/Decrease	Balance	Increase/Decrease	Balance
July 22, 2020*1	181 thousand	593,473 thousand	¥276 million	¥100,276 million	¥276 million	¥729,532 million
July 27, 2021*2	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022*3	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
November 30, 2022*4	(57,800) thousand	535,967 thousand	–	¥100,808 million	–	¥730,064 million
July 25, 2023*5	104 thousand	536,071 thousand	¥267 million	¥101,076 million	¥267 million	¥730,331 million

*1 The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
*2 The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
*3 The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
*4 The decrease in the total number of issued shares was due to the retirement of treasury shares.
*5 The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
Note: On April 1, 2024, the Company conducted a 3-for-1 stock split in relation to its common stock, increasing the total number of outstanding shares by 1,072,142,800 shares.

5 Basic Information

Fiscal Year
April 1 to March 31 of the following year

Annual Shareholders' Meeting
Within three months from the end of each fiscal year

Record Date
Year-end dividends: March 31, every year
Interim dividends: September 30, every year

Method of Public Notification
Electronic reporting can be found online at https://www.ms-adhd.com/ja/ir/notification.html (Japanese only)
In the event of an incident or other event that prevents electronic reporting,
the Company will publish its notifications in the Nikkei newspaper.

Stock Exchange Listings
Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market)

Administrator of Shareholders' Registry
Sumitomo Mitsui Trust Bank, Limited

Place of Business of Administrator of Shareholders' Registry:
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept. (1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan)

Special Account Management Institution:
Sumitomo Mitsui Trust Bank, Limited*

(Postal Address)
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept. (2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan)

Telephone Inquiry
0120-782-031

Note: Following a share exchange effective April 1, 2010, the Company inherited the responsibility for a special account that was established on the same day for the shareholders of Aioi and NDI. As a result, the special account management institution for prior shareholders of these two companies will continue to be Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo).

Group Business Schematic (as of March 31, 2024)

The primary businesses undertaken by MS&AD Holdings and its Group companies (subsidiaries and affiliates), and the main Group companies undertaking each business, are listed below.

Business Overview

MS&AD INSURANCE GROUP HOLDINGS, INC.

★ MITSUI SUMITOMO INSURANCE COMPANY, LTD. (Mainly the Domestic Non-Life Insurance Business)

<International Businesses>
★ MSIG Holdings (U.S.A.), Inc. 〈U.S.A.〉
★ Mitsui Sumitomo Insurance USA Inc. 〈U.S.A.〉
★ Mitsui Sumitomo Insurance Company of America 〈U.S.A.〉
★ MSIG Specialty Insurance USA Inc. 〈U.S.A.〉
★ MS Transverse Insurance Group, LLC 〈U.S.A.〉
★ MS Transverse Specialty Insurance Company 〈U.S.A.〉
★ MS Transverse Insurance Company 〈U.S.A.〉
★ TRM Specialty Insurance Company 〈U.S.A.〉
★ Mitsui Sumitomo Seguros S/A. 〈BRAZIL〉
★ MS Amlin Corporate Member Limited 〈U.K.〉
★ MS Amlin Underwriting Limited 〈U.K.〉
★ MSI Corporate Capital Limited 〈U.K.〉
★ Mitsui Sumitomo Insurance Company (Europe), Limited 〈U.K.〉
★ MS Amlin AG 〈SWITZERLAND〉
★ MSIG Insurance Europe AG 〈GERMANY〉
★ MS Amlin Insurance SE 〈BELGIUM〉
★ MSIG Insurance (Singapore) Pte. Ltd. 〈SINGAPORE〉
★ MS First Capital Insurance Limited 〈SINGAPORE〉
★ MSIG Mingtai Insurance Co.,Ltd. 〈TAIWAN〉
★ MSIG Insurance (Hong Kong) Limited 〈HONG KONG〉
★ Mitsui Sumitomo Insurance (China) Company Limited 〈CHINA〉
★ MSIG Insurance (Vietnam) Company Limited 〈VIETNAM〉
● Cholamandalam MS General Insurance Company Limited 〈INDIA〉
● Max Financial Services Limited 〈INDIA〉
● Max Life Insurance Company Limited 〈INDIA〉
★ PT. MSIG Life Insurance Indonesia Tbk 〈INDONESIA〉
★ PT. Asuransi MSIG Indonesia 〈INDONESIA〉
● Ceylinco Insurance PLC 〈SRI LANKA〉
★ MSIG Insurance (Thailand) Public Company Limited 〈THAILAND〉
● BPI/MS Insurance Corporation 〈PHILIPPINES〉
★ MSIG Insurance (Malaysia) Bhd. 〈MALAYSIA〉
● Hong Leong Assurance Berhad 〈MALAYSIA〉
● MSIG Sokxay Insurance Co., Ltd. 〈LAOS〉

<Financial Services Business and Digital/Risk-Related Services Business>
★ MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd. <Japan>
● Sumitomo Mitsui DS Asset Management Company, Limited <Japan>
★ Leadenhall Capital Partners LLP 〈U.K.〉
★ MS Financial Reinsurance Limited 〈BERMUDA〉

★ AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED (Mainly the Domestic Non-Life Insurance Business)

<Domestic Non-Life Insurance Business>
★ Little Family SS Insurance Co., Ltd. 〈Japan〉

<International Business>
★ DTRIC Insurance Company, Limited 〈U.S.A.〉
★ DTRIC Insurance Underwriters, Limited 〈U.S.A.〉
★ Aioi Nissay Dowa Europe Limited 〈U.K.〉
★ Aioi Nissay Dowa Insurance UK Limited 〈U.K.〉
★ Aioi Nissay Dowa Life Insurance of Europe AG 〈GERMANY〉
★ Aioi Nissay Dowa Insurance Company of Europe SE 〈LUXEMBOURG〉
★ Aioi Nissay Dowa Insurance Company Australia Pty Ltd 〈AUSTRALIA〉
★ Aioi Nissay Dowa Insurance (China) Company Limited 〈CHINA〉

★ MITSUI DIRECT GENERAL INSURANCE COMPANY, LIMITED (Domestic Non-Life Insurance Business)

★ MITSUI SUMITOMO AIOI LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)

★ MITSUI SUMITOMO PRIMARY LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)

<International Business>
● Challenger Limited 〈AUSTRALIA〉
● BOCOM MSIG Life Insurance Company Limited 〈CHINA〉

<Financial Services Business and Digital/Risk-Related Services Business>
★ MS&AD InterRisk Research & Consulting, Inc. 〈Japan〉

Notes:
1. The primary consolidated subsidiaries and other entities in each business are listed.
2. The symbols indicate the following: ★: Consolidated subsidiary ●: Equity-method affiliate

Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Oct. 21, 1918	Domestic Non-Life Insurance	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic Non-Life Insurance	¥100,005 million	100.0	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	June 3, 1999	Domestic Life Insurance	¥39,106 million	100.0	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic Life Insurance	¥85,500 million	100.0	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Sept. 7, 2001	Domestic Life Insurance	¥41,060 million	100.0	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Aug. 1, 2019	Domestic Non-Life Insurance	¥575 million	-	98.1%
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1 billion	-	100.0
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Digital/Risk-Related Services Business	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	New York, USA	Oct. 21, 1988	International	US$1,494 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	New York, USA	Jan. 28, 1988	International	US$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	New York, USA	March 29, 2001	International	US$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	New York, USA	Jan. 11, 1994	International	US$5,000 thousand	-	100.0
MS Transverse Insurance Group, LLC	Delaware, USA	June 26, 2018	International	US$107,695 thousand	-	100.0
MS Transverse Specialty Insurance Company	Dallas, USA	Nov. 18, 1982	International	US$5,000 thousand	-	100.0
MS Transverse Insurance Company	Dallas, USA	March 14, 1961	International	US$4,200 thousand	-	100.0
TRM Specialty Insurance Company	Dallas, USA	Nov. 5, 1987	International	US$4,200 thousand	-	100.0
DTRIC Insurance Company, Limited	Honolulu, USA	Dec. 12, 1978	International	US$4,500 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	Honolulu, USA	Feb. 2, 2007	International	US$2,500 thousand	-	100.0
Mitsui Sumitomo Seguros S/A.	São Paulo, Brazil	Dec. 15, 1965	International	BRL619,756 thousand	-	100.0
Aioi Nissay Dowa Europe Limited	London, UK	Nov. 8, 2017	International	UK£490,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	London, UK	Dec. 11, 2017	International	UK£200,100 thousand	-	100.0
MS Amlin Corporate Member Limited	London, UK	Sept. 19, 1994	International	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	London, UK	Nov. 29, 1988	International	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	London, UK	Jan. 7, 2000	International	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	London, UK	July 28, 1972	International	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	London, UK	April 30, 2008	Financial Services	US$2,850 thousand	-	80.0
MS Amlin AG	Zurich, Switzerland	Aug. 19, 2010	International	CHF10,000 thousand	-	100.0
MSIG Insurance Europe AG	Cologne, Germany	April 20, 2012	International	€184,000 thousand	-	100.0
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Dec. 8, 2005	International	€5,000 thousand	-	100.0
MS Financial Reinsurance Limited	Hamilton, Bermuda	Nov. 21, 2011	Financial Services	¥46 million	-	100.0%
MS Amlin Insurance SE	Brussels, Belgium	Jan. 4, 2016	International	€140,000 thousand	-	100.0
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Nov. 12, 2004	International	€71,875 thousand	-	100.0
MSIG Insurance (SIngapore) Pte. Ltd.	Singapore, Singapore	Sept. 23, 2004	International	S$333,442 thousand	-	100.0
MS First Capital Insurance Limited	Singapore, Singapore	Dec. 9, 1950	International	S$26,500 thousand	-	99.9
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Aug. 1, 2008	International	A$87,800 thousand	-	100.0
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Sept. 22, 1961	International	NT$2,535 million	-	100.0
MSIG Insurance (Hong Kong) Limited	Hong Kong, PRC	Sept. 8, 2004	International	HK$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, PRC	Jan. 23, 2009	International	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, PRC	Sept. 6, 2007	International	RMB500,000 thousand	-	100.0
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Feb. 2, 2009	International	VND300,000 million	-	100.0
PT. MSIG Life Insurance Indonesia Tbk	Jakarta, Indonesia	July 17, 1984	International	IDR210,000 million	-	80.0
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Dec. 17, 1975	International	IDR100,000 million	-	80.0
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	April 14, 1983	International	THB142,666 thousand	-	86.4
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	April 28, 1979	International	MYR1,511 million	-	65.4 [1.4]
59 other companies						

2. EQUITY-METHOD AFFILIATES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
au Insurance Company, Limited	Minato-ku, Tokyo	Feb. 23, 2010	Domestic Non-Life Insurance	¥3,150 million	-	49.0%
Sumitomo Mitsui DS Asset Management Company, Limited	Minato-ku, Tokyo	July 15, 1985	Financial Services	¥2,000 million	-	15.0
Challenger Limited	Sydney, Australia	Sept. 13, 1985	International	A$2,524 million	15.2%	-
BoCommLife Insurance Company Limited	Shanghai, PRC	July 4, 2000	International	RMB5,100 million	37.5	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Nov. 2, 2001	International	INR2,988 million	-	40.0
Max Financial Services Limited	Nawanshahr, India	Feb. 24, 1988	International	INR690,065 thousand	-	21.9
Max Life Insurance Company Limited	Chandigarh, India	July 11, 2000	International	INR19,188 million	-	[87.0]
Ceylinco Insurance PLC	Colombo, Sri Lanka	Feb. 11, 1987	International	LKR1,324 million	-	15.0
BPI/MS Insurance Corporation	Manila, Philippines	Oct. 1, 1965	International	PHP350,000 thousand	-	48.5
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Dec. 20, 1982	International	MYR200,000 thousand	-	30.0
MSIG Sokxay Insurance Co., Ltd.	Vientiane, Laos	June 1, 2023	International	LAK54,352 million	-	35.0
2 other companies						

Note: Figures in brackets [ ] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

1996 Start of Japan's Big Bang (financial system reform)
1997 Development of original products
1998 Deregulation of premium rates
1999 2000 Diversification of insurance products
2001 2002 End of Japan's Financial Big Bang, First industry realignment
2006 2009 Second industry realignment, Strengthening of policyholder protection/deregulation
2010 2012 2013 2016 Strengthening corporate governance
2024 Digital innovation

1996 ● Revision of the Insurance Business Act
- Mutual entry into non-life and life insurance business by subsidiaries
- Reform of Insurance Rating Organization system
- Introduction of products and premium rates notification system

1997 ● Approval of risk-subdivision-type automobile insurance

1998 ● Abolition of obligation for members to use the premium rates calculated by the Rating Organization (Transitional Measures: 2 years)
● Introduction of an insurance holding company system

2001 ● Ban on OTC bank sales of insurance partially lifted

2006 ● Review of the policyholder protection system
● Introduction of a small-amount, short-term insurance system

2007 ● Implementation of the Financial Instruments and Exchange Act
● OTC bank sales of insurance fully liberalized

2010 ● Implementation of the Insurance Act

2012 ● Review, etc., of regulations relating to the transfer of insurance contracts

2013 ● Introduction of an insurance soliciting subcontracting system

2016 ● Establishment of basic rules for insurance soliciting
● Development, etc., of regulations relating to insurance solicitation

2021 ● Digitization of ancillary operations and addition of operations that contribute to regional revitalization, etc.

History of the MS&AD Insurance Group

Mitsui Marine & Fire Insurance Co., Ltd. (Founded in 1918)
In 1918, this company was established as Taisho Marine & Fire Insurance Co., Ltd., with the support of a wide range of companies from many industries centered on Mitsui & Co., Ltd. Besides establishing a London office in 1924, beginning direct underwriting operations in Thailand in 1934, and undertaking other moves to expand its overseas sales systems from an early stage, the company initiated fund procurement through the issuance of depositary receipts in London from 1964 and otherwise responded to the era of internationalization. It merged with Shin Nippon Fire in 1941 and with Mitsui Fire in 1944. In 1991, it changed its name to Mitsui Marine & Fire.

Sumitomo Marine & Fire Insurance Co., Ltd. (Founded in 1893)
This company was established as Osaka-based Osaka Insurance in 1893 by interests related to the copper and trading industries. Another predecessor company, Tokyo-based Fuso Marine, was established in 1917. Its management was later transferred to Sumitomo, and it was renamed Sumitomo Marine. Osaka Insurance and Sumitomo Marine merged in 1944, creating Osaka Sumitomo Marine. In 1954, the company's head office was moved to Tokyo, and the company's name was changed to Sumitomo Marine. In response to Japanese companies' moves to establish overseas operations, it progressively built up an overseas sales system.

Dai-Tokyo Fire & Marine Insurance Co., Ltd. (Founded in 1918)
Established in 1918 as Tokyo Dosan Fire, which was engaged in the basic fire insurance business, this company merged with Toshin Fire, which was engaged in the general fire insurance business, in 1944 to create Dai Tokyo Fire. From the early 1960s, Dai Tokyo Fire proactively worked to expand its automobile insurance business. It built one of the industry's top claims handling systems in automobile insurance and organized a network of car repair and maintenance shops, thereby earning the epithet "Dai Tokyo of car repair and maintenance agencies."

Chiyoda Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Otaru Cargo Fire, this company merged with Okura Fire of the Okura zaibatsu in 1944. In 1945, it merged with the former Chiyoda Fire, which was established as a sister company of Chiyoda Life, and it changed its name to Chiyoda Fire in 1946. After the war, Chiyoda Fire cooperated with Tokai Bank and built strong ties with the financial industry in the greater Nagoya region. After building ties with Toyota Motor Sales Co., Ltd., it developed as a company with particularly strong operations in automobile insurance.

Dowa Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Yokohama Fire, it merged with three companies based in the Kansai region—Kobe Marine, Kyodo Fire, and Asahi Marine—in 1944 to create Dowa Fire. After the war, it redeveloped aviation insurance and developed satellite insurance products, earning a reputation as being particularly strong in the aerospace field, and it maintained one of the industry's top levels of financial soundness.

Nissay General Insurance Co., Ltd. (Established in 1996)

Mitsui Direct General Insurance Co., Ltd. (Business started in 2000)

Mitsui Mirai Life Insurance Co., Ltd. (Established in 1996)

Sumitomo Marine Yu-Yu Life Insurance Co., Ltd. (Established in 1996)

Dai-Tokyo Shiawase Life Insurance Co., Ltd. (Established in 1996)

Chiyoda Kasai Ebisu Life Insurance Co., Ltd. (Established in 1996)

Note: Because the 1996 Revision of the Insurance Business Act removed the prohibition of life and non-life insurance companies moves to enter each other's insurance sector through subsidiaries, Mitsui Marine & Fire, Sumitomo Marine & Fire, Dai-Tokyo Fire & Marine, and Chiyoda Fire & Marine each established a life insurance subsidiary and began engaging in the life insurance business.

Mitsui Sumitomo Insurance Co., Ltd. (Merged in 2001)

Aioi Insurance Co., Ltd. (Merged in 2001)

Nissay Dowa General Insurance Co., Ltd. (Merged in 2001)

Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. (Merged in 2001)

Aioi Life Insurance Co., Ltd. (Merged in 2001)

Mitsui Sumitomo CitiInsurance Life Insurance Co., Ltd. (Business started in 2002)

Mitsui Sumitomo MetLife Insurance Co., Ltd. (Company name changed in 2005)

Mitsui Sumitomo Insurance Group Holdings (MSIGHD) (Established in 2008)
Mitsui Sumitomo Insurance Co., Ltd., Mitsui Sumitomo Kirameki Life Insurance Co., Ltd., Mitsui Sumitomo MetLife Insurance Co., Ltd., and Mitsui Direct General Insurance Co., Ltd., became subsidiaries of MSIGHD.

2010 Establishment of the MS&AD Insurance Group

MS&AD Insurance Group Holdings, Inc. (Company name changed in 2010)

Mitsui Sumitomo Insurance Co., Ltd.

Aioi Nissay Dowa Insurance Co., Ltd. (Merged in 2010)

Mitsui Direct General Insurance Co., Ltd.

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Inaugurated in 2011)

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Company name changed in 2011)

2011 au Insurance Company, Limited, established

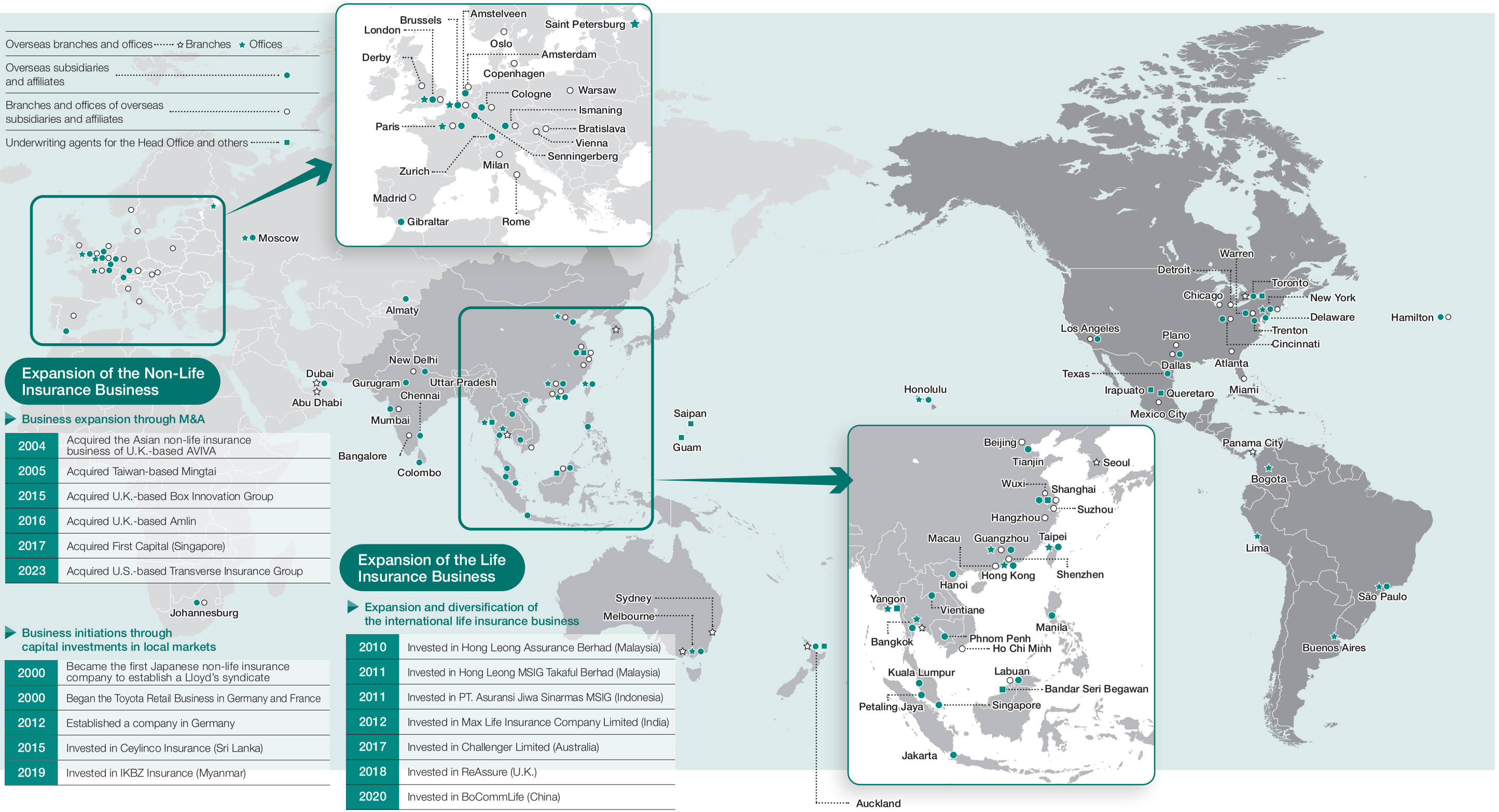
2019 Sumitomo Mitsui DS Asset Management Company, Limited, established

2019 Little Family SS Insurance Co., Ltd., established

2020 MS&AD GRAND ASSISTANCE Co., Ltd., established

2022 Mitsui Direct General Insurance Co., Ltd., becomes a wholly owned subsidiary

Group Network and History of International Business (as of July 1, 2024)



Expansion of the Non-Life Insurance Business

Business expansion through M&A

2004	Acquired the Asian non-life insurance business of U.K.-based AVIVA
2005	Acquired Taiwan-based Mingtai
2015	Acquired U.K.-based Box Innovation Group
2016	Acquired U.K.-based Amlin
2017	Acquired First Capital (Singapore)
2023	Acquired U.S.-based Transverse Insurance Group

Business initiations through capital investments in local markets

2000	Became the first Japanese non-life insurance company to establish a Lloyd's syndicate
2000	Began the Toyota Retail Business in Germany and France
2012	Established a company in Germany
2015	Invested in Ceylinco Insurance (Sri Lanka)
2019	Invested in IKBZ Insurance (Myanmar)

Expansion of the Life Insurance Business

Expansion and diversification of the international life insurance business

2010	Invested in Hong Leong Assurance Berhad (Malaysia)
2011	Invested in Hong Leong MSIG Takaful Berhad (Malaysia)
2011	Invested in PT. Asuransi Jiwa Sinarmas MSIG (Indonesia)
2012	Invested in Max Life Insurance Company Limited (India)
2017	Invested in Challenger Limited (Australia)
2018	Invested in ReAssure (U.K.)
2020	Invested in BoCommLife (China)

Developing Business in Major Countries/Regions

1924	1934	1956	1957	1958	1962	1966	1969	1970	1974	1977	1978	1997	1999	2001	2003	2005	2010	2015
U.K. (Office)*	Thailand	U.K.	U.S./ Hong Kong	Singapore/ Germany	Malaysia	Australia	Indonesia	New Zealand	Brazil	Philippines	France	Vietnam	Taiwan	China (Shanghai)	India	Cambodia	Laos	Myanmar/ South Africa (Office)*

Items not marked with * indicate the year in which a direct insurance license was acquired.

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group.

As of July 1, 2024

Rating Agency	Rating Assigned	MS&AD Holdings	Mitsui Sumitomo Insurance Co., Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Standard & Poor's	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
	Long-Term Issuer Credit Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
Moody's	Insurance Financial Strength Rating	-	A1 (Stable)	A1 (Stable)	-	-
	Long-Term Issuer Rating	-	A1 (Stable)	-	-	-
Rating and Investment Information, Inc. (R&I)	Issuer Rating	-	AA (Stable)	AA (Stable)	-	-
	Insurance Claims Paying Ability	-	-	-	AA (Stable)	AA (Stable)
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims	-	-	AA+ (Stable)	-	-
	Long-Term Issuer Rating	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)	-	-
A.M. Best	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	-
	Issuer Credit Rating	-	aa (Stable)	aa (Stable)	-	-

Credit Ratings for Overseas Insurance Companies

The table below indicates information about the credit ratings of overseas subsidiaries.

As of July 1, 2024

Rating Agency	Overseas Subsidiaries	Credit Rating
Standard & Poor's	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable)
	Mitsui Sumitomo Insurance Co. (Europe), Ltd. MSIG Insurance (Hong Kong) Ltd. MSIG Insurance (Singapore) Pte. Ltd. MSIG Insurance Europe AG MS Amlin AG (MS Reinsurance)	Financial Strength Rating A+ (Stable)*1
	Aioi Nissay Dowa Insurance Company of Europe SE Aioi Nissay Dowa Insurance UK Ltd.	Financial Strength Rating A+ (Stable)*2
	Mitsui Sumitomo Insurance (China) Co., Ltd. MSIG Mingtai Insurance Co., Ltd. MS Amlin Insurance SE	Financial Strength Rating A (Stable)
Moody's	Syndicate 2001 MS Amlin AG (MS Reinsurance)	Insurance Financial Strength Rating A1 (Stable)
	Mitsui Sumitomo Insurance Co. (Europe), Ltd.	Insurance Financial Strength Rating A1 (Stable)*1
A.M. Best	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable)
	MS Amlin AG (MS Reinsurance)	Financial Strength Rating A+ (Stable)*1
	Syndicate 2001	Financial Strength Rating A (Positive)
	MS First Capital Insurance Limited MS Transverse Insurance Company MS Transverse Specialty Insurance Company TRM Specialty Insurance Company MS Amlin Insurance SE	Financial Strength Rating A (Stable)
	Aioi Nissay Dowa Insurance (China) Co., Ltd.	Financial Strength Rating A- (Stable)
	DTRIC Insurance Company Ltd. DTRIC Insurance Underwriters, Ltd.	Financial Strength Rating A- (Negative)

*1 Applicable to the same ratings as Mitsui Sumitomo Insurance with the guarantee on insurance/reinsurance policies issued by Mitsui Sumitomo Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

*2 Applicable to the same rating as Aioi Nissay Dowa Insurance with the guarantee on insurance/reinsurance policies issued by Aioi Nissay Dowa Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

Basic Knowledge about the Insurance Industry

We have prepared this section as reference material to help readers gain a better understanding of the insurance industry and the Company's business operations and business strategies. We are striving to provide accurate and fair information, but we cannot guarantee the content of this section.

Glossary of Insurance Terminology

A

Alternative Risk Transfer (ART) Business
A general term referring to the use of techniques other than traditional insurance policies to transfer risks, meaning to provide risk-bearing entities with coverage or protection. ART entails the use of financial technologies and capital markets to provide risk solutions. ART products include derivatives and securitized products, and the typical products include "weather derivatives" and "earthquake derivatives."

Annualized Premiums
The insurance premium payment method differs depending on the insurance contract. An annualized premium is calculated by adjusting for these differences in payment methods and computing the yearly average paid in premiums. It indicates how much income an insurance company makes from insurance premiums in one year.

Asset Liability Management (ALM)
A general term for the comprehensive management of risks related to assets and liabilities. The value of most of the assets held by insurance companies and other financial institutions is affected by market prices (or market interest rates); in other words, they are at risk. A proper evaluation of risks and returns cannot focus on assets or liabilities alone—the ALM business management methodology seeks to maximize profit, while managing it in a way that pays comprehensive attention to the risk and return of both assets and liabilities.

Assumed Interest Rate
Insurance companies anticipate a certain level of profits from asset management and offer discounts on insurance premiums based on this. This discount rate is called the assumed interest rate.

C

CAPM (Capital Asset Pricing Model)
The capital asset pricing model is used to calculate the rate of return expected by shareholders in the capital markets. The correlation of the target company's stock with the market is determined by the β value (more precisely, the slope estimated by the linear regression equation that explains the fluctuations in the stock prices of the target companies in terms of market price fluctuations). The estimated cost of capital is calculated by adding the risk-free interest rate to the individual equity risk premium, which is the β value multiplied by the equity market risk premium (market return – risk-free interest rate).

Catastrophe Reserves
Most non-life insurance premium rates are set using the "law of large numbers," but, in a given fiscal year, it is always possible that there will be a major typhoon or other large disaster causing damages on a scale that cannot be absorbed using premium income for that year alone. The catastrophe reserve is provided to prepare to respond to the temporary surge in claims associated with such disasters. For more details, see page 121.

CAT Bond (Catastrophe Bond)
Securities sold by non-life insurance companies to investors to enable the insurance companies to avoid major losses owing to claims paid in connection with major disasters. If there is no occurrence of a disaster on a scale surpassing previously stipulated criterion, then the CAT bonds' interest and principal will be paid to the investors, but, in the case of such a disaster, the principal will be partially or entirely reduced.

Combined Ratio
An indicator that is the sum of the net loss ratio and the net expense ratio; subtracting this ratio from one gives the underwriting balance ratio. Although the indicator is not adjusted to reflect outstanding claims and underwriting reserve, it reflects profitability for the fiscal period. Used only in the insurance industry, its concept is similar to that of the ratio of operating profit to sales of ordinary companies.

Commissions and Collection Expenses
The total of agent commissions, insurance broker commissions, sales expense, collection expense, reinsurance commissions, and ceded premium commissions. (Note that ceded premium commissions, which are commission incomes pertaining to ceded reinsurance and retrocession premiums, are deductions.)

Compulsory Automobile Liability Insurance (CALI)
To provide relief to victims of traffic accidents, this is compulsory insurance that all motor vehicles must be enrolled in under law. Motorized bicycles are also subject to this requirement. Compulsory automobile liability insurance provides compensation in cases where other persons are killed or injured in traffic accidents, etc. Insurance claims are paid for loss compensation of the other persons.

Core Profit (Fundamental Profit)
Ordinary profit after adjustments for capital profits/(losses) and extraordinary income and losses, which represent profits and losses not stemming from the principal business of life insurance companies; so, Core Profit is an indicator of the profitability of the Company's principal business operations during a fiscal year. The concept of Core Profit is close to that of ordinary companies' "operating income" and banks' "business income."

Cross-Selling
Concurrent selling of life insurance and non-life insurance products, such as in the case of a non-life insurance agent that sells life insurance products.

D

Direct Insurance
A term used in contrast to reinsurance. When an insurance contract is reinsured, the original insurance that has been reinsured is called direct insurance. It can also be used to refer to all the insurance contracts directly entered into with policyholders by the insurance company.

E

Earned-Incurred Loss Ratio (EI Loss Ratio)
After adjusting for provisions and reversals of loss reserves and

ordinary policy liability reserves, the EI loss ratio is an indicator of the loss ratio on a current-period-occurrence basis. It is calculated as follows.
→ Net Loss Ratio
- EI loss ratio = claims incurred ÷ premiums earned
- Claims incurred = period-end net claims paid + (period-end loss reserve – previous period-end loss reserve)
- Premiums earned = previous period-end unearned premiums + net premiums written for the period – period-end unearned premiums

EEV
See "Embedded Value" below.

Embedded Value (EV)
The current value of net assets plus the current value of future profit expected from policies in force (policies in force value). Under current statutory accounting practices, the recognition of costs is concentrated at the time of sales, while the related profits are recognized in subsequent years; so, using those accounting practices to accurately evaluate corporate performance is difficult in some ways. As EV encompasses an evaluation of the current value of future profit expected from policies in force, it is a useful indicator that can be used to supplement statutory accounting practices for the purpose of evaluating companies' performance and enterprise value.

While the Company has disclosed its EV for some time, since FY2011, it has disclosed its EV calculated based on the European Embedded Value principles (EEV principles*), and this type of EV is referred to as EEV. In addition, the Company's calculations of EEV employ a market-consistent approach to evaluating liability- and asset-related cash flows that is consistent with the financial products traded in markets.

*The EEV principles were instituted by a CFO Forum (composed of the chief financial officers (CFOs) of major European insurance companies) in May 2004 with the goal of promoting a consistent EV calculation and disclosure method and thereby promoting an increase in transparency.

Enterprise Risk Management (ERM)
A process for determining and evaluating the risks associated with the execution of business operations by an enterprise in an integrated, comprehensive, and strategic manner. It is an integrated risk management method used for maximizing enterprise value.

Equity Ratio
The proportion of equity divided by total assets. Owing to the application of accounting standards concerning financial products and the inclusion of unrealized gains on securities within the balance sheet figures, the equity ratio is also stated based on market value.

ESG
Three concepts of environmental, social, and governance (ESG). In ESG investing, the investor does not focus exclusively on the profit that can be earned from an investment but goes on to consider the impact of the investment on the environment as well as on shareholders, customers, employees, local communities, and other stakeholders. ESG investing essentially entails carrying out CSR when making investment decisions.

Expected Mortality
Based on past statistics, gender-wise and age-wise mortality (or the number of those alive) is predicted, and this information is used for calculating the required amount of insurance premium for future insurance payments. The mortality rate used in these calculations is called the expected mortality.

Expected Operating Expense Ratio
Life insurance companies anticipate all the expenses required for business operation such as concluding contracts, receiving premiums, maintaining and managing policies, and so on in advance. This is called the expected operating expense ratio.

F

Foreign Currency–Denominated Life Insurance
Foreign currency–denominated life insurance calls for the use of a foreign currency (e.g., U.S. dollars, Euros, Australian dollars) to pay insurance premiums and the use of a foreign currency to pay insurance benefits and reimbursements upon policy cancellations. A portion of such life insurance products as whole life insurance, endowment insurance, and fixed/variable individual annuities is sold as foreign currency–denominated products. When the foreign currency benefits from such products are converted into yen, they will be affected by foreign exchange rate fluctuations; so, there is a possibility that the yen-denominated benefits could end up being lower than the yen-denominated value of the premiums paid. The impact of foreign exchange rate fluctuations is referred to as "foreign exchange risk (foreign exchange rate fluctuation risk)," and policyholders and beneficiaries of foreign currency–denominated policies are exposed to those risks.

Full-Time Agents
Agents specializing in the sale of insurance. In the field of non-life insurance, in addition to specialized agents (full-time agents), there are sideline agents that sell insurance alongside their main line of business, such as automobile sales dealers, automobile repair shops, real estate agents, and travel agents.

G

General Insurance Rating Organization of Japan
An insurance rating organization formed by the merger in July 2002 of the Property and Casualty Insurance Rating Organization of Japan (established 1948) and the Automobile Insurance Rating Organization of Japan (established 1964), which was established in accordance with the Act of Non-Life Insurance Rating Organizations. It collects data from member insurance companies and calculates the Reference Loss Cost Rates for automobile insurance, fire insurance, personal accident insurance, and nursing care expense insurance, as well as Standard Rates for compulsory automobile liability insurance and earthquake insurance. It also handles loss adjustment work for compulsory automobile liability, collects insurance data, and conducts research and analysis.

Gross Written Premiums
Premiums written that were received from direct insurance contracts and reinsurance contracts during one fiscal year; they are the premiums written prior to the deduction of reinsurance premiums ceded via reinsurance contracts.

Group Adjusted Profit
Group Adjusted Profit, which is a numerical management target within the "Vision 2021" Medium-Term Management Plan and Medium-Term Management Plan (2022–2025), is calculated as follows.
Group Adjusted Profit = Consolidated net income + provision for catastrophe reserve and others – other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + equity in earnings of the non-consolidated Group companies

Group Adjusted ROE
Group Adjusted ROE, which is a numerical management target within the "Vision 2021" Medium-Term Management Plan and the Medium-Term Management Plan (2022–2025), is calculated as follows.
Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on B/S of adjusted net assets (consolidated net assets + catastrophe reserve and others – goodwill and other intangible fixed assets)

Group Core Profit
Group Core Profit, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group Core Profit = Consolidated net income – net capital gains/losses on stock portfolio (gains/losses on sales, etc.) – net evaluation gains/losses on credit derivatives – other incidental factors + equity in earnings of the non-consolidated Group companies

Group Return on Equity (Group ROE)
Group ROE, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group ROE = Group Core Profit ÷ consolidated total net assets excluding non-controlling interests (average of beginning and ending amounts of B/S)

I

Income Guarantee Insurance
A type of insurance under which a pension can be claimed after the policyholder's death for the full term of the insurance as decided at the time of entering the contract. The number of times a pension can be claimed depends on the time of death of the policyholder. The minimum number of times a pension can be claimed is guaranteed. If the number of times the pension has been claimed before maturity is less than the guaranteed minimum, the remaining number of times can be claimed.

Incurred but Not Reported Loss (IBNR)
The portion of underwriting reserves corresponding to claims that have been incurred but had not been reported to the company at the end of the period. The IBNR is estimated using statistical methods.
→ Ordinary Outstanding Claims Reserve

Individual Annuity Insurance
Annuity insurance is a financial product used to save premiums and thereby fund the payment of future annuities, and individual annuity insurance is an annuity insurance product provided by private-sector life insurance companies. The annuities are received after the beneficiary reaches an age specified in the policy contract. There are several kinds of individual annuity insurance products defined based on the annuity receipt period, such as whole life annuity with a guarantee period, annuity certain, fixed-term annuity with a guarantee period, and a husband-and-wife annuity.

Insurance Business Act
A law that was enacted to promote the protection of policyholders through ensuring sound and appropriate business operations of insurance companies and fair solicitation of insurance policies. The act lays down organizational and operational rules for insurance businesses, as well as defining the criteria for the administration and supervision of insurance companies and determining the supervision standards and authorities of government units overseeing insurance business operations.

Insurance Claim (Benefit)
In the case of non-life insurance, the sum of money paid by an insurance company to the insured based on the amount of damage incurred due to an insured event. (In the case of life insurance,) the sum of money decided beforehand in the insurance contract paid by the insurance company upon the maturity of the contract to the designated beneficiary, in the event of illness or death of the insured person.

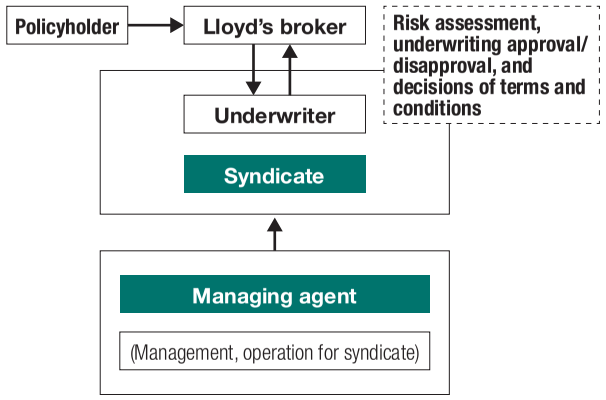
L

Law of Large Numbers
If you roll a die (one dice), a "one" might appear by chance, but if you continue to increase the number of times the die is rolled, the ratio of times that "one" appears will approach one time out of six. As in this case, when the number of trials is increased, the law of large numbers indicates that the results will approach a fixed value. When calculating the probability of accident occurrence, the probability can be forecast by analyzing large volumes of accident data rather than just looking at the accident percentages of a few cases.

Life Insurance Professional
An agent specializing in life insurance or selling life insurance as its main business.

Lloyd's (Insurance Market)
The generic name for an insurance market established in London in the 17th century, having more than a 300-year history. On a day-to-day basis, huge and complex risks are brought to Lloyd's, where that risk is assessed, premiums decided, and insurance underwritten by underwriters that have a high level of specialized expertise and that belong to individual syndicates (the risk underwriting bodies at Lloyd's). Lloyd's is supervised by the British authorities and has a strong management and supervisory system unique to Lloyd's. It is not easy to become a Lloyd's member (syndicate fund contributor) or establish a syndicate as many strict requirements must be satisfied.

As of the end of December 2023, it was underwritten by 78 Lloyd's syndicates, and the gross written premiums in FY2023 for the whole of the Lloyd's market amounted to approximately £52.1 billion.



Long-Term Care Insurance (Nursing Care Insurance)
A kind of insurance that can provide benefits for the purpose of providing long-term nursing care. In Japan, there exists both public long-term care insurance and private long-term care insurance products. Among the latter type of products, there are products that will provide a lump-sum benefit and/or annuities in cases where the beneficiary requires nursing due to being bedridden or suffering dementia for a specified period. There are also products that will provide a lump-sum benefit and/or annuities based on the public long-term care insurance system's primary nursing care requirement authorization.

Loss Adjustment Expense
Personnel expenses and non-personnel expenses (including depreciation costs) as well as various taxes related to the loss adjustment and insurance claim payment operations.

M

Medical Insurance
Medical insurance provides benefits to policyholders when they are hospitalized due to illness or injury or undergo specified types of surgical operations. Some medical insurance policies also provide death benefits on the decease of the beneficiary, but the amount of such benefits is generally small.

Motor Channel Agent
Sideline agents that sell insurance as a side business but are mainly automobile repair shops, used car sales dealers, or

automobile-related service providers or motorbike shops. Automobile dealerships that also sell insurance are excluded from this category.

N

Net Claims Paid
Net claims paid is obtained by totaling (adding or subtracting as indicated) items ❶ to ❹ listed below, and plainly shows the amount of insurance claims paid. The payment of insurance claims is the main expenditure involved in the non-life insurance business.

❶ Direct claims paid
–) ❷ Reinsurance claims ceded
+) ❸ Reinsurance claims paid
–) ❹ Retrocession claims ceded
❺ Net claims paid (Income statement item)

Net Expense Ratio
The net expense ratio is obtained by adding the commissions and collection expense to operating expenses and general administrative expenses incurred in the insurance underwriting business and dividing this by net premiums written. It is an indicator of the operational efficiency of an insurance company. The net expense ratio can also be called simply the “expense ratio.”

Net Loss Ratio
The net loss ratio is obtained by adding net claims paid and loss adjustment expenses, and dividing this by net premiums written, and it indicates the company’s insurance underwriting business performance. It can also be called the “published loss ratio” or the “loss ratio.” The net loss ratio is what is called a “written paid basis” indicator, as it can be calculated based simply on written premium and paid claims during the accounting period in question.
→ Earned-Incurred Loss Ratio (EI Loss Ratio)

Net Premiums Written
Net premiums written is obtained by totaling (adding or subtracting as indicated) items ❶ to ❹ listed to the right, and plainly shows the income earned from the non-life insurance business (excluding deposit premiums from policyholders).

❶ Direct premiums written
–) ❷ Reinsurance premiums ceded
+) ❸ Reinsurance premiums written
–) ❹ Retrocession premiums ceded
❺ Net premiums written (Income statement item)

Non-Fleet Grade System (Automobile Insurance)
A system of insurance premium discounts and surcharges based on the accident history applied to non-fleet contracts. The term non-fleet contracts refers to contracts where the total number of contract automobiles owned and used by the policyholder (the number of contracts with other insurance companies included) is nine or less. (Cases where the number of automobiles is 10 or more are referred to as “fleet contracts.”) The grades are divided into 20 levels (Grade 1 to Grade 20), and the grade is maintained even if the insurance company changes.
For more details, see page 121.

O

Ordinary Outstanding Claims Reserve
A type of outstanding claims reserve set aside based on an estimation of future liability of individual claims that have occurred and been reported but not yet settled.
→ Incurred but Not Reported Loss (IBNR)

Ordinary Underwriting Reserves
The amount of unearned premiums (premium reserve) or the initial year balance, whichever is greater, is set aside as a liability reserve and called the “ordinary underwriting reserve.”
- Unearned premiums (premium reserve): Insurance premiums corresponding to the time remaining on an insurance policy, collected beforehand.
- Initial year balance: Premiums received during the fiscal year less claims paid, reserves for outstanding claims, and other expenses incurred under those contracts.

Outstanding Claims
A reserve fund to fund the claim payment for unpaid insurance payment when an accident has occurred before the balance sheet date.

P

Policies in Force
The outstanding amount of valid insurance policies owned by an insurance company at the end of the fiscal year. It is an indication of the grand total amount (e.g., of insurance) guaranteed to policyholders.

Policy Clauses
The policy clauses define the details of the insurance contract, including the policyholder’s obligation to pay the insurance premium and duty of disclosure, as well as the payment amount and terms and conditions of payment by the insurance company. There are two kinds of policy clauses: common policy clauses, which are common to all insurance contracts of the same type, and special policy clauses (clauses containing special policy conditions), which are customized for individual contracts by adding to or changing/limiting some of the provisions in the common policy clauses.

Policyholder
The party applying to an insurance company for an insurance contract is called the policyholder. The policyholder is obliged to pay the insurance premium once the contract is concluded.

Policy Reserve
The reserve set aside by the insurance company at the period-end closing of accounts so that it can fulfill its obligation to pay insurance claims based on insurance contracts. It includes outstanding claims and underwriting reserves, and policyholder dividend reserves.

R

Reinsurance
Reinsurance is a form of insurance that an insurance company purchases to share the risks of its insurance policies with another insurance company.
→ Direct Insurance

Reinsurance Premium
An insurance premium received from another insurance company via a reinsurance contract in return for underwriting a part of the risk.

Reinsurance Premium Ceded
An insurance premium paid to another insurance company via a reinsurance contract in return for covering a part of the risk of the original insurance contract, for purposes such as risk diversification.

Reorganization by Function
An unprecedented business model made possible by the 2013 revision of Japan’s Insurance Business Act. Reorganization by Function calls for making the most of the strengths of each group insurance company while undertaking business reorganization. While enabling the bypassing of the negative aspects of simple corporate mergers-including temporary costs and the business impediments, time losses, and various other problematic factors that often arise at the time of mergers-Reorganization by Function is designed to realize smooth business integration without slowing the speed of business growth, and it concurrently enables the leveraging of individual companies’ strengths and the realization of efficiency in the pursuit of business scale and profitability.

Reserve for Price Fluctuation
In accordance with the Insurance Business Act revised in 1996, this reserve is provided to cover losses incurred from future decreases in prices of assets such as stocks and bonds for which the value is likely to fluctuate.

Retrocession Premium
When a reinsurance company reinsures a certain portion of the accepted reinsurance risks to other reinsurers, a reinsurance company pays a retrocession premium to other reinsurers based on the retrocession contracts.

S

Solvency Margin Ratio
The solvency margin of an insurance company, including its capital and reserves, seen as a percentage of a risk amount greater than what can be ordinarily expected, which might include catastrophic disasters or a massive drop in the price of owned assets. It is an indicator of the soundness of the company’s management.
Solvency margin ratio = solvency margin ÷ half of total risk amount greater than what can be ordinarily expected

Strategic Equity
Investments in stocks with the intention of holding the stock over a long period to maintain and strengthen general business relationships with the issuer, while also securing a stable stream of investment income and improving asset value over the long run.

T

Telematics
A combination of “telecommunication” and “informatics,” telematics refers to information services provided by equipping automobiles and other mobile objects with communications systems. Telematics automobile insurance refers to automobile insurance with the premium rates calculated based on the collected data that relate to the driver’s driving tendency such as miles driven and the driver’s use of accelerator and brake functions.

Term Insurance
A type of insurance where the term of the insurance is fixed and the insurance benefits can be claimed only if the policyholder dies during the term. There are no maturity proceeds. This is ordinarily a fixed-amount insurance, where the insurance amount is fixed and remains unchanged throughout the term of insurance, but it could also be a decreasing term insurance, where the insurance premium is fixed and the insurance amount progressively decreases over the insurance term, and increasing term insurance, where the insurance amount increases over the duration of the insurance term.
→ Whole Life Insurance

Third Sector
The third “sector” of insurance, positioned somewhere between the first sector (life insurance) and second sector (non-life insurance), includes many different types of insurance, such as medical insurance, cancer insurance, nursing care insurance, and accident insurance.

Three Surplus Factors (Life Insurance)
The “three surplus factors” refer to three margins: the “administrative expense margin,” which is the difference between the planned administrative expense based on the planned expense ratio and the actual administrative expenses; the “risk margin (mortality margin),” which is the difference between the planned payment amounts from insurance, benefits, etc., based on the planned mortality rate and the actual payment amounts from insurance, benefits, etc.; and the “investment yield margin,” which is the difference between the planned investment income based on the planned interest rate and the actual investment income. (If the investment yield margin is negative, it will be in a “negative spread” state.) The three surplus factors are a breakdown of “core profit,” which is an indicator of the periodic profit and loss situation of a life insurance company.

Tontine-Type Annuity
A tontine-type annuity is a pension arrangement whereby payments to deceased members are terminated and their portion redistributed to surviving members, thus paying more to those who live longer. It originates in a pension system devised by the Italian Lorenzo Tonti.

U

Underwriting Profit (Loss)
Claims payment and loss adjustment expenses, maturity refunds and other underwriting expenses, and operating expenses and other general administrative expenses required for insurance underwriting are subtracted from net premiums written and other underwriting profit, and this is then adjusted to reflect other income and expenditure (such as expenses associated with compulsory automobile liability insurance, etc., corresponding to corporate taxes) to calculate underwriting profit (loss).

As for non-life insurance companies, the principal revenue sources are underwriting income and investment income, and underwriting profit indicates the profitability level of underwriting operations.

Underwriting Reserves
The general term for reserve funds set aside by insurance companies based on the legal requirement, for use toward insurance claims payments and other insurance-related obligations that could arise in the future. Underwriting reserves are broadly classified into five types:
❶ ordinary underwriting reserves, ❷ catastrophe reserves, ❸ contingency reserves, ❹ refund reserves, and ❺ policyholder dividend reserves.

V

Variable Insurance
An insurance product where the premium is invested in stocks, bonds, and other assets, and the insurance payment or payout upon cancellation varies depending on the performance of the investment. The investment risk (the risk fluctuation in pension or cancellation payout) is borne by the individual policyholder. When the policyholder dies, the beneficiary can claim the basic insurance + variable insurance. The basic insurance is a minimum amount guaranteed to the policyholder irrespective of the investment fund’s performance. Even when the variable insurance is negative, the basic insurance can be claimed.

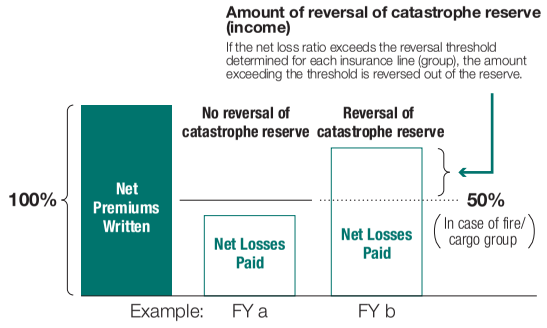
W

Whole Life Insurance
Of the types of insurance providing for the receipt of death benefits on death, this is a type that is not for a fixed period but continues for a lifetime and does not have benefits on maturity.
→ Term Insurance

Accounting Line-Item Terminology
Please refer to the Guide Book for the Understanding of Disclosure Materials of Non-Life Insurance Companies 1 (prepared by the General Insurance Association of Japan) and the Life Insurance Company Disclosure Notes Glossary 2 (prepared by the Life Insurance Association of Japan) for details of accounting line items and other pertinent information.
1. https://www.sonpo.or.jp/report/publish/accounting/0004.html (Japanese only)
2. https://www.seiho.or.jp/data/publication/tora/ (Japanese only)

Catastrophe Reserves

- These are reserves that insurance companies set aside to prepare for major disasters (e.g., typhoons, earthquakes) for which the “law of large numbers” does not function.
- The funds are accumulated as reserves (expense posted) at a certain percentage of each fiscal year’s net premiums written.
- If a fiscal year’s loss ratio (ratio of net losses paid to net premiums written) exceeds a certain threshold, reserves are reversed and posted as income.
- This is one of the mechanisms used to mitigate the impact on an insurance company’s fiscal year profit and to guarantee it has a suitable capacity to pay insurance claims.

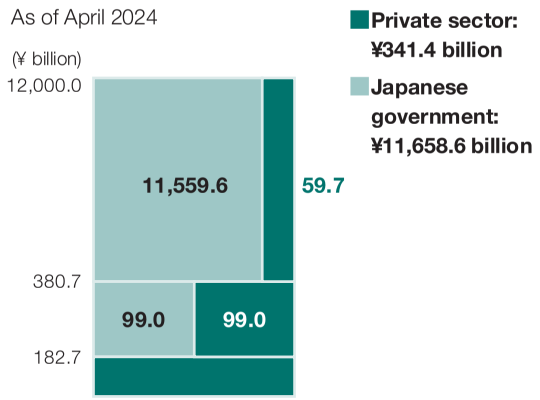


About Residential Earthquake Insurance

Based on Japan’s Law Concerning Earthquake Insurance (the Earthquake Insurance Act), residential earthquake insurance is operated jointly by the government and non-life insurance companies. Reflecting the significant impact that earthquakes can have on society, residential earthquake insurance is a prerequisite for and incidental to fire insurance. Recognizing the substantial damage that is likely to occur in the event of a large-scale earthquake, residential earthquake insurance involves a government reinsurance underwriting mechanism in preparation for the payment of massive insurance amounts. For their part, non-life insurance companies forego the accumulation of profits in similar fashion to compulsory automobile liability insurance. Premiums are set aside as a reserve to cover insurance payments in the event of an earthquake in the future.

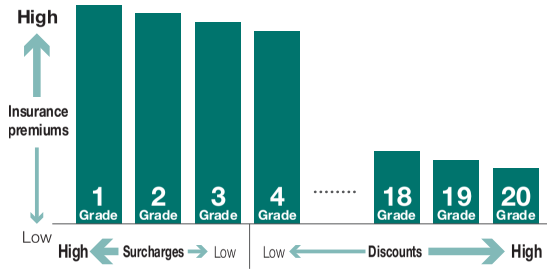
Government and Private-Sector Burdens

As of April 2024



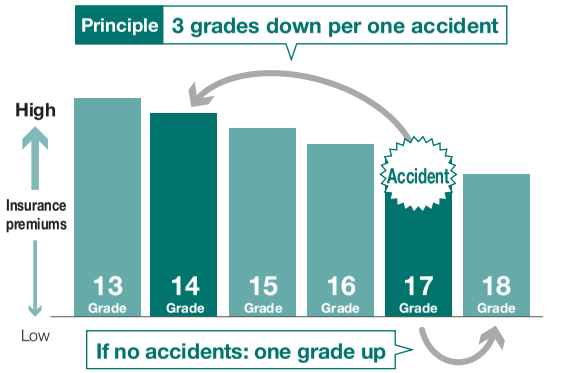
Non-Fleet Grade System (Automobile Insurance)

- This system applies discount percentages to grades defined from Grade 1 to Grade 20.

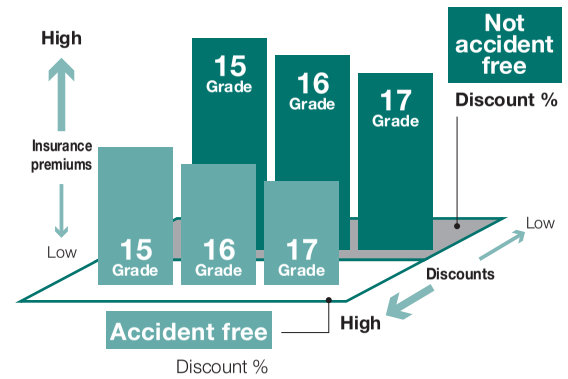


- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

Note: Depending on the accident type and the type of claim received, there are cases where the grade drops by only a one-grade increment and cases where the matter is not counted as an accident.



- Even at the same grade, discount percentages differ, depending on whether there have been accidents in the past. When “accidents exist,” insurance premiums are set higher than when “no accidents exist.”



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Five-Year Summary (Unaudited)

	Yen in millions					US$ in millions
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
Ordinary income:	¥ 5,168,361	¥ 4,892,244	¥ 5,132,042	¥ 5,250,794	¥ 6,572,889	$ 43,529
Net premiums written	3,573,732	3,500,996	3,609,052	3,933,235	4,261,736	28,223
Ordinary profit	157,701	306,524	390,499	292,262	416,440	2,758
Net income attributable to owners of the parent	143,030	144,398	262,799	211,006	369,266	2,445
Comprehensive income/(loss)	(157,288)	753,938	310,470	(25,734)	1,527,696	10,117
Net assets	2,494,038	3,126,657	3,302,749	3,139,501	4,513,562	29,891
Total assets	23,196,455	24,142,562	25,033,846	24,349,984	26,960,207	178,544

	Yen					US$
Net income attributable to owners of the parent per share—Basic	¥ 82.78	¥ 85.26	¥ 158.17	¥ 130.54	¥ 231.83	$ 1.54
Net income attributable to owners of the parent per share—Diluted	82.74	85.21	158.10	130.50	231.77	$ 1.53
Net assets per share	1,436.12	1,841.80	1,985.07	1,928.84	2,817.00	18.66
Equity ratio	10.57%	12.78%	13.02%	12.70%	16.57%	–
Return on equity	5.50%	5.22%	8.29%	6.62%	9.77%	–
Price earnings ratio	12.18	12.70	8.38	10.48	11.69	–

	Yen in millions					US$ in millions
Cash flows						
Cash flows from operating activities	¥ 667,896	¥ (323,912)	¥ 236,708	¥ 194,153	¥ 549,466	$ 3,639
Cash flows from investing activities	(330,363)	43,925	(71,976)	480,953	(276,825)	(1,833)
Cash flows from financing activities	65,321	79,278	58,545	(314,502)	(231,549)	(1,533)
Cash and cash equivalents at the end of year	2,198,680	1,994,434	2,256,216	2,646,431	2,733,760	18,104
Number of employees	41,582	41,501	39,962	38,584	38,391	–

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥151 = US$1. For details, see Note 1 of Significant Accounting Policies (p 159).

Management's Discussion and Analysis

1. OVERVIEW

This Management Discussion and Analysis (MD&A) provides information on the nature of the businesses conducted by MS&AD Holdings and its affiliates (162 subsidiaries and 33 associates as of March 31, 2024), and the positioning of the principal affiliates within these businesses.

MS&AD is a specified listed company pursuant to the provisions stipulated in Japanese Cabinet Order 49-2 and is regulated under this Order with respect to securities transactions and other matters. As a result, investors should make decisions based on the Group's consolidated financial statements as provided for under the minimal standards criteria of material facts set forth in restrictions on insider trading.

Description of Businesses

1) Domestic Non-Life Insurance Business

MS&AD's domestic non-life insurance business is operated by the following three subsidiaries and others in Japan:

a) Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
b) Aioi Nissay Dowa Insurance Company, Limited ("ADI")
c) Mitsui Direct General Insurance Co., Ltd.

2) Domestic Life Insurance Business

MS&AD's domestic life insurance business is operated by the following two subsidiaries and others in Japan:

a) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
b) Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")

3) International Business

MS&AD's international business is operated by the international divisions of the domestic non-life insurance subsidiaries in Japan and their overseas subsidiaries, and the overseas branches of the domestic non-life insurance subsidiaries.

4) Financial Services Business and Digital/Risk-Related Services Business

a) Financial Services Business
MS&AD's financial services business, including asset management, financial guarantees, 401k, ART (alternative risk transfer), personal finance, and venture capital finance, is operated by the domestic non-life insurance subsidiaries; Sumitomo Mitsui DS Asset Management Company, Limited; MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.; Leadenhall Capital Partners LLP; and others.
b) Digital/Risk-Related Services Business
MS&AD's risk-related services business, including risk management, is operated by MS&AD InterRisk Research Institute & Consulting, Inc., and others.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

MS&AD Holdings' consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japan GAAP). The preparation of these financial statements requires MS&AD Holdings' management to select and apply accounting policies, and to make several estimates regarding the impact on disclosure of assets and liabilities as well as revenues and expenses. Management bases its estimates on historical experience and other assumptions considered reasonable. Nevertheless, these estimates contain inherent uncertainties and thus could differ from actual results.

Significant accounting policies used in the preparation of MS&AD Holdings' consolidated financial statements are presented in "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under "Section 4. Accounting policies" on the Consolidated Financial Statements. The following items are considered to be important accounting estimates.

1) Method for Determination of Fair Value

Certain assets and liabilities are recorded on the Company's balance sheet at their fair values. These fair values are determined based on market prices. For certain derivatives for which market prices are not available, reasonable estimates of fair value are made based on the present value of future cash flows, the price of the underlying assets, the contract period, and other factors.

2) Impairment of Securities

Because securities held by the Group companies are subject to the risk of price fluctuations in securities markets, MS&AD applies impairment accounting for securities based on reasonable criteria. If the securities markets decline, an impairment loss could be incurred.

3) Impairment of Fixed Assets

When the profitability of fixed assets declines and investments in these assets are unlikely to be recovered, MS&AD recognizes impairment losses to reflect recoverable amounts under certain circumstances. The recoverable amount for an asset or asset group is the higher of the net sales value (the value computed by deducting expected disposal expenses from the fair value of an asset or asset group) and the value in use (the present value of expected future cash flows resulting from the continual usage and subsequent disposal of an asset or asset group). Accordingly, the amount of the impairment loss for fixed assets depends on estimated future cash flows based on the assumption and forecasts that MS&AD considers reasonable. Consequently, an additional impairment loss could be incurred in the event of changes in the related business environment, in the event of a change in the usage of fixed assets, or in the event of changes in real estate or leasing market prices.

4) Deferred Tax Assets

In determining recoverable deferred tax assets, future taxable income is estimated based on the assumptions and forecasts that MS&AD considers reasonable. Because the recoverable amount of deferred tax assets depends on estimates of future taxable income, the amount of deferred tax assets could fluctuate in the event of a subsequent change in estimates of future taxable income.

5) Allowance for Credit Losses

In preparation for losses on bad debts, MS&AD records estimated amounts deemed to be unrecoverable as an allowance for credit losses. Unrecoverable amounts and recorded allowances for credit losses could change from their initial estimates due to changes in the financial condition of debtors.

6) Outstanding Claims

MS&AD estimates and sets aside reserves as outstanding claims for any unpaid amounts of its payment obligations as determined or recognized by insurance contracts. Claim payments and recorded outstanding claims could change from their initial estimates due to such factors as the progress of loss adjustment, the results of legal judgments, inflation, and exchange rate fluctuations.

7) Underwriting Reserves
To meet future obligations in accordance with insurance contracts, MS&AD sets aside underwriting reserves. It could, therefore, become necessary to increase underwriting reserves in the event of unforeseen losses due to significant changes in the business environment, operating conditions, and other factors.

8) Retirement Benefit Expenses and Retirement Benefit Obligations
Retirement benefit expenses and retirement benefit obligations are calculated based on certain assumptions that include discount rates, future retirement rates, and mortality rates. However, future retirement benefit expenses and obligations could change if actual results differ from the assumptions used or if it becomes necessary to change the assumptions.

In addition, for "3) Impairment of Fixed Assets" and "6) Outstanding Claims" above, related matters are stated in "Significant Accounting Policies" under "Section 4. Accounting policies" on the Consolidated Financial Statements.

3. MATTERS CONCERNING THE CURRENT STATUS OF THE INSURANCE HOLDING COMPANY

Progress and Results of Business of the Corporate Group (the "Group")
For the current fiscal year, looking at the global economy, the U.S. economy demonstrated steady movements, supported by job growth and increased personal consumption, while the European economy showed signs of weakness due in part to rising prices. The Japanese economy recovered moderately due to the resumption of economic activities and the recovery of domestic demand, notwithstanding the impact of soaring prices of raw materials and other factors.

The Group, pursuant to the Medium-Term Management Plan (2022-2025), aims to "Grow Together with Society as a Platform Provider of Risk Solutions" and has been working to become a "Corporate Group that Supports a Resilient and Sustainable Society" under the three basic strategies of the Plan, namely "Value (value creation)," "Transformation (business reforms)," and "Synergy (Demonstration of group synergy)." Also, with incidents of price fixing in the corporate insurance field recognized at Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), and Aioi Nissay Dowa Insurance Co., Ltd. ("ADI"; and referred jointly with MSI as "Both Companies"), the Group has positioned reassuring compliance including compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the "Antimonopoly Law"), and strengthening of governance as priority issues to be addressed, and has since promoted initiatives with all officers and employees actively involved.

The Group adjusted profit for the current fiscal year was ¥379.9 billion exceeding the initial forecast (350.0 billion yen) and setting a record high, mainly due to the expanding revenue in the international business and the accelerated sales of strategic equity holdings and other factors. In terms of capital efficiency, the Group adjusted ROE fell short of the initial forecast (10.0%), but exceeded the revised forecast of 7.5% at 9.0%. In terms of the Group's financial soundness, the ESR was 229%, which was within the target range (180%–250%).

In response to the 2024 Noto Peninsula earthquake, which occurred in January 2024, the Group established headquarters and on-site observation bases, mobilized a large number of employees and adjusters, and conducted intensive investigations, in an effort to make payments of insurance claims and provide relief to customers affected by the disaster promptly.

Reassuring Compliance and Strengthening Governance

In December 2023, MSI and ADI received a business improvement order from the Financial Services Agency under the Insurance Business Act in relation to incidents of price fixing in the corporate insurance field, upon which Both Companies each formulated and submitted to the Financial Services Agency business improvement plans, which included reduction of officer remuneration as clarification of responsibility of the management. In December 2023, Both Companies were subjected to an on-site inspection by the Japan Fair Trade Commission on suspected violation of the Antimonopoly Law.

The Company takes the situation seriously and will take steps to restore the trust of society and its customers by returning to the Group's five Values: "Customer Focus," "Integrity," "Teamwork," "Innovation," and "Professionalism," and, together with Both Companies, promoting further efforts to reassure compliance and strengthen governance, all toward preventing recurrence and improving management and operations.

[Key measures]
- Instill the Group's Mission, Vision, Values, and consciousness of "Customer-Focused" business operations through tone at the top
- Establish a system to promptly convey material information and questions identified within the company to management and headquarters departments
- Raise awareness within the sales department, i.e., the first line in the three-line management system*1, such as by monitoring outgoing e-mails addressed to a competing insurer(s)
- Enhance second-line defense functions, such as by detecting signs of risk and assessing the state of compliance at the first line
- Strengthen internal audit functions by establishing capabilities for making recommendations to management
- Clarify employee conduct rules and maintain manuals in light of the Antimonopoly Law
- Reestablish criteria for evaluating performance of sales departments in line with the Group's approach of ensuring profitability through customer-focused business operations
- Provide appropriate supervision and guidance for steady implementation of each measure by Both Companies

*1 Three-line management system
Also referred to as the three lines of defense, where a first line (e.g., sales department), second line (administrative departments), and third line (internal audit department) bear risk management responsibilities according to their respective roles, and the three lines work together to operate as a single line in executing internal control.

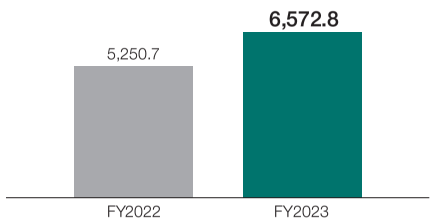
Medium-Term Management Plan (2022–2025): Three Basic Strategic Initiatives

Value (Value creation)	The Group undertook initiatives including the following, aiming to practice "CSV×DX (creating shared value (CSV) with society and digital transformation)*2" globally, providing value to all stakeholders and thus enhancing corporate value, and increase the profitability of our business, products, and services, thereby strengthening our earnings base. [Details of Initiatives] • Develop products and services for "before" coverage and/or protection and "after," and develop and begin utilizing the Group data integration platform to support these products and services • Implement measures to improve the profitability of the domestic non-life insurance business, such as product revisions (including optimization of premium rates) and strengthening of underwriting*3, in response to the increased severity and frequency of natural disasters, continued inflation, and an increase in large insurance claims
Transformation (Business reforms)	The Group undertook initiatives including the following, with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as building a stable earnings base by transforming the business, products, and risk portfolio. [Details of Initiatives] • Capture U.S. MGA*4 market through MS Transverse Insurance Group, LLC *5, regain and increase MS Amlin's profitability, and improve the profitability of the Toyota Retail business • Transform from a portfolio centered on automobile insurance to a portfolio with diversified sources of profit by improving the profitability of fire insurance (returning to profitability) and increasing profits from casualty insurance (expanding sales of products for new risks)
Synergy (Demonstration of group synergy)	The Group undertook initiatives including the following, with the aim of improving the quality of operations and productivity through the One Platform Strategy*6, pursuing further growth by strengthening cooperation by leveraging the diversity within the Group, and realizing synergies on a global basis. [Details of Initiatives] • Integrate head office functions between Group companies, expand streamlined business process outsourcing for common operations, and integrate locations such as branch offices, etc. • Promote life insurance sales through non-life sales channels, and promote cross-sales of Mitsui Sumitomo Primary Life products at Mitsui Sumitomo Aioi Life • Promote bilateral sharing and utilization of products, services, and various knowledge with overseas bases under the "TENKAI Project"

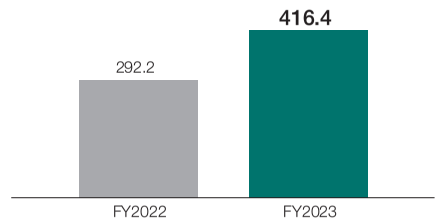
*2 CSV×DX
An initiative to achieve sustainable growth and increase corporate value by combining "creating shared value" with society and "digital transformation" with the aim of improving productivity and competitiveness.
*3 Underwriting
The process of deciding whether to accept an insurance policy and determining the terms and conditions thereof.
*4 Managing General Agent
An agent authorized to perform a wide range of tasks such as underwriting, loss amount certification, and assessment, in addition to insurance solicitation on behalf of an insurer.
*5 MS Transverse Insurance Group, LLC
Hereinafter referred to as "MS Transverse."
*6 One Platform Strategy
The Group's initiative to further promote standardization, collaboration, and integration of the middle-and back-division operations between MSI and ADI, with strategic exceptions where differences are is to be left untouched.

The Group's consolidated business performance for the current fiscal year was as follows.

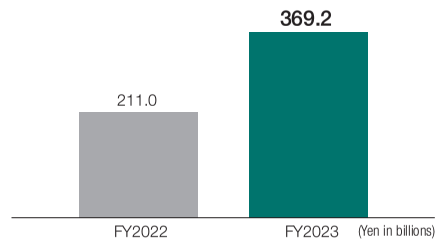
Ordinary income



Ordinary profit



Net income attributable to owners of the parent



Note: The Group has adopted International Financial Reporting Standards (IFRS) 17 "Insurance Contract" with regard to some of its overseas subsidiaries from the beginning of the current fiscal year. The figures for fiscal 2022 as appear above are presented on the same basis.

The progress and results of our efforts in each business domain for the current fiscal year are as follows:

Domestic Non-Life Insurance Business

The Group provides products and services that contribute to CSV through three non-life insurance companies: MSI and ADI, which are our core non-life insurance companies, and Mitsui Direct General Insurance Co., Ltd. ("Mitsui Direct"), which specializes in online automobile insurance, in order to contribute to solving social issues such as climate change and to grow together with society.

During the current fiscal year, we have further adopted the use of digital technology to conduct loss investigations promptly and accurately at the time of natural disasters. Also, to meet diversifying customer needs, we have enhanced services for customers who purchased non-life insurance via the Internet.

Taking seriously the fact that many customers have been affected by a series of fraudulent automobile repair cost claims at major used car stores, we have conducted our own investigations independent of the stores to estimate the appropriate repair costs promptly and reconfirmed customers' intentions regarding insurance coverage based on the results. We have also analyzed the causes of fraudulent claims and put more efforts to prevent and detect such claims since.

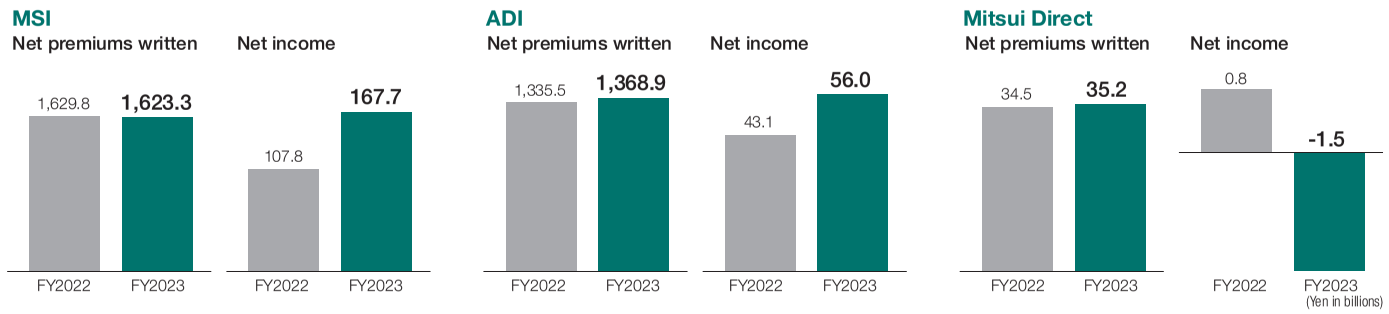
[Key measures]
- Adopt fraudulent claim detection systems and review business processes, including loss investigation methods
- Review quality standards of repair shops referred to customers and strengthen inspections
- Strengthen monitoring of claims departments by headquarters administrative departments

The main initiatives of each non-life insurance company are as follows.

	Main Initiatives	
MSI	F-Drive Alcohol Check Plan	We have begun offering the F-Drive Alcohol Check Plan to support fleet policies*7 customers in collectively recording and managing the results of alcohol checks and driving data for each driver.
	Accident response service by AI voice	We have begun offering a service in which an AI voice automatically responds to certain accident calls in order to speed up response times for the acceptance of such calls in the event that a large number are received at once, such as during a large-scale natural disaster.
ADI	TOUGH Mimamoru Automobile Insurance NexT	In the area of telematics automobile insurance, which reflects the degree of safe driving into insurance premiums, we have begun selling TOUGH Mimamoru Automobile Insurance NexT, a more-convenient solution that can be used through a car navigation app on a smartphone without installing a dedicated in-vehicle device.
	AI fraud detection system	We have developed a system to detect fraudulent automobile repair cost claims by analyzing the level of repair costs and other claim trends at each repair shop using AI.
MSI and ADI	Accident Risk AI Assessment	We have begun selling our Accident Risk AI Assessment service to local governments and businesses nationwide, which uses AI to evaluate and visualize accident risk by combining data on accident locations, road structure, traffic flow, and other factors.
Mitsui Direct	“Strong and Tender” car insurance	We have begun offering a service that uses data to contact customers at the most appropriate time to carefully resolve their problems and concerns in an effort to embody the “Strong and Tender” brand. We also offered the Your Concierge service that provides optimal support to customers through the optimal mix of human and digital resources.

*7 Fleet policies
Contracts with customers with more than 10 automobiles insured.

Operating results by segment were as follows:



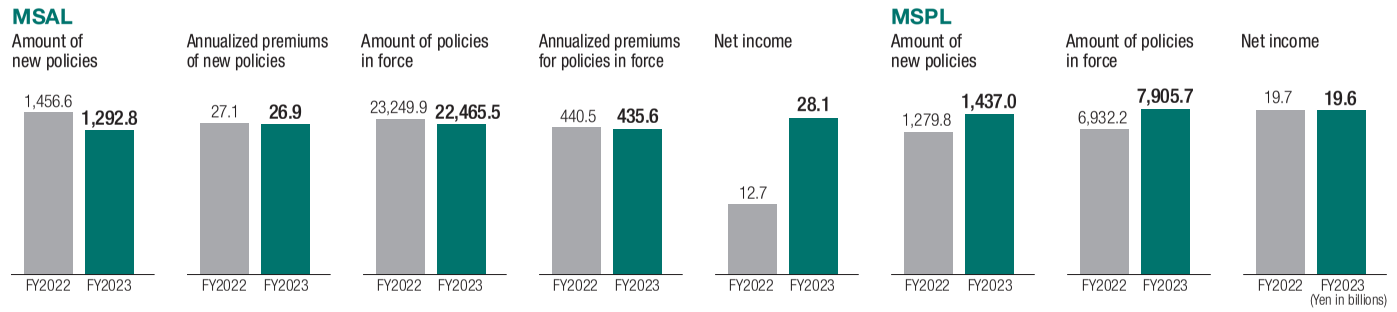
Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSAL”), and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSPL”), have been providing products and services that address the social issues of the 100-year-life era: extending healthy life expectancy and extending asset life.

MSAL has expanded its product lineup by launching &LIFE Medical Insurance A (Ace) Select (Deregulated Underwriting), which is easy for customers with health concerns to purchase and offers enhanced coverage, and &LIFE Long-Term Care Insurance C (Care) Select, a long-term care insurance policy that allows customers to select coverage and benefit payment methods to meet their needs for preparation for long-term care and dementia. In terms of services, we have expanded the scope of MSA Care, a healthcare service that provides total support for the health of customers, to include not only policyholders themselves but also their employees and members when the policyholder is a corporation or an organization. We have also been making efforts to provide integrated coverage and pre- and post-insurance services by, for example, expanding content by adding services for preventing and improving lifestyle-related diseases as well as services related to nursing care and dementia.

MSPL has launched sales of annuities for which the annuity amount once it has risen due to investment performance will not fall due to the subsequent status of investment, variable insurance policies that allow for asset building while providing protection in case of death or severe disability, and smartphone-based variable annuities that meet the needs of customers who want a simple way to start asset-building. In addition, to support after-sales follow-up to customers after selling risk-involving financial products such as foreign currency insurance and variable annuities, we have embarked on practical initiatives for business operations that put the customer first, including the development of training content for financial institution agents.

Operating results by segment were as follows:



International Business

As outlined in the Group’s Medium-Term Management Plan, the Group worked to expand revenue at MS Amlin, tap into growth in the Asian market, achieve sustainable growth in Toyota Retail business, accelerate growth through business investments, and demonstrate Group synergies, and more than doubled the revenue of the previous fiscal year.

MS Amlin increased revenue by reducing underwriting for natural disaster risks such as hurricanes in the U.S., while increasing underwriting for other risks and raising premium rates in light of market conditions. In the Asian market, we continued to make inroads into the retail market utilizing digital technology through collaboration with platformers, and through continued efforts to penetrate further into the corporate market by leveraging the strengths of each office, such as the high underwriting capabilities of MS First Capital Insurance Limited, we achieved steady growth of revenue from underwriting.

In the Toyota Retail business, we took actions that will contribute to improved results in the future. Results during the current fiscal year were lower than the previous fiscal year due to an increase in auto thefts in Europe and the impact of inflation. Due to changes in the business environment, we have revised our business plans, adopting a policy of improving profitability through selection and concentration of businesses, including withdrawal from low-profit businesses.

For our business investments, we have begun efforts to capture the growing U.S. MGA market through MS Transverse, which we acquired with the aim of building a stronger presence in the U.S. insurance market.

The results of overseas insurance subsidiaries were as follows:

Note: The Group has adopted International Financial Reporting Standards (IFRS) 17 “Insurance Contract” with regard to some of its overseas subsidiaries from the beginning of the current fiscal year. The figures for fiscal 2022 as appear above are presented on the same basis.

Digital and Risk-Related Services Business

With MS&AD InterRisk Research & Consulting, Inc., as its core, the entire Group has been working to develop and provide services that come before and after coverage and protection using digital data.

MS&AD Cyber Risk Finder, a cyber risk assessment service for small and medium-sized enterprises, and Flood Risk Finder, a cloud-based service capable of assessing climate change and flood risks worldwide, were launched in the current fiscal year. We also are providing the Human Capital Initiatives Diagnostic Service to visualize the level of corporate human capital initiatives and evaluate the status of initiatives through comparison with data from other companies.

Financial Services Business

The Group has been offering a variety of products and services that are not limited to insurance alone by using the Group’s collective strengths to develop businesses based on social issues, environmental changes, and customer needs.

MSI has been providing a service, “100-year Life Lounge,” which simulates employees’ lifetime income and expenditures to support their asset building as a part of corporate benefit programs, and has focused on sales of weather derivatives to mitigate economic losses caused by natural disasters and extreme weather events.

In addition, MSI and ADI continued the sale of defined contribution pension products for corporations and individuals to meet asset-building needs in a society with increasing life spans.

4. SOLVENCY MARGIN RATIO

The solvency margin ratios of our company and its domestic insurance subsidiaries are as follows.

Insurance companies build reserves to cover payments of insurance claims. Moreover, they must secure adequate ability to cover payments even in the event of a crisis beyond the scale of what is ordinarily forecast, such as a major disaster or a significant decline in asset prices. An insurance company's payment capability, including capital and reserves, is known as the solvency margin total amount, "(A)" in the tables below, and its risk amount, "(B)" in the tables below, which reflects such a risk exceeding ordinary forecasts. The ratio of (A) to (B) is an index called the solvency margin ratio, "(C)" in the tables below, which is calculated based on the Insurance Business Act.

The solvency margin ratio is an objective decision-making index used by government agencies for monitoring insurance companies and insurance holding companies. A solvency margin ratio of 200% or higher is taken to indicate that an insurance company has sufficient capability to pay insurance claims and other obligations.

1) MS&AD
Consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥5,234,013	**¥6,531,328**
(B) Risk amount	1,345,950	**1,692,314**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	777.7%	**771.8%**

Note: The consolidated solvency margin ratio is calculated based on the provisions in Article 210-11-3 and Article 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and in the Financial Services Agency (FSA) Public Ministerial Announcement No. 23 of 2011.

The solvency margin ratio decreased 5.9 percentage points from the end of the previous fiscal year to 771.8%, mainly due to an increase in the amount equivalent to asset management risks and the risk of major disasters and an increase of ¥346.3 billion in the total risk compared with the end of the previous fiscal year.

2) MSI
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥3,405,349	**¥4,133,628**
(B) Risk amount	995,234	**1,196,153**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	684.3%	**691.1%**

Note: The non-consolidated solvency margin ratio is calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Article 50 of the Notification of the Ministry of Finance in 1996.

The solvency margin ratio was 691.1%, up 6.8 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin increased by ¥728.2 billion from the end of the previous year principally due to an increase in net unrealized gains on investments in securities (before tax effects) because of mainly an increase in the fair value of shares held.

3) ADI
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥1,327,493	**¥1,572,188**
(B) Risk amount	319,545	**402,936**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	830.8%	**780.3%**

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 50.5 percentage points from the end of the previous fiscal year to 780.3%, mainly due to an increase in the amount equivalent to the risk of major disasters and an increase of ¥83.3 billion in the total risk compared with the end of the previous fiscal year.

4) Mitsui Direct General Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥ 17,853	**¥ 16,137**
(B) Risk amount	5,060	**5,089**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	705.5%	**634.1%**

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 634.1%, down 71.4 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased ¥1.7 billion from the end of the previous fiscal year principally due to a decrease in shareholders' equity because of a net loss.

5) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥338,880	**¥355,345**
(B) Risk amount	69,474	**76,569**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	975.5%	**928.1%**

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 47.4 percentage points from the end of the previous fiscal year to 928.1%, mainly due to an increase in the amount equivalent to asset management risks and an increase of ¥7.0 billion in the total risk compared with the end of the previous fiscal year.

6) Mitsui Sumitomo Primary Life Insurance Company, Limited
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2022	FY2023
(A) Solvency margin total amount	¥683,942	**¥771,366**
(B) Risk amount	152,103	**203,346**
(C) Solvency margin ratio (A/(B × 1/2)) × 100	899.3%	**758.6%**

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 140.7 percentage points from the end of the previous fiscal year to 758.6%, mainly due to increases in the amount equivalent to expected interest rate risk in line with the acquisition of new business and yen depreciation and the amount equivalent to asset management risks and an increase of ¥51.2 billion in the total risk compared with the end of the previous fiscal year.

Premiums Written and Net Claims Paid — Non-Life Insurance (Unaudited)

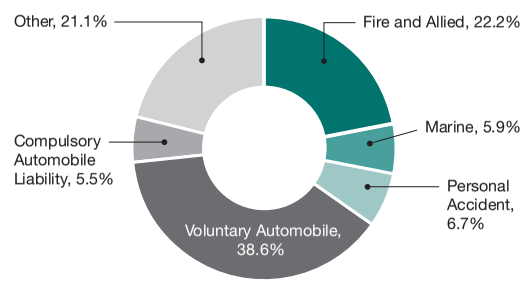
(a) Direct Premiums Written (including deposit premiums from policyholders)

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2023 Amount
Fire and Allied	¥ 734,573	8.4	19.2	¥ 757,785	3.2	20.0	¥ 784,527	3.5	20.3	¥ 923,201	17.7	22.0	¥1,003,286	8.7	22.2	$ 6,644
Marine	185,068	0.3	4.8	190,705	3.0	5.0	201,365	5.6	5.2	257,973	28.1	6.1	267,731	3.8	5.9	1,773
Personal Accident	311,984	(3.0)	8.2	293,409	(6.0)	7.7	284,581	(3.0)	7.3	296,275	4.1	7.1	303,471	2.4	6.7	2,010
Voluntary Automobile	1,570,344	1.3	41.0	1,592,952	1.4	42.0	1,634,984	2.6	42.2	1,672,549	2.3	39.9	1,741,903	4.1	38.6	11,536
Compulsory Automobile Liability	347,736	0.4	9.1	296,911	(14.6)	7.8	276,076	(7.0)	7.1	279,102	1.1	6.7	245,448	(12.1)	5.5	1,625
Other	677,583	(0.6)	17.7	664,078	(2.0)	17.5	692,153	4.2	17.9	762,069	10.1	18.2	949,757	24.6	21.1	6,290
Total	¥3,827,289	1.7	100.0	¥3,795,842	(0.8)	100.0	¥3,873,688	2.1	100.0	¥4,191,172	8.2	100.0	¥4,511,598	7.6	100.0	$29,878
Deposit premiums from policyholders	¥75,553	(5.8)	2.0	¥72,635	(3.9)	1.9	¥52,185	(28.2)	1.3	¥41,359	(20.7)	1.0	¥31,658	(23.5)	0.7	210

DIRECT PREMIUMS WRITTEN (FY2023)

Total ¥4,511.5 Billion



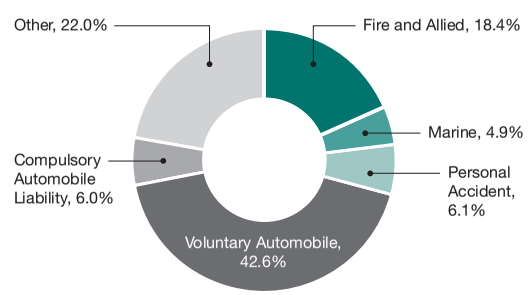
(b) Net Premiums Written

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2023 Amount
Fire and Allied	¥ 589,897	5.6	16.5	¥ 592,798	0.5	16.9	¥ 620,531	4.7	17.2	¥ 725,597	16.9	18.4	¥ 785,976	8.3	18.4	$ 5,205
Marine	147,814	(3.0)	4.1	150,662	1.9	4.3	159,293	5.7	4.4	199,745	25.4	5.1	207,868	4.1	4.9	1,377
Personal Accident	246,806	(5.5)	6.9	226,349	(8.3)	6.5	232,288	2.6	6.5	247,603	6.6	6.3	259,781	4.9	6.1	1,720
Voluntary Automobile	1,632,423	2.4	45.7	1,639,651	0.4	46.8	1,679,430	2.4	46.5	1,727,462	2.9	43.9	1,813,439	5.0	42.6	12,010
Compulsory Automobile Liability	347,214	2.8	9.7	300,996	(13.3)	8.6	281,282	(6.5)	7.8	275,732	(2.0)	7.0	255,550	(7.3)	6.0	1,692
Other	609,575	2.6	17.1	590,537	(3.1)	16.9	636,224	7.7	17.6	757,093	19.0	19.3	939,120	24.0	22.0	6,219
Total	¥3,573,732	2.2	100.0	¥3,500,996	(2.0)	100.0	¥3,609,052	3.1	100.0	¥3,933,235	9.0	100.0	¥4,261,736	8.4	100.0	$28,223

NET PREMIUMS WRITTEN (FY2023)

Total ¥4,261.7 Billion



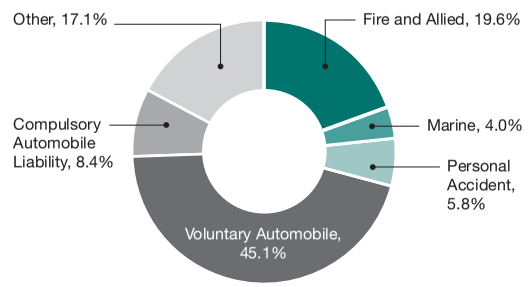
(c) Net Claims Paid

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2019 Amount	FY2019 Change (%)	FY2019 Share (%)	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2023 Amount
Fire and Allied	¥ 405,830	(22.9)	20.0	¥ 376,673	(7.2)	19.8	¥ 412,825	9.6	21.2	¥ 511,720	24.0	22.8	¥ 448,816	(12.3)	19.6	$ 2,972
Marine	81,804	(2.0)	4.1	75,439	(7.8)	4.0	66,480	(11.9)	3.4	85,584	28.7	3.8	92,540	8.1	4.0	613
Personal Accident	114,146	2.9	5.6	113,025	(1.0)	5.9	111,059	(1.7)	5.7	154,734	39.3	6.9	131,858	(14.8)	5.8	873
Voluntary Automobile	880,237	0.9	43.4	806,808	(8.3)	42.4	844,643	4.7	43.4	952,042	12.7	42.5	1,033,472	8.6	45.1	6,844
Compulsory Automobile Liability	233,215	(5.9)	11.5	215,043	(7.8)	11.3	197,440	(8.2)	10.1	183,660	(7.0)	8.2	192,389	4.8	8.4	1,274
Other	311,978	7.1	15.4	315,258	1.1	16.6	314,525	(0.2)	16.2	354,758	12.8	15.8	392,104	10.5	17.1	2,597
Total	¥2,027,212	(4.9)	100.0	¥1,902,248	(6.2)	100.0	¥1,946,975	2.4	100.0	¥2,242,501	15.2	100.0	¥2,291,182	2.2	100.0	$15,173

NET CLAIMS PAID (FY2023)

Total ¥2,291.1 Billion



Policies in Force and New Policies — Domestic Life Insurance (Unaudited)

(a) Policies in Force

	(Yen in millions)										(US$ in millions)
	FY2019		FY2020		FY2021		FY2022		FY2023		FY2023
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥28,056,161	(0.2)	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	¥27,160,135	(0.5)	$179,868
Individual annuities	2,915,890	(5.8)	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	3,211,155	11.7	21,266
Group insurance	8,888,416	3.9	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	9,607,665	(2.4)	63,627
Group annuities	294	(3.4)	297	0.7	277	(6.5)	252	(9.1)	273	8.2	2

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.

(b) New Policies

	(Yen in millions)					(US$ in millions)
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
	Amount	Amount	Amount	Amount	Amount	Amount
Individual insurance	¥2,773,532	¥2,434,298	¥2,413,439	¥2,379,027	¥2,330,615	$15,435
Individual annuities	177,730	123,035	96,731	357,413	399,250	2,644
Group insurance	96,406	114,945	43,351	68,710	180,396	1,195
Group annuities	–	–	–	–	–	–

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

Investment Assets and Investments in Securities (Unaudited)

(a) Investment Assets

	(Yen in millions)				(US$ in millions)
	FY2022		FY2023		FY2023
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥ 2,771,949	11.4%	¥ 2,911,322	10.8%	$ 19,280
Monetary claims bought	142,976	0.6	184,200	0.7	1,220
Money trusts	2,082,012	8.6	2,420,170	9.0	16,028
Investments in securities	16,144,021	66.3	18,166,668	67.4	120,309
Loans	959,478	3.9	970,148	3.6	6,425
Land and buildings	413,872	1.7	403,179	1.4	2,670
Total investment assets	¥22,514,311	92.5%	¥25,055,690	92.9%	$165,932
Total assets	¥24,349,984	100.0%	¥26,960,207	100.0%	$178,544

(b) Investments in Securities

	(Yen in millions)				(US$ in millions)
	FY2022		FY2023		FY2023
	Amount	Share	Amount	Share	Amount
Government bonds	¥ 4,355,273	27.0%	¥ 4,470,341	24.6%	$ 29,605
Municipal bonds	219,781	1.4	186,711	1.0	1,236
Corporate bonds	1,298,299	8.0	1,257,438	6.9	8,327
Stock	2,693,594	16.7	3,729,586	20.5	24,699
Foreign securities	5,734,004	35.5	6,676,866	36.8	44,218
Other securities	1,843,066	11.4	1,845,723	10.2	12,223
Total	¥16,144,021	100.0%	¥18,166,668	100.0%	$120,309

Note: "Other securities" consists mainly of investment trusts managed in separate accounts.

Consolidated Balance Sheets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
As of March 31, 2023 and March 31, 2024

	Yen in millions		US$ in millions
Assets	2023	2024	2024
Cash, deposits and savings	¥ 2,771,981	¥ 2,911,347	$ 19,280
Monetary claims bought	142,976	184,200	1,220
Money trusts	2,082,012	2,420,170	16,028
Investments in securities	16,144,021	18,166,668	120,309
Loans	959,478	970,148	6,425
Tangible fixed assets:	476,711	465,661	3,084
Land	220,903	216,914	1,437
Buildings	192,968	186,265	1,234
Lease assets	28,961	29,453	195
Construction in progress	1,707	2,556	17
Other tangible fixed assets	32,169	30,472	202
Intangible fixed assets:	496,124	490,510	3,248
Software	134,958	165,010	1,093
Goodwill	143,247	141,446	937
Lease assets	213	188	1
Other intangible fixed assets	217,704	183,863	1,218
Other assets	1,116,656	1,178,311	7,803
Assets for retirement benefits	36,372	100,653	667
Deferred tax assets	102,114	59,388	393
Customers' liabilities under acceptances and guarantees	27,524	22,848	151
Bad debt reserve	(5,990)	(9,701)	(64)
Total assets	24,349,984	26,960,207	178,544
Liabilities			
Policy liabilities:	18,357,164	19,198,037	127,139
Outstanding claims	2,590,000	2,884,811	19,105
Underwriting reserves	15,767,164	16,313,226	108,035
Bonds issued	714,743	715,045	4,735
Other liabilities	1,628,137	1,733,681	11,481
Liabilities for pension and retirement benefits	141,137	138,027	914
Reserve for retirement benefits for officers	133	88	1
Accrued bonuses for employees	28,444	34,189	226
Reserve for stock payments	1,009	2,018	13
Reserves under the special laws:	277,998	231,871	1,536
Reserve for price fluctuation	277,998	231,871	1,536
Deferred tax liabilities	34,190	370,837	2,456
Acceptances and guarantees	27,524	22,848	151
Total liabilities	¥21,210,482	¥22,446,645	$148,653

See accompanying notes to consolidated financial statements.

	Yen in millions		US$ in millions
Net Assets	2023	2024	2024
Shareholders' equity:			
Common stock	¥ 100,808	¥ 101,076	$ 669
Capital surplus	345,144	344,785	2,283
Retained earnings	1,383,907	1,634,444	10,824
Treasury stock	(6,662)	(36,841)	(244)
Total shareholders' equity	1,823,199	2,043,464	13,533
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	1,216,563	2,237,147	14,816
Net deferred gains/(losses) on hedges	(21,996)	(48,402)	(321)
Foreign currency translation adjustments	80,611	222,849	1,476
Accumulated actuarial gains/(losses) on retirement benefits	(9,448)	32,551	216
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	2,632	(20,818)	(138)
Total accumulated other comprehensive income	1,268,362	2,423,327	16,049
Stock acquisition rights	558	391	3
Non-controlling interests	47,381	46,378	307
Total net assets	3,139,501	4,513,562	29,891
Total liabilities and net assets	¥24,349,984	¥26,960,207	$178,544

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

	Yen in millions		US$ in millions
	2023	2024	2024
Ordinary income:	¥5,250,794	¥6,572,889	$43,529
Underwriting income:	4,486,045	5,107,033	33,821
Net premiums written	3,933,235	4,261,736	28,223
Deposit premiums from policyholders	41,359	31,658	210
Investment income on deposit premiums from policyholders	35,591	36,836	244
Life insurance premiums	458,430	735,249	4,869
Other underwriting income	17,428	41,551	275
Investment income:	743,994	1,417,724	9,389
Interest and dividends income	345,468	427,085	2,828
Investment gains on money trusts	191,350	314,111	2,080
Investment gains on trading securities	–	59,170	392
Gains on sales of securities	194,230	228,739	1,515
Gains on redemption of securities	2,355	4,875	32
Gains on derivative transactions	44,502	–	–
Investment gains on separate accounts	–	218,611	1,448
Other investment income	1,678	201,968	1,338
Transfer of investment income on deposit premiums from policyholders	(35,591)	(36,836)	(244)
Other ordinary income:	20,754	48,130	319
Gains on equity method investments	–	18,759	124
Other ordinary income	20,754	29,371	195
Ordinary expenses:	4,958,531	6,156,448	40,771
Underwriting expenses:	4,007,836	5,107,358	33,824
Net claims paid	2,242,501	2,291,182	15,173
Loss adjustment expenses	208,855	226,831	1,502
Commissions and collection expenses	773,675	848,875	5,622
Maturity refunds to policyholders	165,278	151,929	1,006
Dividends to policyholders	51	51	0
Life insurance claims	530,822	483,054	3,199
Provision for outstanding claims	63,273	365,586	2,421
Provision for underwriting reserves	12,466	734,752	4,866
Other underwriting expenses	10,911	5,093	34
Investment expenses:	195,669	215,527	1,427
Investment losses on money trusts	28,438	64,443	427
Investment losses on trading securities	19,631	–	–
Losses on sales of securities	65,613	75,703	501
Impairment losses on securities	23,208	3,217	21
Losses on redemption of securities	360	40	0
Losses on derivative transactions	–	58,450	387
Investment losses on separate accounts	32,700	–	–
Other investment expenses	25,716	13,671	91
Operating expenses and general and administrative expenses	728,890	797,988	5,285
Other ordinary expenses:	26,134	35,574	236
Interest expense	10,383	10,453	69
Provision for bad debts	1,340	946	6
Losses on bad debts	408	606	4
Losses on equity method investments	2,898	–	–
Other ordinary expenses	11,103	23,567	156
Ordinary profit	292,262	416,440	2,758

	Yen in millions		US$ in millions
	2023	2024	2024
Extraordinary income:	¥ 34,615	¥ 63,598	$ 421
Gains on sales of fixed assets	34,615	17,472	116
Reversal of reserves under the special laws:	–	46,126	305
Reversal of reserve for price fluctuation	–	46,126	305
Extraordinary losses:	30,271	17,775	118
Losses on sales of fixed assets	10,216	5,935	39
Impairment losses on fixed assets	1,801	11,839	78
Provision for reserves under the special laws:	11,616	–	–
Provision for reserve for price fluctuation	11,616	–	–
Other extraordinary losses	6,637	–	–
Income before income taxes	296,605	462,263	3,061
Income taxes - current	35,733	97,374	645
Income taxes - deferred	46,281	(7,930)	(53)
Total income taxes	82,014	89,443	592
Net income	214,591	372,820	2,469
Net income attributable to non-controlling interests	3,585	3,553	24
Net income attributable to owners of the parent	¥211,006	¥ 369,266	$ 2,445

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

	Yen in millions		US$ in millions
	2023	2024	2024
Net income	¥214,591	¥ 372,820	$ 2,469
Other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	(347,106)	992,341	6,572
Net deferred gains/(losses) on hedges	(21,362)	(28,172)	(187)
Foreign currency translation adjustments	130,569	127,688	846
Accumulated actuarial gains/(losses) on retirement benefits	(11,042)	41,988	278
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,612	(3,176)	(21)
Share of other comprehensive income/(loss) of equity method investments	(995)	24,207	160
Total other comprehensive income	(240,325)	1,154,876	7,648
Total comprehensive income	(25,734)	1,527,696	10,117
Allocation:			
Comprehensive income attributable to owners of the parent	¥ (31,949)	¥1,521,241	$10,074
Comprehensive income attributable to non-controlling interests	6,214	6,455	43

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

2023

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644
Cumulative effect of changing accounting policies			28,503		28,503
Beginning balance (adjusted)	100,534	553,680	1,279,783	(159,850)	1,774,148
Changes for the year:					
Issuance of new shares	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			211,006		211,006
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	–
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling shareholders		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	104,124	153,187	49,051
Ending balance	¥100,808	¥345,144	¥1,383,907	¥ (6,662)	¥1,823,199

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	¥ (998)	¥(52,492)	¥ 1,566	–	¥1,513,242	¥762	¥43,099	¥3,302,749
Cumulative effect of changing accounting policies					(1,924)	(1,924)		1,460	28,039
Beginning balance (adjusted)	1,565,167	(998)	(52,492)	1,566	(1,924)	1,511,318	762	44,559	3,330,789
Changes for the year:									
Issuance of new shares									548
Dividends paid									(106,881)
Net income attributable to owners of the parent									211,006
Repurchase of treasury stock									(54,946)
Disposal of treasury stock									205
Cancellation of treasury stock									–
Changes in equity resulting from increase in capital of consolidated subsidiaries									(30)
Changes in equity resulting from transactions with non-controlling shareholders									(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	133,103	(11,015)	4,557	(242,955)	(203)	2,821	(240,338)
Total changes for the year	(348,603)	(20,997)	133,103	(11,015)	4,557	(242,955)	(203)	2,821	(191,287)
Ending balance	¥1,216,563	¥(21,996)	¥ 80,611	¥ (9,448)	¥2,632	¥1,268,362	¥558	¥47,381	¥3,139,501

See accompanying notes to consolidated financial statements.

2024

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,808	¥345,144	¥1,383,907	¥ (6,662)	¥1,823,199
Cumulative effect of changing accounting policies			(1,448)		(1,448)
Beginning balance (adjusted)	100,808	345,144	1,382,459	(6,662)	1,821,750
Changes for the year:					
Issuance of new shares	267	267			534
Dividends paid			(117,280)		(117,280)
Net income attributable to owners of the parent			369,266		369,266
Repurchase of treasury stock				(30,375)	(30,375)
Disposal of treasury stock		(26)		196	169
Cancellation of treasury stock					
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)			(17)
Changes in equity resulting from transactions with non-controlling shareholders		(582)			(582)
Net changes of items other than shareholders' equity					
Total changes for the year	267	(359)	251,985	(30,179)	221,713
Ending balance	¥101,076	¥344,785	¥1,634,444	¥(36,841)	¥2,043,464

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	¥1,216,563	¥(21,996)	¥ 80,611	¥ (9,448)	¥ 2,632	¥1,268,362	¥558	¥47,381	¥3,139,501
Cumulative effect of changing accounting policies	2,961					2,961			1,513
Beginning balance (adjusted)	1,219,525	(21,996)	80,611	(9,448)	2,632	1,271,324	558	47,381	3,141,015
Changes for the year:									
Issuance of new shares									534
Dividends paid									(117,280)
Net income attributable to owners of the parent									369,266
Repurchase of treasury stock									(30,375)
Disposal of treasury stock									169
Cancellation of treasury stock									
Changes in equity resulting from increase in capital of consolidated subsidiaries									(17)
Changes in equity resulting from transactions with non-controlling shareholders									(582)
Net changes of items other than shareholders' equity	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,150,833
Total changes for the year	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,372,547
Ending balance	¥2,237,147	¥(48,402)	¥222,849	¥32,551	¥(20,818)	¥2,423,327	¥391	¥46,378	¥4,513,562

See accompanying notes to consolidated financial statements.

2024

(US$ in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$668	$2,286	$9,165	$ (44)	$12,074
Cumulative effect of changing accounting policies			(10)		(10)
Beginning balance (adjusted)	668	2,286	9,155	(44)	12,065
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(777)		(777)
Net income attributable to owners of the parent			2,445		2,445
Repurchase of treasury stock				(201)	(201)
Disposal of treasury stock		(0)		1	1
Cancellation of treasury stock					
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(4)			(4)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(2)	1,669	(200)	1,468
Ending balance	$669	$2,283	$10,824	$(244)	$13,533

	Accumulated other comprehensive income								
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	$ 8,057	$(146)	$ 534	$ (63)	$ 17	$ 8,400	$4	$314	$20,791
Cumulative effect of changing accounting policies	20					20			10
Beginning balance (adjusted)	8,076	(146)	534	(63)	17	8,419	4	314	20,801
Changes for the year:									
Issuance of new shares									4
Dividends paid									(777)
Net income attributable to owners of the parent									2,445
Repurchase of treasury stock									(201)
Disposal of treasury stock									1
Cancellation of treasury stock									
Changes in equity resulting from increase in capital of consolidated subsidiaries									(0)
Changes in equity resulting from transactions with non-controlling shareholders									(4)
Net changes of items other than shareholders' equity	6,739	(175)	942	278	(155)	7,629	(1)	(7)	7,621
Total changes for the year	6,739	(175)	942	278	(155)	7,629	(1)	(7)	9,090
Ending balance	$14,816	$(321)	$1,476	$216	$(138)	$16,049	$3	$307	$29,891

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

	Yen in millions		US$ in millions
	2023	2024	2024
I. Cash flows from operating activities:			
Income before income taxes	¥ 296,605	¥ 462,263	$ 3,061
Depreciation	93,105	103,192	683
Impairment losses on fixed assets	1,801	11,839	78
Amortization of goodwill	13,888	17,827	118
Increase/(decrease) in outstanding claims	86,373	187,909	1,244
Increase/(decrease) in underwriting reserves	(105,799)	524,218	3,472
Increase/(decrease) in bad debt reserve	(1,007)	3,368	22
Increase/(decrease) in reserve for retirement benefits for officers	(42)	(45)	(0)
Increase/(decrease) in accrued bonuses for employees	(2,818)	4,687	31
Increase/(decrease) in reserve for stock payments	1,009	1,009	7
Decrease/(increase) in assets for pension and retirement benefits	(19,911)	(7,455)	(49)
Increase/(decrease) in liabilities for pension and retirement benefits	3,232	795	5
Increase/(decrease) in reserve for price fluctuation	11,616	(46,126)	(305)
Interest and dividend income	(345,468)	(427,085)	(2,828)
Losses/(gains) on money trusts	(162,912)	(249,668)	(1,653)
Losses/(gains) on investments in securities	(87,771)	(213,823)	(1,416)
Losses/(gains) on derivative transactions	(44,502)	58,450	387
Investment losses/(gains) on separate accounts	32,700	(218,611)	(1,448)
Interest expense	10,383	10,453	69
Foreign exchange losses/(gains)	(28,571)	(200,412)	(1,327)
Losses/(gains) on disposal of tangible fixed assets	(30,006)	(13,461)	(89)
Losses /(gains) on equity method investments	2,898	(18,759)	(124)
Decrease/(increase) in other assets	(10,993)	(33,533)	(222)
Increase/(decrease) in other liabilities	62,085	48,001	318
Others, net	54,428	46,209	306
Subtotal	(169,676)	51,246	339
Interest and dividends received	447,284	517,116	3,425
Interest paid	(10,449)	(10,449)	(69)
Income taxes refunded/(paid)	(73,004)	(8,446)	(56)
Net cash provided by/(used in) operating activities (a)	194,153	549,466	3,639
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	(37,643)	(97,929)	(649)
Purchase of monetary claims bought	(4,812)	(13,670)	(91)
Proceeds from sales and redemption of monetary claims bought	12,135	6,208	41
Purchase of money trusts	(487,409)	(581,487)	(3,851)
Proceeds from sales of money trusts	512,110	478,643	3,170
Purchase of securities	(3,523,042)	(3,916,860)	(25,939)
Proceeds from sales and redemption of securities	4,184,931	4,005,148	26,524
Investments in loans	(211,739)	(219,790)	(1,456)
Collection of loans	234,847	235,058	1,557
Net increase/(decrease) in cash collateral under securities lending transactions	10,125	(1,655)	(11)
Others, net	(128,777)	(107,403)	(711)
Subtotal (b)	560,726	(213,736)	(1,415)
(a + b)	754,879	335,730	2,223
Acquisition of tangible fixed assets	(24,625)	(22,877)	(152)
Proceeds from sales of tangible fixed assets	48,588	23,286	154
Acquisition of intangible fixed assets	(57,007)	(62,063)	(411)
Acquisition of subsidiaries resulting in changes in scope of consolidation	(45,002)	–	–
Others, net	(1,725)	(1,433)	(9)
Net cash provided by/(used in) investing activities	480,953	(276,825)	(1,833)
III. Cash flows from financing activities:			
Repayments of borrowings	(98,381)	(100,000)	(662)
Redemption of bonds	(72,000)	–	–
Net increase/(decrease) in payables under repurchase agreements	(22,519)	30,657	203
Net increase/(decrease) in cash collateral under securities lending transactions	53,229	2,279	15
Repurchase of treasury stock	(55,745)	(30,375)	(201)
Dividends paid to shareholders	(106,753)	(117,133)	(776)
Dividends paid to non-controlling interests	(2,284)	(3,535)	(23)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(2,471)	(4,385)	(29)
Others, net	(7,575)	(9,057)	(60)
Net cash provided by/(used in) financing activities	(314,502)	(231,549)	(1,533)
IV. Effect of exchange rate changes on cash and cash equivalents	29,610	46,236	306
V. Net increase/(decrease) in cash and cash equivalents	390,215	87,328	578
VI. Beginning balance of cash and cash equivalents	2,256,216	2,646,431	17,526
VII. Ending balance of cash and cash equivalents	¥2,646,431	¥2,733,760	$18,104

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MS&AD Insurance Group Holdings, Inc. and its Consolidated Subsidiaries
As of and for the years ended March 31, 2023 and March 31, 2024

SIGNIFICANT ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in conformity with the Corporate Accounting Regulations and the Ordinance for Enforcement of Insurance Business Act pursuant to the provisions of Article 118 of the said Regulations. The definitions of subsidiaries and associates are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 103 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")
MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co., Ltd.
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Launch Underwriters, LLC and two other companies have been included in the scope of consolidation from the current fiscal year as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons. As MSIG Insurance (Lao) Co., Ltd. was merged with Sokxay Insurance Sole Company Limited, this subsidiary has been excluded from the scope of consolidation from the current fiscal year.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

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

The subsidiaries that have been excluded from consolidation are companies that are considered immaterial for the purpose of giving a true and fair view of the financial position and results of operations of the Group in view of the size of their total assets, ordinary income, net income or loss, and retained earnings attributable to the Company.

2. Application of the equity method

(1) Number of associates accounted for under the equity method: 13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Changes in scope of application of the equity method
As Sokxay Insurance Sole Company Limited was merged with MSIG Insurance (Lao) Co., Ltd. to form an associate (current company name: MSIG Sokxay Insurance Co., Ltd.), this company has been included in the scope of application of the equity method from the current fiscal year.

(2) Unconsolidated subsidiaries and associates to which the equity method is not applied (e.g., MS&AD GRAND ASSISTANCE Co., Ltd. and Zenkankyo Reiwa Insurance Company, Limited) have been excluded from the scope of application of the equity method as their effects on consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate as the Company does not make a significant impact on the policy making of Japan Earthquake Re in view of its public nature.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of 95 overseas consolidated subsidiaries is December 31, but as the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements for the fiscal year of the relevant consolidated subsidiaries are used in preparing these consolidated financial statements. Adjustments necessary for consolidation are made for significant transactions during the intervening period of the end of the consolidated fiscal year.

4. Accounting policies

(1) Valuation policies and methods of securities (including those categorized into "cash, deposits and savings" and "monetary claims bought" as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued using the market value method. Cost of sales is calculated using the moving average method. For some overseas consolidated subsidiaries, cost of sales is calculated using the first-in first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Valuation of stocks of unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSAL, our consolidated subsidiary, establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSPL, our consolidated subsidiary, establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the current fiscal year, MSPL established a new subgroup for a portion of its U.S. dollar-denominated individual insurance and individual annuity contracts in order to enhance its investment methods and ALM (asset and liability management) in line with the investment environment. This change has no impact on the consolidated financial statements.

(v) Available-for-sale securities (except for stocks and other securities without market prices) are valued using the market value method.
Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes resulting from fair value fluctuations denominated in foreign currency are reported as net unrealized gains and losses in net assets, while remaining changes are reported as foreign exchange gains and losses.

Cost of sales is calculated by the moving average method.

(vi) Of available-for-sale securities, stocks and other securities without market prices are valued at cost using the moving average method.

(vii) Securities managed as trust assets held in independently-managed money trusts whose primary purpose is trading are valued using the market value method.

Securities that are managed as trust assets held in independently-managed money trusts that are not classified as held for trading purposes, held-to-maturity, or earmarked for underwriting reserves are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative transactions

Derivative transactions are valued using the market value method.

(3) Depreciation methods of significant depreciable assets

(i) Tangible fixed assets:

Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets

Amortization of intangible fixed assets is computed using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is recognized as follows under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally or formally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and for loans to debtors who are deemed to be substantially insolvent, is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees, and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding loan balances by the historical bad debt ratio, which is calculated based on actual write-offs during a certain period in the past.

All loans and receivables are assessed by departments that are responsible for the respective assets, and the results are audited by the independent internal audit departments under the internal standards for self-assessment of assets and are provided based on the audit result.

For other domestic consolidated subsidiaries, the necessary amount is established under their internal standards for self-assessment of assets similar to those of the domestic consolidated insurance subsidiaries and based on their audit result.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

MSI and MSAL, our consolidated subsidiaries, provide a reserve for the payment of retirement benefits (including pensions) to its officers and executive officers in an amount equal to the compensation for the performance of their duties during their tenure of office up to the year ended March 31, 2005, when the said retirement benefits plan for officers was terminated.

(iii) Accrued bonuses for employees

Accrued bonuses for employees are recognized based on the estimated amounts to be paid at the end of the current fiscal year to provide for bonuses for employees and executive officers.

(iv) Provision for share awards

To provide for the delivery of the Company's shares in accordance with the share delivery standards under the stock-based remuneration system for employees, the Company records a reserve based on the estimated amount of share award obligations as of the end of the current fiscal year.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under the provision of Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of stocks and other securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the end of the current fiscal year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following fiscal year, using the straight-line method over a certain number of years (primarily 10 to 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the fiscal year end. The foreign exchange gains and losses resulting from the translation are recognized as profit or losses. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year, and differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Certain domestic consolidated insurance subsidiaries apply the fair value hedge method to equity forward contracts entered into for the purpose of hedging stock price fluctuation risk. Among transactions entered into for the purpose of hedging foreign exchange fluctuation risks associated with assets denominated in foreign currencies, the deferred hedge method is applied to currency swap contracts, the fair value hedge method is applied to certain currency option contracts, and the deferred hedge method, fair value hedge method, or allocation method is applied to certain foreign exchange forward contracts. Currency swap contracts used for hedging currency fluctuation risks on foreign currency bonds issued by MSI are accounted for under the allocation method.

Interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds, and borrowings are accounted for under the deferred hedge method or the exceptional method of interest rate swap contracts.

Interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method (exceptional method and allocation method).

Hedge effectiveness is assured quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates, and judged based on their fluctuations and other factors. When the hedged items and hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)
Among the above hedging relationships, the exceptional treatment prescribed in the PITF is applied to all hedge relationships included in the scope of application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2022). The details of the hedging relationships to which the PITF is applied are as follows.

Hedge accounting method:	Deferred hedge accounting
Hedging instruments:	Interest rate swaps
Hedged items:	Floating rate bonds
Type of hedging transaction:	Transaction to fix cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

At our domestic consolidated insurance subsidiaries, insurance contracts including premiums, outstanding claims, and underwriting reserves are accounted for in compliance with the provisions of the Insurance Business Act and other applicable laws and regulations. At our overseas consolidated insurance subsidiaries, they are accounted for in compliance with either International Financial Reporting Standards (IFRS) or U.S. generally accepted principles based on PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Accounting Standards Board of Japan, June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, and other expenses incurred by the domestic consolidated non-life insurance subsidiaries, which are recorded at amounts inclusive of consumption taxes.

Non-deductible consumption taxes on assets are recorded in other assets and amortized over a period of five (5) years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and some of its domestic consolidated subsidiaries apply the group totalization system.

5. Amortization of goodwill

Goodwill is amortized over an effective period from 7 to 20 years on a straight-line basis. Insignificant amounts of goodwill are expensed as incurred.

6. Accounting estimates

(1) Impairment losses on goodwill

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Goodwill of 141,446 million yen was recognized in the consolidated balance sheet for the current fiscal year. In addition, goodwill related to equity method investments of 34,052 million yen was included in investments in securities in the consolidated balance sheet for the current fiscal year.

(ii) Information to facilitate the understanding of accounting estimates

a. Measurement approach

For asset groups including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. More specifically, in accordance with the "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), the Company monitors any indication of impairment, such as consecutive net losses in the business in which asset groups including goodwill are used and/or a significant deterioration of the business environment, and if there is an indication of impairment, the Company determines whether an impairment loss should be recognized by comparing the total amount of undiscounted future cash flows obtained from the asset groups concerned with the carrying amount. For asset groups on which an impairment loss needs to be recognized, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized for the amount of reduction.

We have estimated the total undiscounted future cash flows based on the business plans of the relevant businesses. The recoverable amount represents the present value of future cash flows expected to be derived from continuing use of the asset groups and from their disposal thereafter, and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2025

An impairment loss may be incurred if the profitability of a business declines as a result of changes in business environment, and estimated future cash flows are significantly decreased.

(2) Outstanding claims

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Outstanding claims of 2,884,811 million yen were recognized in the consolidated balance sheet for the current fiscal year. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Information to facilitate the understanding of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the said Act, domestic consolidated insurance subsidiaries recognize outstanding claims that represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated insurance subsidiaries apply similar methods for estimating the amount and recording of outstanding claims.

a. Measurement approach

For insurance policies for which loss events have been reported, the Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms, and claim investigations.

For claims for which a loss event stipulated in the insurance contract has already occurred but the occurrence of a loss event has not yet been reported, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2025

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to factors such as development of claim investigations, outcome of litigations, inflation and changes in foreign exchange rates.

7. Changes in accounting policies

(Application of IFRS 9 Financial Instruments)

Overseas consolidated subsidiaries and overseas equity method associates have adopted International Financial Reporting Standards (IFRS) 9 "Financial Instruments" from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on Retained earnings and Accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, a decrease of ¥1,448 million on Retained earnings and an increase of ¥2,961 million of Net unrealized gains on investments in securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥7,369 million was recorded respectively on Ordinary profit and Income before income taxes for the year ended March 31, 2024.

(Application of IFRS 17 Insurance Contracts)

Overseas consolidated subsidiaries and overseas equity method associates have adopted International Financial Reporting Standards (IFRS) 17 "Insurance Contract" from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts.

In terms of transition from IFRS 4* to IFRS 17, consolidated financial statements for the year ended March 31, 2023 were retrospectively restated. Compared to the results of the year ended March 31, 2023 under IFRS 4, Ordinary profit and Income before income taxes were increased by ¥61,149 million for the year ended March 31, 2023, mainly due to a decrease of ¥62,212 million in Provision for outstanding claims. In addition, ¥5,316 million of investment in associates, ¥627,121 million of Other assets, and ¥20,707 million of Deferred tax assets decreased respectively on the total assets for the year ended March 31, 2023. As for the total liabilities for the year ended March 31, 2023, decreases of ¥512,434 million in Policy liabilities and ¥224,255 million in Other liabilities and an increase of ¥3,012 million of Deferred tax liabilities were recorded respectively.

According to the reflection of retrospective impacts to net assets for the year ended March 31, 2023, increases of ¥28,503 million in Retained earnings and ¥1,460 million in non-controlling interests and a decrease of ¥1,924 million in Accumulated other comprehensive income arising from Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc. were recorded respectively.

The impacts on per share information are described in the relevant section.

*IFRS 4 was the standard for insurance contracts replaced by IFRS 17 on 1 January, 2023.

8. Additional information

(Stock-based remuneration system for employees)

The Company has entered into a stock-based remuneration system for employees (the "system") of its consolidated subsidiaries Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (the "Participating Companies").

(1) Overview of the transaction

This system is one under which shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of

Company shares expected to be delivered from the stock market in a lump sum, based on funds contributed by the Participating Companies through the Company.

(2) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the current fiscal year is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-linked and stock-based remuneration system for overseas consolidated subsidiaries)
Some of the overseas consolidated subsidiaries introduced a performance-linked and stock-based remuneration system (the "system") for employees and officers who satisfy certain requirements.

(3) Overview of the transaction

Under this system, the number of shares to be granted is determined based on the average performance during a certain period of time, and eligible staff receive the Company's shares or the cash equivalent to the Company's shares converted at fair value.

In preparing for future benefits, the Company acquires its own shares from the stock market by the trusts that have been set up using the cash contributed by subsidiaries that implemented the system.

(4) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the current fiscal year is 1,950 million yen, and the number of shares is 562 thousand.

Notes to Consolidated Balance Sheets

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Accumulated depreciation	430,206	442,279
Accelerated depreciation	11,629	11,515

Note: As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2023 and March 31, 2024 were ¥11,629 million and ¥11,515 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	30,255	41,550
Securities (Foreign securities)	282,407	331,389
Securities (Other securities)	28,113	31,090
Total	340,776	404,030

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	5	35
Doubtful loans	722	37
Loans overdue for three months or more	99	96
Restructured loans	301	163
Total	1,128	332

Note: Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

4. The amounts of assets pledged as collateral are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Assets pledged as collateral:		
Cash, deposits and savings	30,360	51,705
Money trusts	2,750	3,119
Securities	775,768	821,980
Total	808,879	876,805

Note: The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in other liabilities are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
204,822	235,480

5. The amounts of securities loaned under securities lending agreements are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
699,408	753,146

6. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
1,569,434	1,499,828

7. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. The aggregate net present value of these transactions was ¥29,682 million and ¥41,148 million, respectively, in a negative liability position as of March 31, 2023 and March 31, 2024. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees as there was no substantial exposure.

8. The unutilized balances of commitment lines to third parties are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
12,100	11,201

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies ALM (asset and liability management) policies to maintain stability of investment returns, safety of assets, and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each Group company.

The Group's cash inflows, which mainly arise from insurance operations and investment activities, are affected by changes in the external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance the efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans, and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks, and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates, and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices, and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives, and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 4. Accounting policies, (7) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in the fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties, and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the risk management department is independent from the trading execution departments and the back-office departments, and maintains a structure that enables us to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring the risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of the sensitivity of existing assets to changes in interest rates, stock prices, and foreign exchange rates, and analysis of the concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage the credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI, and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings, and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships, etc., are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

	Yen in millions			
	Carrying amount			
March 31, 2023	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	116,562	3,091	119,654
(b) Money trusts	–	1,495,842	586,170	2,082,012
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	–	45,278
Domestic stocks	5,802	–	–	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	–	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	–	2,658,520
Domestic stocks	2,577,273	–	–	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions (*1):				
Currency	–	26,395	–	26,395
Interest rate	519	27,423	–	27,942
Equity	3,457	124	–	3,581
Bond	6,471	–	–	6,471
Credit	–	866	–	866
Others	–	–	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions (*1):				
Currency	–	30,107	–	30,107
Interest rate	507	23,037	–	23,544
Equity	1,198	463	–	1,661
Bond	8,690	–	–	8,690
Credit	–	756	–	756
Others	–	–	691	691
Total liabilities	10,395	54,364	691	65,451

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥3,886 million as an asset and ¥9,716 million as a liability.

	Yen in millions			
	Carrying amount			
March 31, 2024	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	165,289	2,121	167,411
(b) Money trusts	–	1,647,700	772,469	2,420,170
(c) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	–	25,207
Domestic stocks	22	–	–	22
Foreign securities	413,060	352,793	127,916	893,769
Others	12,596	1,486,789	–	1,499,385
Available-for-sale securities				
Domestic bonds	1,378,009	1,201,047	–	2,579,056
Domestic stocks	3,607,415	–	–	3,607,415
Foreign securities	1,122,627	3,464,588	395,608	4,982,823
Others	59,467	170,142	17,255	246,865
Derivative transactions (*1):				
Currency	–	13,445	–	13,445
Interest rate	103	24,248	277	24,629
Equity	132	191	–	324
Bond	6,807	–	–	6,807
Credit	–	533	842	1,376
Others	–	–	686	686
Total assets	6,623,676	8,528,541	1,317,177	16,469,396
Derivative transactions (*1):				
Currency	–	42,287	–	42,287
Interest rate	99	28,428	266	28,793
Equity	2,842	1,257	–	4,100
Bond	4,474	–	–	4,474
Credit	–	2,556	842	3,398
Others	–	–	752	752
Total liabilities	7,416	74,529	1,861	83,807

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥671 million as an asset and ¥23,043 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits, and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

Yen in millions

March 31, 2023	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	–	23,321	–	23,321	23,321	–
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	–	1,293,571	1,221,808	71,763
Foreign securities	–	4,375	–	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	–	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	–	301,246	313,075	(11,828)
Investments in associates	136,984	4,128	–	141,113	83,257	57,855
(c) Loans					959,478	
Bad debt reserve (*1)					(769)	
	–	258,587	696,535	955,123	958,709	(3,585)
Total assets	2,858,408	819,977	696,535	4,374,922	4,552,182	(177,260)
Bonds issued	–	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	–	605,478	96,280	701,759	714,743	(12,983)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Yen in millions

March 31, 2024	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	–	16,788	–	16,788	16,788	–
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,230,059	119,546	–	1,349,606	1,349,827	(221)
Foreign securities	–	4,735	–	4,735	4,593	142
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,367,117	109,727	–	1,476,845	1,960,400	(483,555)
Foreign securities	18,013	397,440	–	415,453	424,145	(8,691)
Investments in associates	210,799	5,020	–	215,820	88,303	127,516
(c) Loans					970,148	
Bad debt reserve (*1)					(343)	
	–	264,403	698,624	963,028	969,804	(6,776)
Total assets	2,825,990	917,663	698,624	4,442,277	4,813,864	(371,586)
Bonds issued	–	612,824	98,288	711,112	715,045	(3,932)
Total liabilities	–	612,824	98,288	711,112	715,045	(3,932)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial paper (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value as they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term, and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association (“JSDA”) or prices quoted by counterparty financial institutions. Those based on “Reference Statistical Prices for OTC Bond Transactions” published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

	Yen in millions						
March 31, 2023	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	–	3,091	–
Money trusts	386,862	38,063	4,887	156,356	–	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	–	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	–
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions (*4)	(316)	1,009	–	(580)	–	112	752

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.
(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments."
(*3) Includes increase due to business combination.
(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

	Yen in millions							
March 31, 2024	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Transfer from Level 3 to Level 2 (*3) (*5)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	3,091	0	(47)	(922)	–	–	2,121	–
Money trusts	586,170	81,466	21,951	82,882	–	–	772,469	43,781
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	–	–	127,916	10,077
Available-for-sale securities	306,582	8,054	49,856	49,714	1,000	(2,344)	412,863	–
Total assets	1,018,465	83,603	83,468	131,177	1,000	(2,344)	1,315,371	53,859
Derivative transactions (*6)	112	1,042	0	(1,209)	–	–	(55)	260

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.
(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments."
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 2 to Level 3 due to that observable inputs for domestic corporate bonds are no longer available.
(*5) Transfer from Level 3 to Level 2 due to that observable inputs for domestic and foreign corporate bonds became available.
(*6) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc., as of March 31, 2023 and March 31, 2024, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Stocks and other securities without market prices (*1)(*3)	356,146	417,651
Investments in partnerships, etc. (*2)(*4)	71,315	87,201
Total	427,462	504,852

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."
(*2) Investments in partnerships, etc., are not subject to fair value disclosure, in accordance with Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."
(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥8,237 million and ¥1,569 million, respectively.
(*4) Impairment losses on investments in partnerships, etc., for the years ended March 31, 2023 and March 31, 2024 were ¥4 million and ¥405 million, respectively.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

	Yen in millions			
March 31, 2023	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,738,594	32,121	–	1,250
Monetary claims bought	134,678	4,750	–	2,976
Securities:				
Held-to-maturity securities				
Government bonds	3,400	116,500	188,500	770,600
Corporate bonds	500	27,502	31,300	55,100
Foreign securities	–	1,232	1,657	1,402
Debt securities earmarked for underwriting reserves				
Government bonds	–	–	–	1,807,300
Municipal bonds	–	–	–	9,000
Corporate bonds	3,100	5,050	1,200	110,800
Foreign securities	6,589	91,159	186,015	41,437
Available-for-sale securities with fixed maturities				
Government bonds	57,290	231,770	308,640	714,724
Municipal bonds	9,210	82,504	58,476	47,471
Corporate bonds	119,995	543,542	241,030	168,090
Foreign securities	196,755	1,160,114	1,245,731	391,244
Loans (*)	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

(*) The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected as the debtors are legally bankrupt, substantially bankrupt, or likely to go bankrupt, and ¥65,417 million of loans without fixed maturities.

	Yen in millions			
March 31, 2024	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,872,161	39,162	–	1
Monetary claims bought	182,082	–	–	2,053
Securities:				
Held-to-maturity securities				
Government bonds	24,700	104,600	247,200	843,780
Corporate bonds	23,002	9,600	48,800	32,500
Foreign securities	1,334	874	2,438	–
Debt securities earmarked for underwriting reserves				
Government bonds	–	–	–	1,825,000
Municipal bonds	–	–	–	9,000
Corporate bonds	–	5,250	1,000	110,800
Foreign securities	–	55,874	327,365	92,769
Available-for-sale securities with fixed maturities				
Government bonds	58,700	217,445	447,885	640,014
Municipal bonds	4,757	89,528	39,175	35,286
Corporate bonds	153,622	497,295	233,797	162,076
Foreign securities	204,253	1,110,751	1,474,351	820,800
Loans (*)	170,007	546,881	107,657	79,577
Total	3,694,621	2,677,262	2,929,670	4,653,658

(*) The amounts in the above table do not include ¥73 million of loans in which repayments cannot be expected as the debtors are legally bankrupt, substantially bankrupt, or likely to go bankrupt, and ¥65,936 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

	Yen in millions					
March 31, 2023	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	–	100,000	–	153,840	–	360,000
Total	–	100,000	–	153,840	–	360,000

(*) The amounts in the above table do not include ¥100,902 million of bonds issued without fixed maturities.

	Yen in millions					
March 31, 2024	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	100,000	–	154,142	–	–	360,000
Total	100,000	–	154,142	–	–	360,000

(*) The amounts in the above table do not include ¥100,902 million of bonds issued without fixed maturities.

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Carrying amount	76,893	75,957
Fair value	132,640	130,148

Notes:
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since the most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

The Company's consolidated subsidiary, MSI, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the United States and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company
Name of the acquired company: Transverse Insurance Group, LLC
Description of the business: Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination
The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have Group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base.

(iii) Date of business combination
January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination
Acquisition of equity interest

(v) Name of the company after the business combination
Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired
100%

(vii) Grounds for determining the acquiring company
The Company's consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements
The fiscal year end of the acquired company is December 31, but as the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and as the balance sheet only is consolidated, the consolidated statement of income does not include the financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized
US$138 million

(ii) Reason for recognition
The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period
Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	US$ in millions
Total assets	974
(of which, policy liabilities)	473
(of which, intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to Intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration
The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed
In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill, and amortization of goodwill are adjusted accordingly.

(Additional Information)

On December 28, 2017, Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), a consolidated subsidiary of the Company, acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company's insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the current fiscal year, the consideration is additionally recognized as acquisition cost, and goodwill is additionally recognized. Goodwill that is additionally recognized is calculated on the assumption that it was recognized at the date of the business combination.

(1) Acquisition cost additionally recognized: ¥12,171 million

(2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:

Amount of goodwill additionally recognized: ¥12,171 million
Amount of amortization: ¥3,428 million
Amortization method and period: Amortized on a straight-line basis over a period of twenty (20) years

12. The amounts of net assets per share are as follows:

	March 31, 2023	March 31, 2024
Net assets per share (Yen)	1,928.84	2,817.00
Stock acquisition rights deducted from net assets (Yen in millions)	558	391
Non-controlling interests deducted from net assets (Yen in millions)	47,381	46,378
Outstanding common stock (Thousands of shares)	1,602,806	1,585,651

Notes:
1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.
2. As stated in the "Change in accounting policy," from the beginning of the year ended March 31, 2024, IFRS 17 "Insurance Contracts" has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, net assets per share as of March 31, 2023 had increased by 50.86 yen compared to the amount prior to the retrospective application, which is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

13. Events that occurred after the end of the current fiscal year and that will significantly affect the financial position and results of operation for the following fiscal year and thereafter are as follows:

(Stock split)

In accordance with the resolution at the Board of Directors' meeting held on February 29, 2024, the Company conducted a stock split and partial amendments to the Articles of Incorporation associated with the stock split as of the effective date of April 1, 2024.

(1) Purpose of the stock split
By lowering the stock price per investment unit, the Company aims to create a more investor-friendly environment and expand the investor base.

(2) Outline of the stock split

(i) Method of the stock split
Each share of common stock owned by the shareholders recorded in the final register of shareholders as of the record date of March 31, 2024 is split into three shares.

(ii) Increase in the number of shares due to the stock split.
Total number of issued shares before the stock split: 536,071,400 shares
Number of shares to be increased by the stock split: 1,072,142,800 shares
Total number of issued shares after the stock split: 1,608,214,200 shares
Total number of authorized shares after the stock split: 2,700,000,000 shares

(iii) Schedule of the stock split
Public notice of record date: March 15, 2024
Record date: March 31, 2024
Effective date: April 1, 2024

(3) Effect on per share information

The effect on per share information is presented in the relevant section.

(4) Partial amendments to the Articles of Incorporation associated with the stock split

(i) Reason for the amendments
In line with the stock split, the Company has partially amended its Articles of Incorporation with an effective date of April 1, 2024, pursuant to Article 184, Paragraph 2 of the Companies Act.

(ii) Details of the amendments to the Articles of Incorporation

(Amendments are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be nine hundred million (900,000,000) shares.	(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be <u>two thousand and seven hundred million (2,700,000,000)</u> shares.

14. Amounts less than one million yen have been rounded down.

Notes to Consolidated Statements of Income

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Premium income	1,727,314	1,850,145
Surrender benefits and ceding reinsurance premiums paid	(1,268,883)	(1,114,895)
Life insurance premiums	458,430	735,249

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
	6,210	12,998

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
	(13,676)	192,977

4. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Commission expenses	772,616	806,516
Salaries	306,745	320,956

Note: Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2023

			Yen in millions		
Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings and other	15 properties, including a training center in Kanagawa	1,800	Land Buildings Other	1,132 668 0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate, and assets for sale are grouped on an individual basis.

Due to a decline in real estate prices and the disposal in the near future, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses."

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2024

			Yen in millions		
Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	3 properties, including an office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an office in Okayama	3,512	Land Buildings	1,264 2,248
–	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
–	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill Other intangible fixed assets	3,967 1,762

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate, and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of investment properties, idle real estate, and real estate for sale were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses."

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under "Extraordinary losses."

For goodwill related to the MGA (Managing General Agent) business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses." The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc., in relation to the outside career change support program in MSI.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Basic net income attributable to owners of the parent per share (Yen)	130.54	231.83
Diluted net income attributable to owners of the parent per share (Yen)	130.50	231.77

Notes:
1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.
2. The basis of calculation is as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net income attributable to owners of the parent (Yen in millions)	211,006	369,266
Average outstanding common stock during the year (Thousands of shares)	1,616,373	1,592,825
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (Thousands of shares)	520	364

3. As stated in the "Change in accounting policy," from the beginning of the year ended March 31, 2024, IFRS 17 "Insurance Contracts" has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, basic net income attributable to owners of the parent per share for the previous period has increased by 30.61 yen, and diluted net income attributable to owners of the parent per share for the previous period has increased by 30.60 yen, as compared to the amount prior to the retrospective application, which are calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

Notes to Consolidated Statements of Comprehensive Income

1. Reclassification adjustments and income tax effects of other comprehensive income

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(357,047)	1,528,671
Reclassification adjustments	(113,426)	(165,380)
Before income tax effect adjustments	(470,474)	1,363,290
Income tax effects	123,367	(370,949)
Net unrealized gains/(losses) on securities	(347,106)	992,341
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(25,474)	(38,535)
Reclassification adjustments	(4,040)	57
Before income tax effect adjustments	(29,514)	(38,477)
Income tax effects	8,152	10,304
Net deferred gains/(losses) on hedges	(21,362)	(28,172)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	130,569	127,716
Reclassification adjustments	–	(28)
Foreign currency translation adjustments	130,569	127,688
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(13,382)	59,050
Reclassification adjustments	(2,107)	247
Before income tax effect adjustments	(15,490)	59,298
Income tax effects	4,447	(17,309)
Actuarial gains/(losses) on retirement benefits	(11,042)	41,988
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains/(losses) arising during the period	12,750	(4,182)
Before income tax effect adjustments	12,750	(4,182)
Income tax effects	(3,137)	1,005
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,612	(3,176)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(1,753)	29,943
Reclassification adjustments	758	(5,736)
Share of other comprehensive income/(loss) of equity method investments	(995)	24,207
Total other comprehensive income	(240,325)	1,154,876

Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock:				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

Notes:
1. The increase in the total number of common stock issued and outstanding during the year was 134 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The decrease in the total number of common stock issued and outstanding during the year was 57,800 thousand shares, as a result of the cancellation of treasury stock.
3. The number of treasury common stock at the beginning and the end of the year includes 213 thousand and 1,430 thousand Company's shares held in the trust established under the share compensation plan.
4. The increase in the number of treasury common stock during the year was 13,159 thousand shares, which is due to open market repurchases of 11,930 thousand shares, purchases by the trust established under the share compensation plan of 1,216 thousand shares, and repurchases of 12 thousand fractional shares.
5. The decrease in the number of treasury common stock during the year was 57,862 thousand shares, which is due to the cancellation of treasury stock of 57,800 thousand shares, exercise of stock acquisition rights of 61 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

		Yen in millions
Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 27, 2022	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
Board meeting held on November 18, 2022	Common stock	53,570	100	September 30, 2022	December 5, 2022

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 27, 2022 General Shareholders' Meeting includes dividends of 20 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 18, 2022 Board meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 26, 2023	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	535,967	104	–	536,071
Total	535,967	104	–	536,071
Treasury stock:				
Common stock	1,698	5,969	147	7,521
Total	1,698	5,969	147	7,521

Notes:
1. The increase in the total number of common stock issued and outstanding during the year was 104 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the beginning and the end of the year includes 1,430 thousand and 1,552 thousand Company's shares held in the trust established under the share compensation plan.
3. The increase in the number of treasury common stock during the year was 5,969 thousand shares, which is due to open market repurchases of 5,736 thousand shares, purchases by the trust established under the share compensation plan of 218 thousand shares, and repurchases of 15 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 147 thousand shares, which is due to the cancellation of treasury stock of 96 thousand shares, exercise of stock acquisition rights of 50 thousand shares, and sales of 0 thousand fractional shares.
5. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

2. Stock acquisition rights

		Yen in millions
Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	391
Total		391

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 26, 2023	Common stock	53,569	100	March 31, 2023	June 27, 2023
Board meeting held on November 17, 2023	Common stock	63,832	120	September 30, 2023	December 4, 2023

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 17, 2023 Board meeting includes dividends of 196 million yen for the Company's shares held in the trust established under the share compensation plan.
4. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 24, 2024	Common stock	79,515	Retained earnings	150	March 31, 2024	June 25, 2024

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 24, 2024 General Shareholders' Meeting includes dividends of 232 million yen for the Company's shares held in the trust established under the share compensation plan.
3. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

Notes to Consolidated Statements of Cash Flows

1. Reconciliation of balance sheet items to cash and cash equivalents

	Yen in millions	
	2023	2024
Cash, deposits and savings	2,771,981	2,911,347
Monetary claims bought	142,976	184,200
Securities	16,144,021	18,166,668
Time deposits exceeding three months and deposits pledged as collateral	(273,246)	(394,708)
Monetary claims bought other than cash equivalents	(49,408)	(63,215)
Securities other than cash equivalents	(16,089,893)	(18,070,531)
Cash and cash equivalents	2,646,431	2,733,760

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

	Yen in millions
Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
Total liabilities	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

Summary of Business Results of Main Consolidated Subsidiaries

MITSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 621,815	¥ 569,609
Cash on hand	4	4
Deposits in banks	621,810	569,605
Monetary claims bought	3,091	2,121
Money trusts	494	570
Investments in securities:	5,288,584	6,266,431
Government bonds	605,721	573,288
Municipal bonds	77,611	75,469
Corporate bonds	534,191	526,310
Domestic stocks	1,785,604	2,600,340
Foreign securities	2,166,296	2,332,051
Other securities	119,158	158,970
Loans:	403,552	390,765
Policy loans	3,319	2,628
General loans	400,232	388,137
Tangible fixed assets:	202,456	194,157
Land	75,299	72,294
Buildings	111,554	105,826
Construction in progress	1,139	2,381
Other tangible fixed assets	14,462	13,656
Intangible fixed assets:	84,760	72,398
Software	61,744	59,772
Other intangible fixed assets	23,016	12,626
Other assets:	358,873	328,585
Premiums receivable	4,917	5,438
Due from agencies	115,480	113,938
Co-insurance accounts receivable	9,018	7,779
Reinsurance accounts receivable	62,050	55,235
Foreign reinsurance accounts receivable	60,903	52,397
Agency business accounts receivable	786	664
Other receivables	34,467	27,959
Accrued income	4,964	5,646
Guarantee deposits	11,808	11,297
Deposits with the Japan Earthquake Reinsurance Company	1,741	1,680
Suspense payments	48,384	40,779
Initial margins for future transactions	1,474	1,474
Derivative financial instruments	2,607	1,910
Cash collateral pledged under derivative transactions	268	2,383
Prepaid pension expenses	19,783	26,931
Customers' liabilities under acceptances and guarantees	19,362	14,988
Bad debt reserve	(2,751)	(2,172)
Total assets	¥7,000,023	¥7,864,388

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥3,759,612	¥3,711,583
Outstanding claims	767,681	844,260
Underwriting reserves	2,991,931	2,867,322
Bonds issued	580,902	580,902
Other liabilities:	437,504	385,103
Co-insurance accounts payable	14,093	14,968
Reinsurance accounts payable	56,068	48,109
Foreign reinsurance accounts payable	42,856	44,376
Agency business accounts payable	489	441
Payables under securities lending transactions	72,200	71,357
Borrowings	100,000	–
Income taxes payable	5,372	41,848
Deposits received	68,201	39,317
Unearned income	15	14
Other payables	32,323	63,489
Suspense receipts	22,310	22,447
Derivative financial instruments	2,675	8,427
Cash collateral received under derivative transactions	16,561	26,402
Lease obligations	300	60
Asset retirement obligations	4,028	3,841
Other liabilities	6	1
Reserve for pension and retirement benefits	86,191	85,013
Reserve for retirement benefits for officers	130	86
Accrued bonuses for employees	9,609	9,657
Reserve for stock payments	478	956
Reserves under the special laws:	31,590	35,971
Reserve for price fluctuation	31,590	35,971
Deferred tax liabilities	112,111	358,401
Acceptances and guarantees	19,362	14,988
Total liabilities	5,037,491	5,182,665
(Net assets)		
Common stock	139,595	139,595
Capital surplus:	93,107	93,107
Additional paid-in capital	93,107	93,107
Retained earnings:	709,093	777,866
Legal earned reserve	46,487	46,487
Other retained earnings:	662,605	731,378
Tax-exempted reserve for accelerated depreciation	15,625	15,367
Retained earnings brought forward	646,980	716,011
Total shareholders' equity	941,796	1,010,569
Net unrealized gains/(losses) on investments in securities	1,006,761	1,661,847
Net deferred gains/(losses) on hedges	13,972	9,305
Total valuation and translation adjustments	1,020,734	1,671,152
Total net assets	1,962,531	2,681,722
Total liabilities and net assets	¥7,000,023	¥7,864,388

MITSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥1,956,362	¥2,058,063
Underwriting income:	1,724,480	1,799,166
Net premiums written	1,629,832	1,623,307
Deposit premiums from policyholders	31,397	23,364
Investment income on deposit premiums from policyholders	25,531	25,353
Reversal of underwriting reserves	35,553	124,609
Foreign exchange gains	1,636	2,490
Other underwriting income	530	41
Investment income:	226,104	252,465
Interest and dividends income	134,995	154,765
Investment gains on money trusts	20	76
Gains on sales of securities	110,702	106,682
Gains on redemption of securities	1,866	2,080
Gains on derivative transactions	–	4,012
Foreign exchange gains	3,936	10,088
Other investment income	115	113
Transfer of investment income on deposit premiums from policyholders	(25,531)	(25,353)
Other ordinary income	5,776	6,431
Ordinary expenses:	1,815,137	1,843,744
Underwriting expenses:	1,519,927	1,550,266
Net claims paid	944,572	950,161
Loss adjustment expenses	103,503	114,369
Commissions and collection expenses	308,339	301,842
Maturity refunds to policyholders	112,220	106,913
Dividends to policyholders	47	46
Provision for outstanding claims	50,595	76,579
Other underwriting expenses	648	351
Investment expenses:	52,098	38,779
Losses on sales of securities	19,341	7,766
Impairment losses on securities	26,137	24,598
Losses on redemption of securities	38	6
Losses on derivative transactions	2,294	–
Other investment expenses	4,287	6,408
Operating expenses and general and administrative expenses	236,770	248,863
Other ordinary expenses:	6,340	5,835
Interest expense	4,881	4,842
Provision for bad debts	1,198	–
Losses on bad debts	150	595
Other ordinary expenses	110	396
Ordinary profit	141,224	214,319
Extraordinary income:	13,745	16,242
Gains on sales of fixed assets	13,745	16,242
Extraordinary losses:	13,548	9,299
Losses on sales of fixed assets	2,186	2,280
Impairment losses on fixed assets	466	2,637
Provision for reserves under the special laws:	4,258	4,380
Provision for reserve for price fluctuation	4,258	4,380
Other extraordinary losses	6,637	–
Income before income taxes	141,421	221,262
Income taxes—current	8,658	58,882
Income taxes—deferred	24,863	(5,397)
Total income taxes	33,522	53,485
Net income	¥ 107,899	¥ 167,777

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 above indicates adequate ability to satisfy insurance claims and other payment requirements.

Yen in millions

	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥3,405,349	¥4,133,628
Total net assets	879,498	824,524
Reserve for price fluctuation	31,590	35,971
Contingency reserve	814	1,631
Catastrophe reserve	620,474	604,337
General bad debt reserve	351	704
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,255,835	2,072,271
Net unrealized gains/(losses) on land	52,102	50,574
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	330,902	330,902
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	3,642	3,642
Others	237,421	216,351
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	995,234	1,196,153
General insurance risk (R_1)	148,949	151,983
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	9,848	8,828
Asset management risk (R_4)	821,033	1,002,957
Business administration risk (R_5)	22,175	26,211
Catastrophe risk (R_6)	128,932	146,805
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	684.3%	691.1%

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 232,720	¥ 277,440
Cash on hand	18	15
Deposits in banks	232,701	277,424
Money trusts	3,050	3,419
Investments in securities:	2,536,311	2,873,118
Government bonds	407,935	378,531
Municipal bonds	23,768	12,549
Corporate bonds	254,975	220,379
Domestic stocks	863,841	1,091,267
Foreign securities	885,682	1,059,859
Other securities	100,107	110,531
Loans:	260,537	269,267
Policy loans	1,081	717
General loans	259,456	268,550
Tangible fixed assets:	177,201	171,664
Land	69,791	67,313
Buildings	95,434	94,018
Construction in progress	468	117
Other tangible fixed assets	11,507	10,214
Intangible fixed assets:	75,119	78,905
Software	29,714	48,644
Other intangible fixed assets	45,404	30,260
Other assets:	366,106	398,746
Premiums receivable	2,231	2,246
Due from agencies	82,934	84,080
Due from foreign agencies	1,797	4,277
Co-insurance accounts receivable	5,239	6,374
Reinsurance accounts receivable	42,103	48,507
Foreign reinsurance accounts receivable	135,015	166,336
Agency business accounts receivable	342	290
Other receivables	50,742	36,190
Accrued income	5,860	5,720
Guarantee deposits	7,827	7,606
Deposits with the Japan Earthquake Reinsurance Company	677	542
Suspense payments	28,621	35,443
Derivative financial instruments	2,714	1,129
Prepaid pension expenses	27,789	29,987
Deferred tax assets	45,624	–
Customers' liabilities under acceptances and guarantees	10,000	10,000
Bad debt reserve	(771)	(860)
Total assets	¥3,733,689	¥4,111,688

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥2,432,837	¥2,459,192
Outstanding claims	632,693	720,229
Underwriting reserves	1,800,143	1,738,963
Bonds issued	50,000	50,000
Other liabilities:	392,641	437,921
Co-insurance accounts payable	3,997	4,710
Reinsurance accounts payable	42,691	36,891
Foreign reinsurance accounts payable	66,882	79,656
Agency business accounts payable	2,337	2,603
Payables under securities lending transactions	201,248	219,944
Income taxes payable	3,480	18,213
Deposits received	2,866	2,940
Unearned income	22	23
Other payables	42,826	40,790
Suspense receipts	17,744	17,783
Derivative financial instruments	7,376	13,306
Asset retirement obligations	1,168	1,057
Other liabilities	0	0
Reserve for pension and retirement benefits	42,168	44,603
Accrued bonuses for employees	6,185	6,159
Reserve for stock payments	446	892
Reserves under the special laws:	35,708	37,707
Reserve for price fluctuation	35,708	37,707
Deferred tax liabilities	–	41,465
Acceptances and guarantees	10,000	10,000
Total liabilities	2,969,987	3,087,941
(Net assets)		
Common stock	100,005	100,005
Capital surplus:	81,207	81,207
Additional paid-in capital	52,593	52,593
Other capital surplus	28,614	28,614
Retained earnings:	199,386	219,252
Legal earned reserve	47,411	47,411
Other retained earnings:	151,974	171,840
Reserve for specified business investments	–	125
Retained earnings brought forward	151,974	171,715
Total shareholders' equity	380,599	400,465
Net unrealized gains/(losses) on investments in securities	383,101	623,281
Total valuation and translation adjustments	383,101	623,281
Total net assets	763,701	1,023,746
Total liabilities and net assets	¥3,733,689	¥4,111,688

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥1,524,367	¥1,660,243
Underwriting income:	1,414,491	1,476,673
Net premiums written	1,335,557	1,368,988
Deposit premiums from policyholders	9,962	8,293
Investment income on deposit premiums from policyholders	13,971	14,792
Reversal of underwriting reserves	42,597	61,180
Foreign exchange gains	4,103	10,183
Other underwriting income	8,299	13,234
Investment income:	100,499	175,853
Interest and dividends income	63,636	73,643
Investment gains on money trusts	0	0
Gains on sales of securities	50,026	114,367
Gains on redemption of securities	22	–
Foreign exchange gains	731	2,522
Other investment income	52	113
Transfer of investment income on deposit premiums from policyholders	(13,971)	(14,792)
Other ordinary income	9,376	7,715
Ordinary expenses:	1,457,610	1,581,178
Underwriting expenses:	1,233,387	1,332,197
Net claims paid	809,314	826,822
Loss adjustment expenses	80,318	82,194
Commissions and collection expenses	280,114	288,433
Maturity refunds to policyholders	53,057	45,016
Dividends to policyholders	3	5
Provision for outstanding claims	9,463	88,658
Other underwriting expenses	1,115	1,067
Investment expenses:	27,165	55,250
Losses on sales of securities	10,880	31,609
Impairment losses on securities	2,271	720
Losses on redemption of securities	2	–
Losses on derivative transactions	10,786	19,947
Other investment expenses	3,224	2,972
Operating expenses and general and administrative expenses	194,884	191,507
Other ordinary expenses:	2,172	2,223
Interest expense	595	401
Provision for bad debts	–	92
Losses on bad debts	0	0
Other ordinary expenses	1,576	1,728
Ordinary profit	66,757	79,064
Extraordinary income:	379	1,032
Gains on sales of fixed assets	379	1,032
Extraordinary losses:	11,299	7,961
Losses on sales of fixed assets	7,432	3,654
Impairment losses on fixed assets	1,955	2,308
Provision for reserves under the special laws:	1,911	1,998
Provision for reserve for price fluctuation	1,911	1,998
Income before income taxes	55,837	72,136
Income taxes – current	(998)	21,968
Income taxes – deferred	13,640	(5,913)
Total income taxes	12,641	16,054
Net income	¥ 43,195	¥ 56,081

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥1,327,493	¥1,572,188
Total net assets	357,293	335,311
Reserve for price fluctuation	35,708	37,707
Contingency reserve	1,388	1,771
Catastrophe reserve	323,213	293,088
General bad debt reserve	183	127
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	478,111	777,977
Net unrealized gains/(losses) on land	36,294	40,163
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	6,594	7,595
Others	51,892	43,636
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	319,545	402,936
General insurance risk (R_1)	124,281	129,679
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	4,959	4,439
Asset management risk (R_4)	242,826	303,375
Business administration risk (R_5)	8,125	9,929
Catastrophe risk (R_6)	34,212	58,990
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	830.8%	780.3%

MITSUI DIRECT GENERAL INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions March 31, 2023	 March 31, 2024
(Assets)		
Cash, deposits and savings:	¥16,341	¥ 6,421
Deposits in banks	16,341	6,421
Investments in securities:	33,509	39,677
Municipal bonds	15,829	10,330
Corporate bonds	17,680	29,347
Tangible fixed assets:	761	650
Buildings	213	195
Other tangible fixed assets	547	455
Intangible fixed assets:	5,355	6,523
Software	3,624	2,235
Other intangible fixed assets	1,731	4,288
Other assets:	5,104	6,601
Premiums receivable	0	0
Reinsurance accounts receivable	55	58
Other receivables	3,195	4,573
Accrued income	33	43
Income taxes receivable	71	–
Guarantee deposits	482	482
Suspense payments	1,266	1,442
Other assets	0	0
Deferred tax assets	1,603	1,403
Bad debt reserve	(2)	(2)
Total assets	¥62,674	¥61,276
(Liabilities)		
Policy liabilities:	42,704	42,873
Outstanding claims	22,692	22,264
Underwriting reserves	20,012	20,608
Other liabilities:	2,486	2,580
Reinsurance accounts payable	1	1
Income taxes payable	93	110
Unearned income	12	–
Other payables	2,175	2,262
Suspense receipts	4	5
Asset retirement obligations	198	199
Reserve for pension and retirement benefits	432	492
Accrued bonuses for employees	332	344
Reserve for stock payments	10	19
Reserves under the special laws:	100	108
Reserve for price fluctuation	100	108
Total liabilities	46,066	46,419
(Net assets)		
Common stock	39,106	39,106
Capital surplus:	9,006	9,006
Additional paid-in capital	9,006	9,006
Retained earnings:	(31,390)	(32,934)
Other retained earnings:	(31,390)	(32,934)
Retained earnings brought forward	(31,390)	(32,934)
Total shareholders' equity	16,721	15,177
Net unrealized gains/(losses) on investments in securities	(113)	(320)
Total valuation and translation adjustments	(113)	(320)
Total net assets	16,607	14,856
Total liabilities and net assets	¥62,674	¥61,276

Non-Consolidated Statements of Income

Items	Yen in millions Year ended March 31, 2023	 Year ended March 31, 2024
Ordinary income:	¥36,072	¥35,805
Underwriting income:	36,027	35,669
Net premiums written	34,530	35,212
Investment income on deposit premiums from policyholders	25	29
Reversal of outstanding claims	1,041	427
Reversal of underwriting reserves	429	–
Investment income:	23	114
Interest and dividends income	49	143
Gains on sales of securities	–	0
Transfer of investment income on deposit premiums from policyholders	(25)	(29)
Other ordinary income	21	20
Ordinary expenses:	36,633	37,841
Underwriting expenses:	23,701	25,217
Net claims paid	20,544	21,442
Loss adjustment expenses	2,771	2,721
Commissions and collection expenses	385	457
Provision for outstanding claims	–	595
Investment expenses:	230	–
Other investment expenses	230	–
Operating expenses and general and administrative expenses	12,700	12,620
Other ordinary expenses:	1	2
Provision for bad debts	–	0
Losses on bad debts	0	–
Other ordinary expenses	1	2
Ordinary loss	561	2,036
Extraordinary income	–	–
Extraordinary losses:	7	8
Losses on sales of fixed assets	1	0
Provision for reserves under the special laws:	6	7
Provision for reserve for price fluctuation	6	7
Loss before income taxes	569	2,044
Income taxes – current	16	(700)
Income taxes – deferred	(1,479)	200
Total income taxes	(1,463)	(500)
Net income/(loss)	¥ 894	¥ (1,544)

Non-Consolidated Solvency Margin Ratio

	Yen in millions March 31, 2023	 March 31, 2024
(A) Total amount of solvency margin	¥17,853	¥16,137
Total net assets	16,721	15,177
Reserve for price fluctuation	100	108
Contingency reserve	0	0
Catastrophe reserve	1,143	1,170
General bad debt reserve	1	1
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(113)	(320)
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,060	5,089
General insurance risk (R_1)	4,485	4,450
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	0	0
Asset management risk (R_4)	964	1,129
Business administration risk (R_5)	172	177
Catastrophe risk (R_6)	300	321
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	705.5 %	634.1 %

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 416,761	¥ 234,479
Cash on hand	0	0
Deposits in banks	416,761	234,479
Investments in securities:	4,422,873	4,749,619
Government bonds	3,279,976	3,376,278
Municipal bonds	102,572	88,361
Corporate bonds	636,994	628,348
Domestic stocks	823	1,039
Foreign securities	341,199	578,089
Other securities	61,306	77,501
Loans:	60,780	62,341
Policy loans	60,780	62,341
Tangible fixed assets:	7,157	7,086
Buildings	304	255
Lease assets	5,728	5,956
Other tangible fixed assets	1,124	874
Intangible fixed assets:	25,388	26,313
Software	12,577	20,557
Other intangible fixed assets	12,811	5,756
Due from agencies	1,424	1,952
Reinsurance accounts receivable	1,221	1,389
Other assets:	42,344	45,220
Other receivables	29,678	29,088
Prepaid expenses	2,209	2,992
Accrued income	7,803	9,389
Guarantee deposits	328	335
Derivative financial instruments	1,079	174
Suspense payments	1,227	1,004
Other assets	18	2,236
Deferred tax assets	31,316	32,515
Bad debt reserve	(89)	(87)
Total assets	¥5,009,178	¥5,160,831

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥4,362,853	¥4,480,569
Outstanding claims	40,386	42,090
Underwriting reserves	4,311,933	4,428,012
Reserve for dividends to policyholders	10,532	10,466
Due to agencies	2,989	3,310
Reinsurance accounts payable	362	359
Other liabilities:	499,428	509,186
Payables under repurchase agreements	204,822	235,480
Payables under securities lending transactions	269,048	251,819
Income taxes payable	1,024	7,031
Other payables	681	2,222
Accrued expenses	6,229	6,724
Unearned income	0	0
Deposits received	112	213
Derivative financial instruments	1,331	4,401
Lease obligations	151	274
Asset retirement obligations	408	410
Suspense receipts	590	580
Other liabilities	15,027	27
Reserve for pension and retirement benefits	4,990	5,337
Reserve for retirement benefits for officers	3	1
Reserve for stock payments	63	126
Reserves under the special laws:	12,413	13,956
Reserve for price fluctuation	12,413	13,956
Total liabilities	4,883,105	5,012,848
(Net assets)		
Common stock	85,500	85,500
Capital surplus:	19,955	19,955
Additional paid-in capital	14,746	–
Other capital surplus	5,208	19,955
Retained earnings:	41,913	64,525
Legal earned reserve	5,924	–
Other retained earnings:	35,988	64,525
Reserve for specified business investments	49	49
Retained earnings brought forward	35,938	64,475
Total shareholders' equity	147,368	169,980
Net unrealized gains/(losses) on investments in securities	(21,295)	(21,997)
Total valuation and translation adjustments	(21,295)	(21,997)
Total net assets	126,073	147,983
Total liabilities and net assets	¥5,009,178	¥5,160,831

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥565,339	¥546,499
Insurance premiums and others:	489,081	475,145
Insurance premiums	487,124	473,796
Reinsurance income	1,957	1,349
Investment income:	72,266	67,545
Interest and dividends income:	54,347	58,890
Interest on deposits	0	0
Interest and dividends on securities	52,246	56,677
Interest on loans	1,664	1,700
Other interest and dividends	436	512
Gains on sales of securities	17,899	6,069
Gains on redemption of securities	–	2,540
Foreign exchange gains	16	42
Reversal of bad debts	2	1
Other ordinary income:	3,991	3,808
Receipts of annuities with special conditions	777	970
Receipts of deferred insurance claims	1,193	1,046
Other ordinary income	2,021	1,790
Ordinary expenses:	537,477	497,393
Insurance claims and others:	270,101	275,619
Insurance claims	50,975	50,420
Annuity payments	21,126	21,479
Benefits	51,584	39,590
Surrender benefits	141,190	158,234
Other refunds	3,442	4,089
Reinsurance premiums	1,782	1,805
Provision for underwriting reserves and others:	154,603	117,782
Provision for outstanding claims	1,416	1,703
Provision for underwriting reserves	153,186	116,078
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	17,483	6,936
Losses on sales of securities	12,461	285
Impairment losses on securities	205	–
Losses on derivative transactions	2,718	6,180
Other investment expenses	2,098	470
Operating expenses	74,576	76,531
Other ordinary expenses:	20,712	20,523
Payments of deferred insurance claims	1,389	1,214
Taxes	7,630	7,577
Depreciation	10,166	10,365
Provision for reserve for pension and retirement benefits	342	346
Other ordinary expenses	1,182	1,019
Ordinary profit	27,861	49,105
Extraordinary income:	1	0
Gains on sales of fixed assets	1	0
Extraordinary losses:	1,330	1,546
Losses on sales of fixed assets	43	3
Provision for reserves under the special laws:	1,286	1,543
Provision for reserve for price fluctuation	1,286	1,543
Provision for reserve for dividends to policyholders	8,533	8,640
Income before income taxes	17,999	38,918
Income taxes – current	5,848	11,655
Income taxes – deferred	(574)	(926)
Total income taxes	5,273	10,729
Net income	¥ 12,725	¥ 28,189

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

Yen in 100 millions

	March 31, 2023		March 31, 2024	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	¥3,878	¥226,521	¥3,884	¥218,930
Individual annuities	153	5,977	147	5,724
Group insurance	–	98,467	–	96,076
Group annuities	–	2	–	2

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

	Year ended March 31, 2023				Year ended March 31, 2024			
	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	209	¥14,534	¥14,534	–	207	¥12,906	¥12,906	–
Individual annuities	0	32	32	–	0	21	21	–
Group insurance	–	687	687	–	–	1,803	1,803	–
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, 2023	March 31, 2024
Individual insurance	¥4,035	¥4,001
Individual annuities	369	354
Total:	4,405	4,356
Medical coverage, living benefits, etc.	1,575	1,627

(2) New policies

Yen in 100 millions

	Year ended March 31, 2023	Year ended March 31, 2024
Individual insurance	¥ 270	¥ 268
Individual annuities	1	0
Total:	271	269
Medical coverage, living benefits, etc.	135	143

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.).

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Business Performance

Yen in millions

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Fundamental revenues:	¥547,420	¥540,385	¥ (7,035)
Insurance premiums and others	489,081	475,145	(13,935)
Fundamental expenses	522,511	499,928	(22,683)
Fundamental profit	24,809	40,456	15,647
Capital gains/(losses)	3,223	8,176	4,952
Non-recurring gains/(losses)	(170)	472	643
Ordinary profit	27,861	49,105	21,243
Extraordinary income	1	0	(0)
Extraordinary losses	1,330	1,546	216
Provision for reserve for dividends to policyholders	8,533	8,640	107
Income taxes	5,273	10,729	5,455
Net income	12,725	28,189	15,463

Note: Since the year ended March 31, 2024, calculation of hedge costs on foreign exchange has been changed. As a result, fundamental profit increased by ¥135 million and capital gains/(losses) decreased by the same amount for the year ended March 31, 2024, compared to those before the change.
Also, the amounts for the year ended March 31, 2023 were restated accordingly. As a result, fundamental profit decreased by ¥100 million and capital gains/(losses) increased by the same amount, compared to those before the change.

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥338,880	¥355,345
Total capital	141,791	155,085
Reserve for price fluctuation	12,413	13,956
Contingency reserve	40,478	40,007
General bad debt reserve	4	4
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) × 90% (100% in case of negative value)	(29,576)	(30,551)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	161,884	158,196
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	11,884	18,646
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	69,474	76,569
Insurance risk (R_1)	18,163	17,582
Insurance risk of third sector insurance contracts (R_8)	18,227	18,380
Assumed interest rate risk (R_2)	3,274	3,263
Minimum guarantee risk (R_7)	–	–
Asset management risk (R_3)	53,702	62,031
Business administration risk (R_4)	1,867	2,025
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	975.5%	928.1%

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions March 31, 2023	 March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 764,633	¥ 817,589
Deposits in banks	764,633	817,589
Monetary claims bought	74,996	69,995
Money trusts	2,078,352	2,416,000
Investments in securities:	3,451,044	3,755,611
Government bonds	18,884	118,807
Corporate bonds	67,776	67,648
Foreign securities	1,801,060	2,069,759
Other securities	1,563,322	1,499,396
Loans:	261,512	267,371
Policy loans	237	249
General loans	261,275	267,121
Tangible fixed assets:	1,051	1,167
Buildings	236	218
Lease assets	728	791
Other tangible fixed assets	86	157
Intangible fixed assets:	11,570	10,612
Software	11,464	10,508
Lease assets	105	104
Reinsurance accounts receivable	29,533	34,904
Other assets:	37,419	68,565
Other receivables	14,627	35,277
Prepaid expenses	1,178	1,218
Accrued income	13,365	16,933
Guarantee deposits	5,824	14,681
Derivative financial instruments	1,106	179
Suspense payments	1,313	270
Other assets	4	4
Deferred tax assets	113,623	86,855
Bad debt reserve	(4)	(2)
Total assets	¥6,823,733	¥7,528,672
(Liabilities)		
Policy liabilities:	6,375,196	7,093,672
Outstanding claims	22,996	29,897
Underwriting reserves	6,352,199	7,063,775
Due to agencies	5,847	6,392
Reinsurance accounts payable	22,051	6,294
Other liabilities:	72,286	71,982
Income taxes payable	8	18
Other payables	366	151
Accrued expenses	5,459	5,746
Deposits received	63,330	60,381
Derivative financial instruments	383	2,411
Lease obligations	942	1,006
Asset retirement obligations	185	185
Suspense receipts	1,609	2,081
Reserve for stock payments	11	23
Reserves under the special laws:	198,184	144,127
Reserve for price fluctuation	198,184	144,127
Total liabilities	6,673,577	7,322,493
(Net assets)		
Common stock	41,060	41,060
Capital surplus:	24,735	24,735
Additional paid-in capital	24,735	24,735
Retained earnings:	180,820	192,883
Legal earned reserve	16,315	16,325
Other retained earnings:	164,505	176,558
Retained earnings brought forward	164,505	176,558
Total shareholders' equity	246,615	258,678
Net unrealized gains/(losses) on investments in securities	(73,053)	(7,239)
Net deferred gains/(losses) on hedges	(23,405)	(45,259)
Total valuation and translation adjustments	(96,459)	(52,499)
Total net assets	150,156	206,178
Total liabilities and net assets	¥6,823,733	¥7,528,672

Non-Consolidated Statements of Income

Items	Yen in millions Year ended March 31, 2023	 Year ended March 31, 2024
Ordinary income:	¥1,791,523	¥2,334,823
Insurance premiums and others:	1,349,832	1,566,824
Insurance premiums	1,220,420	1,353,577
Reinsurance income	129,411	213,246
Investment income:	266,420	763,390
Interest and dividends income:	77,123	107,605
Interest on deposits	115	258
Interest and dividends on securities	66,574	97,126
Interest on loans	10,317	10,060
Other interest and dividends	115	159
Investment gains on money trusts	162,891	249,591
Investment gains on trading securities	117	74
Gains on sales of securities	6,238	2,309
Gains on redemption of securities	466	254
Foreign exchange gains	19,474	184,941
Reversal of bad debts	5	1
Other investment income	103	0
Investment gains on separate accounts	–	218,611
Other ordinary income:	175,270	4,609
Receipts of annuities with special conditions	4,394	4,326
Reversal of outstanding claims	4,679	–
Reversal of underwriting reserves	165,919	–
Other ordinary income	277	282
Ordinary expenses:	1,760,502	2,361,781
Insurance claims and others:	1,641,421	1,525,515
Insurance claims	150,812	159,843
Annuity payments	86,647	86,189
Benefits	283,121	323,295
Surrender benefits	765,165	544,180
Other refunds	7,557	6,365
Reinsurance premiums	348,117	405,641
Provision for underwriting reserves and others:	–	718,476
Provision for outstanding claims	–	6,900
Provision for underwriting reserves	–	711,575
Investment expenses:	46,533	32,430
Interest expense	11	11
Losses on sales of securities	13,568	32,350
Losses on redemption of securities	218	34
Other investment expenses	33	34
Investment losses on separate accounts	32,700	–
Operating expenses	59,475	70,183
Other ordinary expenses:	13,072	15,175
Taxes	8,218	10,151
Depreciation	4,850	5,012
Other ordinary expenses	3	10
Ordinary profit	31,020	(26,957)
Extraordinary income:	–	54,057
Reversal of reserves under the special laws:	–	54,057
Reversal of for reserve for price fluctuation	–	54,057
Extraordinary losses:	4,153	–
Provision for reserves under the special laws:	4,153	–
Provision for reserve for price fluctuation	4,153	–
Income before income taxes	26,867	27,099
Income taxes – current	5,878	(2,266)
Income taxes – deferred	1,239	9,672
Total income taxes	7,117	7,406
Net income	¥ 19,749	¥ 19,693

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

Yen in 100 millions

	March 31, 2023		March 31, 2024	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	674	¥46,553	726	¥52,671
Individual annuities	372	22,768	404	26,386
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

	Year ended March 31, 2023				Year ended March 31, 2024			
	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	140	¥9,256	¥9,256	–	159	¥10,399	¥10,399	–
Individual annuities	52	3,542	3,542	–	60	3,970	3,970	–
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, 2023	March 31, 2024
Individual insurance	¥4,632	¥5,274
Individual annuities	2,618	2,882
Total:	7,250	8,156
Medical coverage, living benefits, etc.	7	8

(2) New policies

Yen in 100 millions

	Year ended March 31, 2023	Year ended March 31, 2024
Individual insurance	¥ 768	¥ 817
Individual annuities	468	489
Total:	1,236	1,307
Medical coverage, living benefits, etc.	1	0

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

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Fundamental revenues:	¥1,840,205	¥2,399,237	¥559,032
Insurance premiums and others	1,349,832	1,566,824	216,991
Fundamental expenses	1,766,964	2,325,643	558,678
Fundamental profit	73,240	73,594	353
Capital gains/(losses)	(34,529)	(75,054)	(40,524)
Non-recurring gains/(losses)	(7,689)	(25,497)	(17,807)
Ordinary profit/(losses)	31,020	(26,957)	(57,978)
Extraordinary income	–	54,057	54,057
Extraordinary losses	4,153	–	(4,153)
Provision for reserve for dividends to policyholders	–	–	–
Income taxes	7,117	7,406	288
Net income	19,749	19,693	(56)

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥683,942	¥771,366
Total capital	238,985	251,741
Reserve for price fluctuation	198,184	144,127
Contingency reserve	86,766	112,265
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% (100% in case of negative value)	(122,474)	(37,212)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	221,476	234,481
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	61,003	65,963
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	152,103	203,346
Insurance risk (R_1)	1,423	1,810
Insurance risk of third sector insurance contracts (R_8)	3	5
Assumed interest rate risk (R_2)	38,168	59,343
Minimum guarantee risk (R_7)	1,016	1,326
Asset management risk (R_3)	109,901	138,645
Business administration risk (R_4)	3,010	4,022
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	899.3%	758.6%

In this report, the following abbreviations appear for company names.

MS&AD, The Group	MS&AD Insurance Group
MS&AD Holdings, The holding company, or the Company	MS&AD Insurance Group Holdings, Inc.
MSI, Mitsui Sumitomo Insurance	Mitsui Sumitomo Insurance Co., Ltd.
ADI, Aioi Nissay Dowa Insurance	Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Direct General, Mitsui Direct General Insurance	Mitsui Direct General Insurance Co., Ltd.
MSAL, MSI Aioi Life, MSA Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
MSPL, MSI Primary Life, MSP Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
Aioi, Aioi Insurance	Aioi Insurance Co., Ltd.
NDI, Nissay Dowa General Insurance	Nissay Dowa General Insurance Co., Ltd.
Aioi Life	Aioi Life Insurance Co., Ltd.
MS First Capital	MS First Capital Insurance Limited
Challenger	Challenger Limited

ESG Evaluation

The MS&AD Insurance Group utilizes the assessments provided by global ESG evaluation organizations to improve its sustainability initiatives. As of July 1, 2024, the MS&AD Insurance Group was included in the following ESG-related indices.

Dow Jones Sustainability Indices (Asia Pacific)

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good Index Series

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Index

MSCI Japan ESG Select Leaders Index*

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)*

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

ISS ESG Corporate Rating Prime

Corporate ESG Performance Prime RATED BY ISS ESG

*The inclusion of MS&AD Insurance Group Holdings, Inc., in any MSCI Index and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of MS&AD Insurance Group Holdings, Inc., by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Participation in Initiatives

We participate in global initiatives and are working to create shared value with society.

The UN Global Compact*

WE SUPPORT UN GLOBAL COMPACT

United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance

UN environment programme finance initiative Principles for Sustainable Insurance

Principles for Responsible Investment

Signatory of PRI Principles for Responsible Investment

CDP Investor Signatory

CDP INVESTOR SIGNATORY

Partnership for Carbon Accounting Financials (PCAF)

PCAF Partnership for Carbon Accounting Financials

30% Club Japan

30%+ Club PATH TO PARITY

The Japan Business Initiative for Biodiversity (JBIB)

JBIB Japan Business Initiative for Biodiversity 企業と生物多様性イニシアティブ

Taskforce on Nature-related Financial Disclosures (TNFD)

TNFD Taskforce on Nature-related Financial Disclosures

We are a member of the TNFD Forum.

- Task Force on Climate-related Financial Disclosures (TCFD)
- Principles for Financial Action for the 21st Century
- GX League

*Since 2004, MS&AD Insurance Group Holdings, Inc., has been committed to the corporate responsibility initiatives and principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Third-Party Assurance

To improve the objectiveness and accuracy of the MS&AD Integrated Report 2024, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd., to perform third-party assurance on the following information included in this report.

The third-party assurance process

STEP 1	STEP 2	STEP 3	STEP 4
Planning	**Implementation of assurance procedures**	**Review of draft report**	**Submitting the assurance report**
●Examination of the calculation method for the data subject to assurance and the company's outline of business ●Formulation of an assurance engagement plan based on the risk assessment	●Implementation of a site visit and analysis of compiled data, etc.	●Confirmation that required corrections have been completed ●Reviewing the draft report to determine whether the assured information is presented appropriately	●Review by a reviewer not directly involved in the assurance engagement ●Submission of the assurance report

Items subject to the assurance engagement

- Greenhouse gas emissions (pages 10, 81, 83, and 84)
- Total energy consumption (pages 9 and 81)
- Water usage (page 9)
- Amount of waste discharged (final disposal) (page 10)
- Number and ratio of female managers (pages 80, 82, 83, and 84)
- Number and ratio of global employees (pages 82, 83, and 84)

Note: Details regarding the method for calculating data can be found on our official website.
www.ms-ad-hd.com/en/csr/data.html

KPMG

Independent Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings,Inc.

We were engaged by MS&AD Insurance Group Holdings,Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☑ (the "Indicators") for the period from April 1, 2023 to March 31, 2024 included in its MS&AD INTEGRATED REPORT 2024 (the "Report") for the fiscal year ended March 31, 2024.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Phoenix Tower of Aioi Nissay Dowa Insurance Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Takashi Fujisawa

Takashi Fujisawa, Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
November 5, 2024

On the Issuance of the MS&AD Integrated Report 2024

Since FY2015, the MS&AD Insurance Group has published the Integrated Report to provide readers with a deeper understanding of the Group's commitment to medium- to long-term value creation. Through this report, we have created the opportunity for constructive dialogue with stakeholders regarding the Group's mission as a "value creation story."

In this year's Integrated Report, we have included management's message and a roundtable discussion with Outside Directors, discussing governance, our medium- to long-term vision, and growth strategies with strong intent. In addition, by introducing real comments from employees who are taking on the challenge of "a major business style transformation" as a platform provider of risk solutions, this report conveys the Group's efforts to enhance corporate value in concrete terms.

With this year's Integrated Report, we hope to promote amicable feelings for the Group by creating an even greater understanding of it among stakeholders such as customers, shareholders, investors, and employees.

We continue to value dialogue with stakeholders, and with the aim of further improving disclosure and enhancing transparency we invite our stakeholders to share with us their frank opinions.

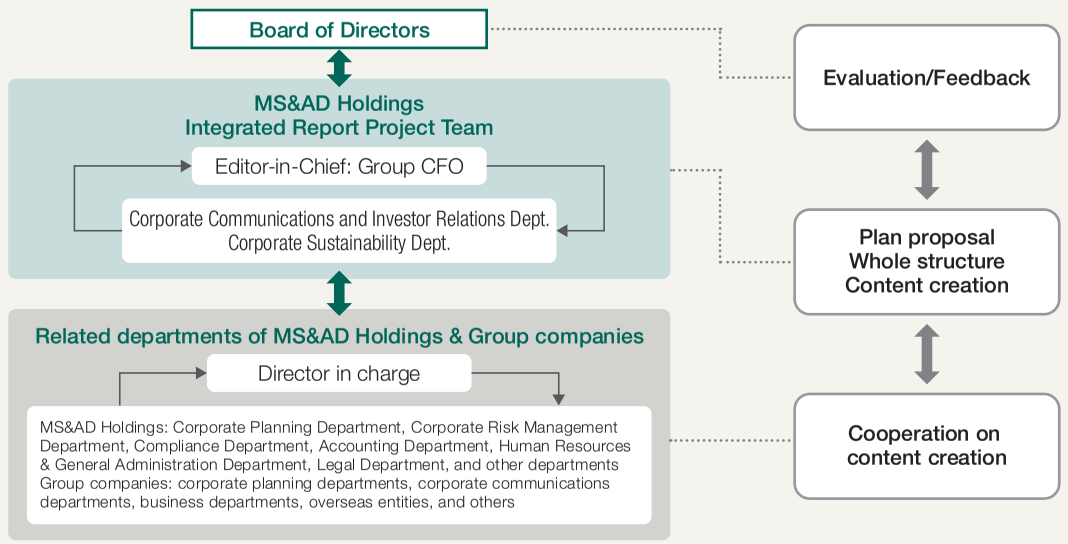
Finally, as CFO, I am responsible for the editing process and, accordingly, state here the importance of ensuring that the assembly process for the Integrated Report is carried out responsibly and that the content in the report is indeed accurate.

August 2024



Tetsuji HIGUCHI
Representative Director, Executive Vice President, Group CFO

The MS&AD Integrated Report 2024 Editorial System



Production: Under the direction of the CFO, who is editor-in-chief, two people, other than those in charge of writing, confirm editorial content on every page based on supporting materials and by checking with all relevant departments corresponding to the content to ensure accuracy. In addition, the accuracy and reliability of items subject to third-party assurance on page 191 are assured by an independent third party, KPMG AZSA Sustainability Co., Ltd.

Contact Information

(Securities code: 8725)

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Corporate Communications and Investor Relations Dept.
Tel.: +81-3-5117-0311, Fax: +81-3-5117-0605
https://www.ms-ad-hd.com/en/ir/contact.html

<Forward-Looking Statements>

These materials contain plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings, Inc., and Group companies. They are based on information available to MS&AD Insurance Group Holdings, Inc., at the present time. Investors are advised that actual results might differ substantially from our forecasts, for various reasons. Actual performance could be adversely affected by 1) economic trends surrounding our business, 2) fierce competition within the insurance sector, 3) exchange rate fluctuations, and 4) changes in tax and other regulatory systems.

This report includes disclosure materials prepared in accordance with Articles 271-25 and 272-40 of the Insurance Business Act and Articles 210-10.2 and 211-82 of the Enforcement Regulations of the Insurance Business Act.

MS&AD Insurance Group Holdings, Inc.



www.ms-ad-hd.com

Exhibit G

Annual Consolidated Financial Statements of MS&AD Holdings

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements
For the years ended March 31, 2019 and March 31, 2020

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2019 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended , and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2019 and 2020, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Significant Accounting Policies in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 24, 2020

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2019 and March 31, 2020

	2019	2020	2020
	(in ¥ million)		(in US$ million)
Assets			
Assets			
Cash, deposits and savings	¥ 1,474,306	1,846,225	$ 16,938
Receivables under resale agreements	472,377	407,722	3,741
Monetary claims bought	97,241	160,091	1,469
Money trusts	1,544,406	1,666,494	15,289
Securities	16,061,871	15,494,580	142,152
Loans	903,006	892,335	8,187
Tangible fixed assets:	463,356	488,331	4,480
Land	231,671	231,122	2,120
Buildings	188,947	185,178	1,699
Lease assets	2,032	24,722	227
Construction in progress	6,746	12,463	114
Other tangible fixed assets	33,959	34,843	320
Intangible fixed assets:	545,450	442,695	4,061
Software	64,664	108,892	999
Goodwill	203,423	138,584	1,271
Lease assets	206	346	3
Other intangible fixed assets	277,155	194,873	1,788
Other assets	1,454,825	1,535,400	14,086
Assets for retirement benefits	30,075	24,113	221
Deferred tax assets	59,317	219,385	2,013
Customers' liabilities under acceptances and guarantees	35,500	31,500	289
Bad debt reserve	(9,195)	(12,421)	(114)
Total assets	¥ 23,132,539	23,196,455	$ 212,812

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2019	2020	2020
	(in ¥ million)		(in US$ million)
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥ 17,637,713	17,809,540	$ 163,390
Outstanding claims	2,222,637	2,149,921	19,724
Underwriting reserves	15,415,076	15,659,619	143,666
Bonds issued	659,093	809,093	7,423
Other liabilities	1,490,882	1,672,264	15,342
Liabilities for pension and retirement benefits	176,550	179,686	1,648
Reserve for retirement benefits for officers	414	325	3
Accrued bonuses for employees	27,788	28,392	260
Reserve for losses on sales of shares of associates	-	16,957	156
Reserve for reorganization by function	6,498	-	-
Reserves under the special laws:	173,248	137,400	1,261
Reserve for price fluctuation	173,248	137,400	1,261
Deferred tax liabilities	146,802	17,254	158
Acceptances and guarantees	35,500	31,500	289
Total liabilities	20,354,492	20,702,416	189,930
Net Assets			
Shareholders' equity:			
Common stock	100,000	100,000	917
Capital surplus	553,168	553,163	5,075
Retained earnings	962,385	1,019,468	9,353
Treasury stock	(32,539)	(84,432)	(775)
Total shareholders' equity	1,583,013	1,588,199	14,571
Accumulated other comprehensive income/(loss):			
Net unrealized gains/(losses) on securities	1,273,881	982,042	9,010
Net deferred gains/(losses) on hedges	25,168	30,916	284
Foreign currency translation adjustments	(135,992)	(140,106)	(1,285)
Accumulated actuarial gains/(losses) on retirement benefits	4,448	(9,381)	(86)
Total accumulated other comprehensive income/(loss)	1,167,505	863,470	7,922
Stock acquisition rights	785	1,206	11
Non-controlling interests	26,743	41,161	378
Total net assets	2,778,047	2,494,038	22,881
Total liabilities and net assets	¥ 23,132,539	23,196,455	$ 212,812

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2019 and March 31, 2020

	2019 (in ¥ million)	2020 (in ¥ million)	2020 (in US$ million)
Ordinary income and expenses			
Ordinary income:	¥ 5,500,438	5,168,361	$ 47,416
Underwriting income:	4,918,626	4,640,584	42,574
Net premiums written	3,497,572	3,573,732	32,787
Deposit premiums from policyholders	80,235	75,553	693
Investment income on deposit premiums from policyholders	42,406	39,177	359
Life insurance premiums	1,286,864	943,721	8,658
Other underwriting income	11,547	8,400	77
Investment income:	561,169	511,529	4,693
Interest and dividends income	304,142	304,514	2,794
Investment gains on money trusts	75,461	64,627	593
Investment gains on trading securities	17,237	55,652	511
Gains on sales of securities	161,608	118,845	1,090
Gains on redemption of securities	371	4,387	40
Investment gains on separate accounts	43,162	-	-
Other investment income	1,593	2,679	25
Transfer of investment income on deposit premiums from policyholders	(42,406)	(39,177)	(359)
Other ordinary income:	20,642	16,247	149
Gains on equity method investments	3,751	-	-
Other ordinary income	16,890	16,247	149
Ordinary expenses:	5,209,590	5,010,660	45,969
Underwriting expenses:	4,406,840	3,749,818	34,402
Net claims paid	2,132,155	2,027,212	18,598
Loss adjustment expenses	175,703	177,354	1,627
Commissions and collection expenses	705,189	727,409	6,673
Maturity refunds to policyholders	232,073	220,697	2,025
Dividends to policyholders	149	103	1
Life insurance claims	395,989	376,620	3,455
Provision for outstanding claims	60,981	19,962	183
Provision for underwriting reserves	700,502	196,179	1,800
Other underwriting expenses	4,096	4,278	39
Investment expenses:	104,806	512,978	4,706
Investment losses on money trusts	171	47,310	434
Losses on sales of securities	17,389	18,021	165
Impairment losses on securities	9,089	39,685	364
Losses on redemption of securities	50	310	3
Losses on derivative transactions	9,331	18,547	170
Investment losses on separate accounts	-	57,457	527
Other investment expenses	68,775	331,646	3,043

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

	2019 (in ¥ million)	2020 (in ¥ million)	2020 (in US$ million)
Operating expenses and general and administrative expenses	¥ 680,910	694,618	$ 6,373
Other ordinary expenses:	17,032	53,244	488
Interest expense	10,960	13,363	123
Provision for bad debt reserve	696	4,456	41
Losses on bad debts	181	163	1
Losses on equity method investments	-	30,878	283
Other ordinary expenses	5,194	4,383	40
Ordinary profit/(loss)	290,847	157,701	1,447
Extraordinary income and losses			
Extraordinary income:	17,069	51,426	472
Gains on sales of fixed assets	13,069	4,809	44
Reversal of reserves under the special laws:	-	35,848	329
Reversal of reserve for price fluctuation	-	35,848	329
Gains on step acquisitions	-	6,587	60
Gains on change in equity interests	-	2,804	26
Other extraordinary income	4,000	1,377	13
Extraordinary losses:	28,075	196,622	1,804
Losses on sales of fixed assets	2,695	2,973	27
Impairment losses on fixed assets	2,936	173,611	1,593
Provision for reserves under the special laws:	20,320	-	-
Provision for reserve for price fluctuation	20,320	-	-
Losses on accelerated depreciation of tangible fixed assets	5	-	-
Provision for reserve for losses on sales of shares of associates	-	16,957	156
Other extraordinary losses	2,116	3,080	28
Income/(loss) before income taxes	279,842	12,505	115
Income taxes – current	88,614	34,420	316
Income taxes – deferred	(3,154)	(167,482)	(1,537)
Total income taxes	85,460	(133,061)	(1,221)
Net income/(loss)	194,382	145,567	1,335
Net income/(loss) attributable to non-controlling interests	1,676	2,536	23
Net income/(loss) attributable to owners of the parent	¥ 192,705	143,030	$ 1,312

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2019 and March 31, 2020

		2019	2020		2020
		(in ¥ million)			(in US$ million)
Net income/(loss)	¥	194,382	145,567	$	1,335
Other comprehensive income/(loss):					
Net unrealized gains/(losses) on securities		(198,656)	(298,942)		(2,743)
Net deferred gains/(losses) on hedges		4,493	6,101		56
Foreign currency translation adjustments		(61,093)	3,001		28
Actuarial gains/(losses) on retirement benefits		5,023	(13,737)		(126)
Share of other comprehensive income/(loss) of equity method investments		(23,850)	721		7
Total other comprehensive income/(loss)		(274,084)	(302,855)		(2,778)
Total comprehensive income/(loss)	¥	(79,701)	(157,288)	$	(1,443)
Allocation:					
Comprehensive income/(loss) attributable to owners of the parent	¥	(80,135)	(161,004)	$	(1,477)
Comprehensive income/(loss) attributable to non-controlling interests		434	3,716		34

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2019 and March 31, 2020

For the year ended March 31, 2019

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,000	554,320	849,044	(2,599)	1,500,765
Cumulative effects of changes in accounting policies					-
Beginning balance (Restated)	100,000	554,320	849,044	(2,599)	1,500,765
Changes for the year:					
Dividends paid			(79,367)		(79,367)
Net income/(loss) attributable to owners of the parent			192,705		192,705
Repurchase of treasury stock				(30,029)	(30,029)
Disposal of treasury stock		5		88	94
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries			1		1
Changes in equity resulting from transactions with non-controlling interests		(1,157)			(1,157)
Other					-
Net changes of items other than shareholders' equity					
Total changes for the year	-	(1,151)	113,340	(29,940)	82,248
Ending balance	¥ 100,000	553,168	962,385	(32,539)	1,583,013

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥ 1,487,258	20,043	(66,274)	(679)	1,440,346	566	26,709	2,968,387
Cumulative effects of changes in accounting policies					-			-
Beginning balance (Restated)	1,487,258	20,043	(66,274)	(679)	1,440,346	566	26,709	2,968,387
Changes for the year:								
Dividends paid								(79,367)
Net income/(loss) attributable to owners of the parent								192,705
Repurchase of treasury stock								(30,029)
Disposal of treasury stock								94
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries								1
Changes in equity resulting from transactions with non-controlling interests								(1,157)
Other								-
Net changes of items other than shareholders' equity	(213,376)	5,125	(69,718)	5,127	(272,841)	218	33	(272,588)
Total changes for the year	(213,376)	5,125	(69,718)	5,127	(272,841)	218	33	(190,340)
Ending balance	¥ 1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2020

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,000	553,168	962,385	(32,539)	1,583,013
Cumulative effects of changes in accounting policies			(942)		(942)
Beginning balance (Restated)	100,000	553,168	961,442	(32,539)	1,582,070
Changes for the year:					
Dividends paid			(83,951)		(83,951)
Net income/(loss) attributable to owners of the parent			143,030		143,030
Repurchase of treasury stock				(52,019)	(52,019)
Disposal of treasury stock		(5)		127	121
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries					-
Changes in equity resulting from transactions with non-controlling interests					-
Other			(1,052)		(1,052)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(5)	58,026	(51,892)	6,128
Ending balance	¥ 100,000	553,163	1,019,468	(84,432)	1,588,199

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥ 1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047
Cumulative effects of changes in accounting policies					-			(942)
Beginning balance (Restated)	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,777,104
Changes for the year:								
Dividends paid								(83,951)
Net income/(loss) attributable to owners of the parent								143,030
Repurchase of treasury stock								(52,019)
Disposal of treasury stock								121
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries								-
Changes in equity resulting from transactions with non-controlling interests								-
Other								(1,052)
Net changes of items other than shareholders' equity	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(289,194)
Total changes for the year	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(283,065)
Ending balance	¥ 982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2020

(in US$ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$ 917	5,075	8,829	(299)	14,523
Cumulative effects of changes in accounting policies			(9)		(9)
Beginning balance (Restated)	917	5,075	8,821	(299)	14,514
Changes for the year:					
Dividends paid			(770)		(770)
Net income/(loss) attributable to owners of the parent			1,312		1,312
Repurchase of treasury stock				(477)	(477)
Disposal of treasury stock		(0)		1	1
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries					-
Changes in equity resulting from transactions with non-controlling interests					-
Other			(10)		(10)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(0)	532	(476)	56
Ending balance	$ 917	5,075	9,353	(775)	14,571

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	$ 11,687	231	(1,248)	41	10,711	7	245	25,487
Cumulative effects of changes in accounting policies					-			(9)
Beginning balance (Restated)	11,687	231	(1,248)	41	10,711	7	245	25,478
Changes for the year:								
Dividends paid								(770)
Net income/(loss) attributable to owners of the parent								1,312
Repurchase of treasury stock								(477)
Disposal of treasury stock								1
Increase due to merger of consolidated subsidiaries with non-consolidated subsidiaries								-
Changes in equity resulting from transactions with non-controlling interests								-
Other								(10)
Net changes of items other than shareholders' equity	(2,677)	53	(38)	(127)	(2,789)	4	132	(2,653)
Total changes for the year	(2,677)	53	(38)	(127)	(2,789)	4	132	(2,597)
Ending balance	$ 9,010	284	(1,285)	(86)	7,922	11	378	22,881

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2019 and March 31, 2020

	2019	2020	2020
	(in ¥ million)		(in US$ million)
I. Cash flows from operating activities:			
Income/(loss) before income taxes	¥ 279,842	12,505	$ 115
Adjustments for:			
Depreciation	59,483	65,613	602
Impairment losses on fixed assets	2,936	173,611	1,593
Amortization of goodwill	14,633	12,737	117
Increase/(decrease) in outstanding claims	68,042	(67,233)	(617)
Increase/(decrease) in underwriting reserves	691,707	186,053	1,707
Increase/(decrease) in bad debt reserve	(193)	3,145	29
Increase/(decrease) in reserve for retirement benefits for officers	(124)	(88)	(1)
Increase/(decrease) in accrued bonuses for employees	764	461	4
Increase/(decrease) in reserve for losses on sales of shares of associates	-	13,143	121
Increase/(decrease) in reserve for reorganization by function	(9,842)	(6,498)	(60)
Increase/(decrease) in liabilities for pension and retirement benefits	(1,645)	(10,352)	(95)
Increase/(decrease) in reserve for price fluctuation	20,320	(35,848)	(329)
Interest and dividends income	(304,142)	(304,514)	(2,794)
Losses/(gains) on money trusts	(75,272)	(17,299)	(159)
Losses/(gains) on securities	(152,687)	(120,868)	(1,109)
Losses/(gains) on derivative transactions	9,331	18,547	170
Investment losses/(gains) on separate accounts	(43,162)	57,457	527
Interest expense	10,960	13,363	123
Foreign exchange losses/(gains)	65,348	319,557	2,932
Losses/(gains) on disposal of tangible fixed assets	(10,582)	(2,319)	(21)
Losses /(gains) on equity method investments	(3,751)	30,878	283
Losses /(gains) on step acquisitions	-	(6,587)	(60)
Losses/(gains) on change in equity interests	-	(2,804)	(26)
Decrease/(increase) in other assets	(201,857)	(30,875)	(283)
Increase/(decrease) in other liabilities	85,128	76,050	698
Other, net	(481)	(22,530)	(207)
Subtotal	504,754	355,302	3,260
Interest and dividends received	402,460	401,686	3,685
Interest paid	(10,872)	(13,259)	(122)
Income taxes refunded/(paid)	(119,619)	(75,833)	(696)
Net cash provided by/(used in) operating activities (a)	776,724	667,896	6,127

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2019	2020	2020
	(in ¥ million)		(in US$ million)
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥ 13,029	20,391	$ 187
Purchase of monetary claims bought	(9,027)	(18,809)	(173)
Proceeds from sales and redemption of monetary claims bought	49,750	15,982	147
Purchase of money trusts	(636,742)	(232,980)	(2,137)
Proceeds from sales of money trusts	222,626	116,399	1,068
Purchase of securities	(3,929,183)	(4,537,656)	(41,630)
Proceeds from sales and redemption of securities	3,717,595	4,434,208	40,681
Investment in loans	(197,312)	(226,329)	(2,076)
Collection of loans	178,346	200,104	1,836
Net increase/(decrease) in payables under repurchase agreements	468,782	(55,816)	(512)
Net increase/(decrease) in cash collateral under securities borrowing and lending transactions	(47,807)	62,989	578
Other, net	10,293	11,452	105
Subtotal (b)	(159,649)	(210,064)	(1,927)
(a + b)	617,075	457,831	4,200
Acquisition of tangible fixed assets	(32,399)	(32,021)	(294)
Proceeds from sales of tangible fixed assets	16,418	7,439	68
Acquisition of intangible fixed assets	(75,584)	(78,519)	(720)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	-	(9,715)	(89)
Payments for sales of shares of subsidiaries resulting in changes in scope of consolidation	-	(6,327)	(58)
Other, net	(1,202)	(1,152)	(11)
Net cash provided by/(used in) investing activities	(252,417)	(330,363)	(3,031)

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2019	2020		2020
		(in ¥ million)			(in US$ million)
III. Cash flows from financing activities:					
Proceeds from borrowings	¥	26,452	149,381	$	1,370
Repayments of borrowings		(45,386)	(167,648)		(1,538)
Issuance of bonds		99,527	149,427		1,371
Net increase/(decrease) in cash collateral under securities lending transactions		-	79,080		726
Proceeds from stock issuance to non-controlling interests		501	-		-
Repurchase of treasury stock		(30,029)	(52,019)		(477)
Dividends paid to shareholders		(79,286)	(83,861)		(769)
Dividends paid to non-controlling interests		(915)	(1,233)		(11)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation		(2,359)	-		-
Other, net		(1,841)	(7,805)		(72)
Net cash provided by/(used in) financing activities		(33,337)	65,321		599
IV. Effect of exchange rate changes on cash and cash equivalents		(15,949)	(2,701)		(25)
V. Net increase/(decrease) in cash and cash equivalents		475,019	400,153		3,671
VI. Cash and cash equivalents at beginning of year		1,323,506	1,798,526		16,500
VII. Cash and cash equivalents at end of year	¥	1,798,526	2,198,680	$	20,171

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2019 and March 31, 2020

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Rules of Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Rules of Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2020 have been translated into US dollar at the rate of ¥109=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2020. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Rules of Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

87 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Significant Accounting Policies (Continued)

Changes in scope of consolidation

PT. Asuransi Jiwa Sinarmas MSIG Tbk and 2 other companies have been included in the scope of consolidation since the year ended March 31, 2020 as they have become the Company's subsidiaries due to the acquisition of shares.

au Insurance Company, Limited became an equity method affiliate due to the sale of shares, and RaetsAsia P&I Services Pte Ltd and 4 other companies ceased to be subsidiaries due to the completion of liquidation and other reasons. As a result, these companies have been excluded from the scope of consolidation during the year ended March 31, 2020.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

Anshin Dial Company, Limited
MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
ReAssure Group Plc

Changes in scope of application of equity method

As ReAssure Group Plc and Challenger Limited became associates due to the acquisition of shares and au Insurance Company, Limited changed from subsidiary to associate due to the sale of shares, these companies have been included in the scope of application of the equity method during the year ended March 31, 2020.

As ReAssure Jersey One Limited and 1 other company ceased to be associates due to the sale of shares and PT. Asuransi Jiwa Sinarmas MSIG Tbk changed from associate to subsidiary due to the acquisition of shares, these companies have been excluded from the scope of application of the equity method during the year ended March 31, 2020.

(2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. Anshin Dial Company, Limited and Zenkankyo Small Amount and Short Term Insurance Holdings, Ltd.), are stated at cost as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited

("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an affiliate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 80 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

(v) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for losses on sales of shares of associates

Reserve for losses on sales of shares of associates is established to provide for possible losses to be incurred due to the changes in the market value of listed shares which will be received as a consideration for the sale of shares of associates based on the sales contract. The amount of reserve is determined as a difference between expected amount of consideration and the

carrying amount at the current year end.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair

value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 15 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

Significant Accounting Policies (Continued)

7. Change in accounting policy

From the year ended March 31, 2020, International Financial Reporting Standard ("IFRS") 16 "Leases" has been adopted by overseas consolidated subsidiaries that apply IFRS. As a result, lessees generally recognize right-of-use assets and lease liabilities for all leases at the lease commencement date.

In accordance with the transitional measures of IFRS 16, the Company has adjusted retained earnings for cumulative effects of the adoption at the beginning of the year ended March 31, 2020.

The effects of this adjustment on ordinary income and income before income taxes for the year ended March 31, 2020 were immaterial. The effects of the changes on the beginning balance of the year ended March 31, 2020 were an increase in lease assets of ¥23,875 million and a decrease in other tangible fixed assets of ¥653 million among tangible fixed assets, increases in lease assets of ¥7 million among intangible fixed assets, other liabilities of ¥24,172 million and a decrease in retained earnings of ¥942 million. As for the items of Consolidated Statements of Cash Flows, net cash used in operating activities decreased by ¥4,334 million and net cash used in financing activities increased by ¥4,334 million.

8. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

9. Additional information

(Consideration of the impact of COVID-19 pandemic in accounting estimates)

At present, it remains uncertain how long the COVID-19 pandemic will continue and how it will impact on the global economy. In this situation, accounting estimates, including the recoverability of deferred tax assets and the valuation of goodwill, incorporate certain assumptions with the scenario that the impact of COVID-19 pandemic will continue for a certain period of time during the year ending March 31, 2021.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2019 and March 31, 2020

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Accumulated depreciation	374,923	399,393
Accelerated depreciation	14,002	13,610

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2019 and March 31, 2020 were ¥14,002 million and ¥13,610 million, respectively.

Accelerated depreciation deducted from the original acquisition cost due to receipts of governmental subsidies during the years ended March 31, 2019 and March 31, 2020 were ¥5 million and nil, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Securities (Domestic stocks)	24,276	30,138
Securities (Foreign securities)	242,644	293,110
Securities (Other securities)	13,578	17,212
Total	280,499	340,461

Notes to Consolidated Balance Sheets (Continued)

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Loans to borrowers in bankruptcy	-	43
Overdue loans	204	177
Loans overdue for three months or more	345	299
Restructured loans	1,295	1,165
Total	1,845	1,685

(Note) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as "Loans not accruing interest") and which meet the conditions prescribed in Article 96, Section 1-3 or 1-4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No. 97, 1965).

Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors' operational restructuring or financial recovery.

Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.

Restructured loans represent those that have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Pledged assets:		
Cash, deposits and savings	28,918	3,638
Money trusts	2,283	2,241
Securities	806,098	846,152
Total	837,300	852,032

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

Notes to Consolidated Balance Sheets (Continued)

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2019	March 31, 2020
380,429	573,550

6. The amounts of assets received as collateral under loan agreements,etc.which the Company has the right to sell or repledge are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Securities	296,885	144,617

(Note) All securities in the above table have not been resold or repledged, and are held by the Company and its subsidiaries.

7. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

(in ¥ million)

March 31, 2019	March 31, 2020
2,298,979	2,024,281

8. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥115,078 million and ¥112,259 million, respectively in a negative liability position as of March 31, 2019 and March 31, 2020. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

9. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)

March 31, 2019	March 31, 2020
7,650	12,655

10. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

MS&AD Insurance Group ("the Group") applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index options, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the backoffice and risk management departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following tables summarize the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2019 and March 31, 2020 together with their differences. The following tables exclude financial instruments in which the fair values are not practically determinable (see Note 2).

March 31, 2019

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,474,306	1,475,182	875
(ii) Receivables under resale agreements	472,377	472,377	-
(iii) Monetary claims bought	97,241	97,241	-
(iv) Money trusts	1,544,406	1,544,406	-
(v) Securities:			
Trading securities	3,148,489	3,148,489	-
Held-to-maturity securities	1,056,044	1,286,289	230,244
Debt securities earmarked for underwriting reserves	2,363,311	2,525,355	162,044
Investments in associates	3,170	4,013	842
Available-for-sale securities	9,040,271	9,040,271	-
(vi) Loans	903,006		
Bad debt reserve (*1)	(98)		
	902,907	925,994	23,086
Total assets	20,102,527	20,519,621	417,094
Bonds issued	659,093	676,879	17,785
Total liabilities	659,093	676,879	17,785
Derivative transactions (*2):			
Hedge accounting not applied	17,426	17,426	-
Hedge accounting applied	2,664	2,664	-
Total derivative transactions	20,090	20,090	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2020

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,846,225	1,846,892	666
(ii) Receivables under resale agreements	407,722	407,722	-
(iii) Monetary claims bought	160,091	160,091	-
(iv) Money trusts	1,666,494	1,666,494	-
(v) Securities:			
Trading securities	2,889,688	2,889,688	-
Held-to-maturity securities	1,099,432	1,315,739	216,307
Debt securities earmarked for underwriting reserves	2,402,920	2,613,059	210,138
Investments in associates	51,732	29,796	(21,935)
Available-for-sale securities	8,560,362	8,560,362	-
(vi) Loans	1,666,494	1,666,494	-
Bad debt reserve (*1)	(104)		
	892,231	923,010	30,778
Total assets	19,976,903	20,412,858	435,954
Bonds issued	809,093	802,081	(7,011)
Total liabilities	809,093	802,081	(7,011)
Derivative transactions (*2):			
Hedge accounting not applied	26,945	26,945	-
Hedge accounting applied	4,592	4,592	-
Total derivative transactions	31,538	31,538	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted.

(Note 1) Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without fixed maturities and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled within a short period.

(iii) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled within a short period. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Securities

The fair value of equity securities is determined based on the quoted market price, while the fair value of bonds is determined based on the price quoted by exchanges, independent price venders or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association or prices quoted by counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, prices quoted by counterparty financial institutions, etc.

(Note 2) The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in "(v) Securities" above, are as follows: (in ¥ million)

	March 31, 2019	March 31, 2020
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	277,328	288,728
Other unlisted stocks	86,042	90,625
Unlisted investment trusts	51,633	72,750
Partnership investments comprising unlisted stocks	35,578	38,338
Total	450,583	490,442

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability and difficulties in reasonably estimating future cash flows.

Notes to Consolidated Balance Sheets (Continued)

(Note 3) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2019

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	1,447,793	23,351	-	0
Receivables under resale agreements	472,377	-	-	-
Monetary claims bought	86,590	-	-	9,995
Securities:				
Held-to-maturity securities				
Government bonds	-	3,400	129,300	782,500
Corporate bonds	7,000	2,800	32,602	79,600
Foreign securities	-	-	-	-
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	617,300
Municipal bonds	-	400	-	6,600
Corporate bonds	2,400	10,072	1,750	102,200
Foreign securities	173	355,067	1,109,345	119,739
Available-for-sale securities with fixed maturities				
Government bonds	60,140	622,969	336,675	902,909
Municipal bonds	20,579	48,302	116,673	92,098
Corporate bonds	197,407	703,009	367,255	89,355
Foreign securities	88,449	667,009	762,619	155,478
Loans (*)	87,324	311,125	326,777	108,822
Total	2,470,235	2,747,508	3,182,999	3,066,600

(*) The amounts in the above table do not include ¥295 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥68,950 million of loans without fixed maturities.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Balance Sheets (Continued)

March 31, 2020

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	1,814,338	22,942	-	700
Receivables under resale agreements	407,722	-	-	-
Monetary claims bought	142,299	-	1,350	15,958
Securities:				
Held-to-maturity securities				
Government bonds	-	28,100	121,400	805,300
Corporate bonds	2,300	23,502	9,600	81,300
Foreign securities	-	1,145	750	2,093
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	862,500
Municipal bonds	-	400	-	6,600
Corporate bonds	400	9,421	1,750	110,100
Foreign securities	6,182	493,344	792,960	74,099
Available-for-sale securities with fixed maturities				
Government bonds	91,590	480,290	316,490	891,214
Municipal bonds	12,443	45,878	117,962	101,541
Corporate bonds	168,308	719,422	328,660	107,144
Foreign securities	134,510	738,015	663,334	242,649
Loans (*)	102,182	353,035	264,950	100,410
Total	2,882,278	2,915,498	2,619,209	3,401,612

(*) The amounts in the above table do not include ¥297 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥71,721 million of loans without fixed maturities.

(Note 4) Maturity analysis of bonds issued

March 31, 2019

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	-	-	22,000	-	536,191
Total	-	-	-	22,000	-	536,191

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

March 31, 2020

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	-	22,000	-	100,000	586,191
Total	-	-	22,000	-	100,000	586,191

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

11. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2019	March 31, 2020
Carrying amount	74,996	74,981
Fair value	135,321	138,674

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

12. Business combination

(1) Transaction under common control

(Transfer of third sector long-term contracts)

Based on the Agreement on Reorganization by Function concluded on September 27, 2013 between the Company and its consolidated subsidiaries, Mitsui Sumitomo Insurance Company, Limited ("MSI"), Aioi Nissay Dowa Insurance Company, Limited ("ADI") and Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL"), MSI and MSAL as well as ADI and MSAL concluded the Absorption-type Company Split Agreement on June 28, 2018 and completed the Simple Absorption-type Company Split on April 1, 2019. The purpose of the agreement is to transfer the long-term contracts of the third sector insurance market held by MSI and ADI to MSAL.

(i) Overview of the transaction

(a) Name and description of the subject business

Business related to the long-term contracts of the third sector insurance market held by MSI and ADI

(b) Date of business combination

April 1, 2019

(c) Legal form of business combination

Simple absorption-type company split where MSI and ADI are designated as the splitting companies and MSAL as the successor company

(d) Acquiring company name after the business combination

Mitsui Sumitomo Aioi Life Insurance Company, Limited

(e) Other items regarding overview of the transaction

By centralizing the product supply function in MSAL, the Group aims to realize efficient operations through further improvement of level of customer support and concentration of management resources, demonstrate the Group's comprehensive strength, and enhance customer satisfaction, its ability to grow and generate profits.

(ii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

(2) Business combination through acquisition

Mitsui Sumitomo Insurance Company, Limited ("MSI"), a consolidated subsidiary of the Company, acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary.

(i) Overview of the transaction

(a) Name and description of business of the acquired company

Name: PT. Asuransi Jiwa Sinarmas MSIG Tbk
Description of business: Life insurance business

(b) Main reasons for business combination

Indonesia's life insurance market is expected to grow further in the future therefore the Company acknowledges Sinarmas as a strategic business base and intends to expand its business in cooperation with the Sinarmas Group, a strategic partner as well as a shareholder of Sinarmas.

(c) Date of business combination

July 8, 2019 (deemed acquisition date: July 1, 2019)

(d) Legal form of business combination

Acquisition of shares

(e) Company name after the business combination

PT. Asuransi Jiwa Sinarmas MSIG Tbk

(f) Ratio of acquired voting rights

Ratio of voting rights owned by MSI immediately before the acquisition:	50 %
Ratio of voting rights acquired additionally by MSI on the date of business combination:	30 %
Ratio of voting rights after the acquisition:	80 %

(g) Grounds for deciding on the acquiring company
As a result of the acquisition of additional shares, MSI has gained substantial control of the acquired company.

(ii) Period of the acquired company's financial result included in the consolidated financial statements of the Company

The fiscal year end of the acquired company is December 31, which is different from that of the Company. The Company uses the financial statements as of the acquired company's latest fiscal year end for consolidation purposes since the intervening period does not exceed three

months from its fiscal year end. Financial results from January 1, 2019 to June 30, 2019 were recorded as gains on equity method investments.

(iii) Acquisition cost and consideration of the acquired company

Fair value on the date of business combination of shares held by MSI immediately before the business combination	6.3 trillion rupiah
Consideration (Cash) for shares additionally acquired by MSI	3.8 trillion rupiah
Acquisition cost	10.1 trillion rupiah

(iv) Difference between acquisition cost and aggregate acquisition cost of transactions

Gains on step acquisitions ¥6,587 million

(v) Amount of goodwill, reason for recognizing goodwill, amortization method and the period

(a) Amount of goodwill

3.2 trillion rupiah

(b) Reason for recognizing goodwill

The amount of investments under the Share Acquisition Agreement exceeded the net amount of assets acquired and liabilities assumed.

(c) Amortization method and the period

Amortized on a straight-line basis over 15 years

(vi) Amount of assets acquired and liabilities assumed, together with major components, on the date of the business combination

unit: trillion rupiah

Total assets	17.3
(Securities	11.8)
(Intangible fixed assets	2.1)
Total liabilities	8.7
(Policy liabilities	7.2)

(3) Transaction under common control

(Reorganization of international business)

On January 1, 2020, Mitsui Sumitomo Insurance Company, Limited ("MSI"), a consolidated subsidiary of the Company, reorganized its international business ("international business reorganization") and transformed to a structure whereby international subsidiaries are placed under MSI's direct management, along with the termination of the regional holding company framework.

(i) Overview of international business reorganization

MSI designates 15 overseas subsidiaries as directly owned subsidiaries by acquiring subsidiaries' shares held by the regional holding companies through in-kind dividends. MSI completed the acquisition of shares of 9 companies for the year ended March 31, 2020 and plans to acquire shares of remaining 6 companies in the following years, subject to approval by relevant authorities.

Major subsidiaries for which MSI completed the acquisition are as follows:

Name of company acquired	Description of business	Date of acquisition
MS Amlin Corporate Member Limited	Non-life insurance business	January 1, 2020
MS Amlin AG	Non-life insurance business	January 1, 2020
MS Amlin Insurance SE	Non-life insurance business	January 1, 2020
MSIG Insurance (Singapore) Pte. Ltd.	Non-life insurance business	February 28, 2020

(ii) Purpose of international business reorganization

The purpose of the reorganization is to establish a system to further utilize skills and networks each group company has across regions and to accelerate decision-making speed for speedy business operations so that the Company can build future growth base and robust governance system as called for in the Medium-term Business Plan "Vision 2021" in light of environmental changes and challenges surrounding the international business.

(iii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

13. The amounts of net assets per share are as follows:

	March 31, 2019	March 31, 2020
Net assets per share (in ¥)	4,712.11	4,308.37
Stock acquisition rights deducted from net assets (in ¥ million)	785	1,206
Non-controlling interests deducted from net assets (in ¥ million)	26,743	41,161
Outstanding common shares (in thousands)	583,711	569,047

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Income

For the years ended March 31, 2019 and March 31, 2020

1. The amounts of gains/(losses) on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income/(expenses), are as follows:

(in ¥ million)

For the year ended March 31, 2019	For the year ended March 31, 2020
4,434	(56)

2. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2019	For the year ended March 31, 2020
(63,767)	(320,697)

3. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Commission expenses	682,532	699,841
Salaries	305,078	306,163

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

4. Losses on equity method investments includes ¥36,629 million of accelerated amortization of goodwill associated with Challenger Limited which was recorded in accordance with the provisions set forth in Paragraph 9 of "Practical Guidelines on Accounting Standards for Equity Method" (JICPA Accounting Practice Committee Statement No. 9) and Paragraph 32 of "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (JICPA Accounting Practice Committee Statement No. 7).

Notes to Consolidated Statements of Income (Continued)

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2019

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	5 properties, including a building for rent in Fukushima	62	Buildings	62
Idle real estate and real estate for sale and others	Land, buildings and Other tangible fixed assets	32 properties, including an office building in Niigata	1,431	Land Buildings Other tangible fixed assets	429 860 141
–	Software, and other intangible fixed assets	Software and others related to telematics automobile insurance business operations in the UK	1,442	Software Other intangible fixed assets	1,179 262

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

As the investment properties, idle real estate and assets for sale in the above table were to be disposed in the near future, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices.

During the review of the Company's business outlook based on current sales, an impairment test was conducted for software and other intangible fixed assets related to telematics automobile insurance business operations in the UK. As a result of the test, the aggregate difference between the carrying amounts of the assets and recoverable amounts was recognized as impairment losses on fixed assets under Extraordinary losses. The recoverable amounts are measured by value in use, determined by discounting the future cash flows at 9.3%.

For the year ended March 31, 2020

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Ibaraki	0	Buildings	0
Idle real estate and real estate for sale and others	Land and buildings	16 properties, including an office building in Kagawa	598	Land Buildings	66 531
Others	Software	Software related to the insurance business held by overseas consolidated subsidiaries	1,059	Software	1,059
—	Goodwill, other intangible fixed assets, etc.	Lloyd's business conducted by MS Amlin plc through the affiliated company	159,233	Buildings Lease assets Other tangible fixed assets Software Goodwill Other intangible fixed assets	1,249 2,273 2,593 8,096 75,320 69,699
—	Goodwill, other intangible fixed assets, etc.	European direct insurance business conducted by MS Amlin plc through the affiliated company	12,720	Other tangible fixed assets Software Goodwill Other intangible fixed assets	136 862 2,202 9,517

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

As the investment properties, idle real estate and assets for sale in the above table were to be disposed in the near future or their demolition has been determined, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value or value in

use. The net sales value is determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices while value in use is determined as zero.

For software related to the insurance business held by overseas consolidated subsidiaries, impairment loss is recognized for the portion where the effects of decrease in expense in future are no longer assured due to the revision of software development plans and other reasons.

Non-life insurance business conducted by MS Amlin plc through affiliated companies had been treated as one asset group, however along with the elimination of regional holding company and the transformation to a structure under MSI's direct management, the Lloyd's business, the European direct insurance business, and the reinsurance business were treated as individual asset groups.

As the Lloyd's business and the European direct insurance business were less profitable than expected when acquired, carrying amounts of goodwill and other intangible fixed assets were reduced to their recoverable amounts and the reduced amounts were recognized as impairment losses on fixed assets under Extraordinary losses. The recoverable amounts were measured at net sales value for buildings and lease assets, and measured at value in use of zero for other assets. The net asset value was determined based on the appraisal value provided by qualified appraisers.

MS Amlin plc changed its trade name to MS Amlin Limited as at December 3, 2019.

6. Details of Other extraordinary income are as follows:

   For the year ended March 31, 2019

   Other extraordinary income represents reversal of reserve for reorganization by function.

   For the year ended March 31, 2020

   Other extraordinary income represents reversal of reserve for reorganization by function.

7. Details of Other extraordinary losses are as follows:

   For the year ended March 31, 2019

   Other extraordinary losses represent additional retirement benefits due to the personnel reduction at MS Amlin plc and its subsidiaries.

   For the year ended March 31, 2020

   Other extraordinary losses represent expenses related to reorganization of international business.

8. MSI has decided to dispose of shares in MS Amlin plc after acquiring subsidiaries' shares held by MS Amlin plc (currently MS Amlin Limited) and MSIG Holdings(Asia) Pte. Ltd. through in-kind dividends, and a part of the acquisitions has been completed.

As a result, income taxes decreased by ¥166,737 million due to the decrease in taxable income and recognition of deferred tax assets for deductible temporary differences arising on investments in subsidiaries.

9. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2020
Basic net income/(loss) attributable to owners of the parent per share (in ¥)	328.72	248.36
Diluted net income/(loss) attributable to owners of the parent per share (in ¥)	328.60	248.22

(Note)
The basis of calculation is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2020
Net income/(loss) attributable to owners of the parent (in ¥ million)	192,705	143,030
Average outstanding common stock during the year (in thousands of shares)	586,215	575,887
Increase in number of common stock used for calculation of diluted net income/(loss) attributable to owners of the parent (in thousands of shares)	212	313

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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2019 and March 31, 2020

1. Reclassification adjustments and income tax effects of other comprehensive income/(loss)

	2019	2020
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(127,313)	(358,657)
Reclassification adjustments	(137,167)	(63,100)
Before income tax effect adjustments	(264,481)	(421,757)
Income tax effects	65,824	122,815
Net unrealized gains/(losses) on securities	(198,656)	(298,942)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	10,784	18,271
Reclassification adjustments	(4,895)	(9,688)
Before income tax effect adjustments	5,888	8,582
Income tax effects	(1,395)	(2,481)
Net deferred gains/(losses) on hedges	4,493	6,101
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	(61,093)	3,001
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	4,934	(17,792)
Reclassification adjustments	1,329	(1,389)
Before income tax effect adjustments	6,263	(19,182)
Income tax effects	(1,240)	5,444
Actuarial gains/(losses) on retirement benefits	5,023	(13,737)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(23,579)	(3,530)
Reclassification adjustments	(271)	4,252
Share of other comprehensive income/(loss) of equity method investments	(23,850)	721
Total other comprehensive income/(loss)	(274,084)	(302,855)

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2019 and March 31, 2020

For the year ended March 31, 2019

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,291	-	-	593,291
Total	593,291	-	-	593,291
Treasury stock:				
Common stock	880	8,728	29	9,580
Total	880	8,728	29	9,580

(Notes)

1. The increase in the number of treasury common stock during the year was 8,728 thousand shares, as a result of open market repurchases of 8,714 thousand shares and repurchases of 14 thousand fractional shares.
2. The decrease in the number of treasury common stock during the year was 29 thousand shares, which is due to exercise of stock acquisition rights of 28 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	785
Total		785

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting held on June 25, 2018	Common stock	38,506	65	March 31, 2018	June 26, 2018
Board meeting held on November 19, 2018	Common stock	40,860	70	September 30, 2018	December 5, 2018

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2019 for which the date of record is in the year ended March 31, 2019

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 24, 2019	Common stock	40,859	Retained earnings	70	March 31, 2019	June 25, 2019

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

Notes to Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2020

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,291	-	-	593,291
Total	593,291	-	-	593,291
Treasury stock:				
Common stock	9,580	14,701	37	24,244
Total	9,580	14,701	37	24,244

(Notes)

1. The increase in the number of treasury common stock during the year was 14,701 thousand shares, as a result of open market repurchases of 14,688 thousand shares and repurchases of 13 thousand fractional shares.
2. The decrease in the number of treasury common stock during the year was 37 thousand shares, which is due to exercise of stock acquisition rights of 36 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	1,206
Total		1,206

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting held on June 24, 2019	Common stock	40,859	70	March 31, 2019	June 25, 2019
Board meeting held on November 19, 2019	Common stock	43,092	75	September 30, 2019	December 4, 2019

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2020 for which the date of record is in the year ended March 31, 2020

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 25, 2020	Common stock	42,678	Retained earnings	75	March 31, 2020	June 26, 2020

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2019 and March 31, 2020

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	2019	2020
Cash, deposits and savings	1,474,306	1,846,225
Receivables under resale agreements	472,377	407,722
Monetary claims bought	97,241	160,091
Securities	16,061,871	15,494,580
Time deposits exceeding three months and deposits pledged as collateral	(226,746)	(202,120)
Monetary claims bought other than cash equivalents	(49,238)	(52,132)
Securities other than cash equivalents	(16,031,285)	(15,455,687)
Cash and cash equivalents	1,798,526	2,198,680

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2020

Mitsui Sumitomo Insurance Company, Limited, a consolidated subsidiary of the Company, acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary of the Company. The following summarizes the recognized amount of assets acquired and liabilities assumed, and the relationship between the acquisition cost of shares and the expenditure for the acquisition (net) at the acquisition date:

	(in ¥ million)
Securities	91,036
Intangible fixed assets	16,623
Other assets	25,657
	133,316
Goodwill	25,370
Policy liabilities	(55,916)
Other liabilities	(11,285)
Total liabilities	(67,201)
Foreign currency translation adjustments	(962)
Non-controlling interests	(13,222)
Investments accounted for using the equity method prior to the acquisition of shares	(41,725)
Gains on step acquisitions	(6,587)
Acquisition cost of Sinarmas' shares	28,987
Less: Cash and cash equivalents held at Sinarmas	19,272
Net consideration paid for acquisition of Sinarmas	9,715

3. Cash flows from investing activities include those from investments made as part of the insurance business.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements
For the years ended March 31, 2020 and March 31, 2021

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2020 and 2021, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2021, outstanding claims of ¥2,256,900 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by its consolidated subsidiaries, Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI"), under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG").	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, ADI, AUL and AAG. In this assessment, we focused our testing on controls

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As described in Note 7, "Accounting estimates (2) Outstanding claims," to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate is dependent upon the selection of actuarial estimation methods and data used for estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, as well as the consideration of whether calibration of the historical data used were necessary, and the selection of methods to apply calibrations all required a high degree of professional judgement by management. Furthermore, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in recent years, and as payment obligations have been growing overseas for certain business interruption claims due to the spread of COVID-19. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the reasonableness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results. ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information. ● For MSI, ADI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters occurred in the previous years. ● For AUL and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses due to COVID-19 considering the historical experiences up to the time of estimate, insurance contract terms and conditions, and legal judgments on their responsibility for claim payments.

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Appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31,2021, goodwill of ¥122,617 million was recognized. In addition, the amount representing goodwill related to equity-method affiliates of ¥43,303 million was included in securities. As described in Note 7, "Accounting estimates (1) Impairment losses on goodwill," to the consolidated financial statements, a test needs to be performed to determine whether an impairment loss should be recognized whenever there is an indication that goodwill may be impaired. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses, to which goodwill has been allocated, have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was an indication that goodwill may be impaired included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is an indication that goodwill may be impaired. In this assessment, we focused our testing on controls to prevent and/or detect determinations on whether there is any impairment indicator, which are not made on reasonable grounds. **(2) Assessment of the appropriateness of the judgment concerning the identification of an impairment indicator** The primary procedures we performed to assess the appropriateness of management's judgment concerning the identification of an impairment indicator, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgement as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment.

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Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Significant Accounting Policies in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant



Ikuo Hirakuri
Designated Engagement Partner
Certified Public Accountant



Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 28, 2021

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2020 and March 31, 2021

	2020	2021	2021
	(in ¥ million)		(in US$ million)
Assets			
Assets			
Cash, deposits and savings	¥ 1,846,225	2,057,789	$ 18,539
Receivables under resale agreements	407,722	1,999	18
Monetary claims bought	160,091	175,740	1,583
Money trusts	1,666,494	1,717,804	15,476
Securities	15,494,580	16,793,584	151,294
Loans	892,335	960,174	8,650
Tangible fixed assets:	488,331	494,818	4,458
Land	231,122	228,230	2,056
Buildings	185,178	195,825	1,764
Lease assets	24,722	27,531	248
Construction in progress	12,463	6,598	59
Other tangible fixed assets	34,843	36,631	330
Intangible fixed assets:	442,695	431,929	3,891
Software	108,892	127,921	1,152
Goodwill	138,584	122,617	1,105
Lease assets	346	217	2
Other intangible fixed assets	194,873	181,172	1,632
Other assets	1,535,400	1,436,401	12,941
Assets for retirement benefits	24,113	26,768	241
Deferred tax assets	219,385	30,549	275
Customers' liabilities under acceptances and guarantees	31,500	28,500	257
Bad debt reserve	(12,421)	(13,498)	(122)
Total assets	¥ 23,196,455	24,142,562	$ 217,501

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2020	2021	2021
	(in ¥ million)		(in US$ million)
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥ 17,809,540	18,107,028	$ 163,126
Outstanding claims	2,149,921	2,256,900	20,332
Underwriting reserves	15,659,619	15,850,128	142,794
Bonds issued	809,093	809,093	7,289
Other liabilities	1,672,264	1,602,349	14,436
Liabilities for pension and retirement benefits	179,686	160,828	1,449
Reserve for retirement benefits for officers	325	241	2
Accrued bonuses for employees	28,392	28,256	255
Reserve for losses on sales of shares of associates	16,957	-	-
Reserves under the special laws:	137,400	244,975	2,207
Reserve for price fluctuation	137,400	244,975	2,207
Deferred tax liabilities	17,254	34,630	312
Acceptances and guarantees	31,500	28,500	257
Total liabilities	20,702,416	21,015,905	189,332
Net Assets			
Shareholders' equity:			
Common stock	100,000	100,276	903
Capital surplus	553,163	553,428	4,986
Retained earnings	1,019,468	1,078,850	9,719
Treasury stock	(84,432)	(119,267)	(1,074)
Total shareholders' equity	1,588,199	1,613,287	14,534
Accumulated other comprehensive income/(loss):			
Net unrealized gains/(losses) on securities	982,042	1,630,325	14,688
Net deferred gains/(losses) on hedges	30,916	14,997	135
Foreign currency translation adjustments	(140,106)	(178,080)	(1,604)
Accumulated actuarial gains/(losses) on retirement benefits	(9,381)	3,819	34
Total accumulated other comprehensive income/(loss)	863,470	1,471,062	13,253
Stock acquisition rights	1,206	1,019	9
Non-controlling interests	41,161	41,288	372
Total net assets	2,494,038	3,126,657	28,168
Total liabilities and net assets	¥ 23,196,455	24,142,562	$ 217,501

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2020 and March 31, 2021

	2020	2021	2021
	(in ¥ million)		(in US$ million)
Ordinary income and expenses			
Ordinary income:	¥ 5,168,361	4,892,244	$ 44,074
Underwriting income:	4,640,584	3,425,364	30,859
Net premiums written	3,573,732	3,500,996	31,541
Deposit premiums from policyholders	75,553	72,635	654
Investment income on deposit premiums from policyholders	39,177	36,384	328
Life insurance premiums	943,721	(202,321)	(1,823)
Other underwriting income	8,400	17,669	159
Investment income:	511,529	1,450,793	13,070
Interest and dividends income	304,514	293,587	2,645
Investment gains on money trusts	64,627	212,824	1,917
Investment gains on trading securities	55,652	35,605	321
Gains on sales of securities	118,845	233,371	2,102
Gains on redemption of securities	4,387	2,567	23
Investment gains on separate accounts	-	311,765	2,809
Other investment income	2,679	397,456	3,581
Transfer of investment income on deposit premiums from policyholders	(39,177)	(36,384)	(328)
Other ordinary income:	16,247	16,085	145
Other ordinary income	16,247	16,085	145
Ordinary expenses:	5,010,660	4,585,719	41,313
Underwriting expenses:	3,749,818	3,800,437	34,238
Net claims paid	2,027,212	1,902,248	17,137
Loss adjustment expenses	177,354	188,784	1,701
Commissions and collection expenses	727,409	735,307	6,624
Maturity refunds to policyholders	220,697	221,162	1,992
Dividends to policyholders	103	73	1
Life insurance claims	376,620	405,474	3,653
Provision for outstanding claims	19,962	133,130	1,199
Provision for underwriting reserves	196,179	208,901	1,882
Other underwriting expenses	4,278	5,353	48
Investment expenses:	512,978	69,695	628
Investment losses on money trusts	47,310	9	0
Losses on sales of securities	18,021	8,096	73
Impairment losses on securities	39,685	7,100	64
Losses on redemption of securities	310	738	7
Losses on derivative transactions	18,547	46,838	422
Investment losses on separate accounts	57,457	-	-
Other investment expenses	331,646	6,911	62

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

	2020	2021	2021
	(in ¥ million)		(in US$ million)
Operating expenses and general and administrative expenses	¥ 694,618	688,576	$ 6,203
Other ordinary expenses:	53,244	27,010	243
Interest expense	13,363	14,599	132
Provision for bad debt reserve	4,456	1,474	13
Losses on bad debts	163	137	1
Losses on equity method investments	30,878	6,601	59
Other ordinary expenses	4,383	4,197	38
Ordinary profit/(loss)	157,701	306,524	2,761
Extraordinary income and losses			
Extraordinary income:	51,426	15,920	143
Gains on sales of fixed assets	4,809	7,717	70
Reversal of reserves under the special laws:	35,848	-	-
Reversal of reserve for price fluctuation	35,848	-	-
Gains on step acquisitions	6,587	-	-
Gains on change in equity interests	2,804	89	1
Reversal of reserve for losses on sales of shares of associates	-	8,113	73
Other extraordinary income	1,377	-	-
Extraordinary losses:	196,622	120,717	1,088
Losses on sales of fixed assets	2,973	6,071	55
Impairment losses on fixed assets	173,611	1,949	18
Provision for reserves under the special laws:	-	107,575	969
Provision for reserve for price fluctuation	-	107,575	969
Losses on accelerated depreciation of tangible fixed assets	-	3	0
Losses on change in equity interests	-	1,685	15
Provision for reserve for losses on sales of shares of associates	16,957	-	-
Other extraordinary losses	3,080	3,432	31
Income/(loss) before income taxes	12,505	201,727	1,817
Income taxes – current	34,420	93,223	840
Income taxes – deferred	(167,482)	(39,167)	(353)
Total income taxes	(133,061)	54,056	487
Net income/(loss)	145,567	147,670	1,330
Net income/(loss) attributable to non-controlling interests	2,536	3,272	29
Net income/(loss) attributable to owners of the parent	¥ 143,030	144,398	$ 1,301

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and March 31, 2021

		2020	2021		2021
		(in ¥ million)			(in US$ million)
Net income/(loss)	¥	145,567	147,670	$	1,330
Other comprehensive income/(loss):					
Net unrealized gains/(losses) on securities		(298,942)	641,845		5,782
Net deferred gains/(losses) on hedges		6,101	(16,184)		(146)
Foreign currency translation adjustments		3,001	(47,613)		(429)
Actuarial gains/(losses) on retirement benefits		(13,737)	13,220		119
Share of other comprehensive income/(loss) of equity method investments		721	14,998		135
Total other comprehensive income/(loss)		(302,855)	606,267		5,462
Total comprehensive income/(loss)	¥	(157,288)	753,938	$	6,792
Allocation:					
Comprehensive income/(loss) attributable to owners of the parent	¥	(161,004)	751,990	$	6,775
Comprehensive income/(loss) attributable to non-controlling interests		3,716	1,947		18

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2020 and March 31, 2021

For the year ended March 31, 2020

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,000	553,168	962,385	(32,539)	1,583,013
Cumulative effects of changes in accounting policies			(942)		(942)
Beginning balance (Restated)	100,000	553,168	961,442	(32,539)	1,582,070
Changes for the year:					
Dividends paid			(83,951)		(83,951)
Net income/(loss) attributable to owners of the parent			143,030		143,030
Repurchase of treasury stock				(52,019)	(52,019)
Disposal of treasury stock		(5)		127	121
Other			(1,052)		(1,052)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(5)	58,026	(51,892)	6,128
Ending balance	¥ 100,000	553,163	1,019,468	(84,432)	1,588,199

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥ 1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047
Cumulative effects of changes in accounting policies					-			(942)
Beginning balance (Restated)	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,777,104
Changes for the year:								
Dividends paid								(83,951)
Net income/(loss) attributable to owners of the parent								143,030
Repurchase of treasury stock								(52,019)
Disposal of treasury stock								121
Other								(1,052)
Net changes of items other than shareholders' equity	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(289,194)
Total changes for the year	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(283,065)
Ending balance	¥ 982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2021

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,000	553,163	1,019,468	(84,432)	1,588,199
Cumulative effects of changes in accounting policies					-
Beginning balance (Restated)	100,000	553,163	1,019,468	(84,432)	1,588,199
Changes for the year:					
Issuance of new stock	276	276			552
Dividends paid			(85,017)		(85,017)
Net income/(loss) attributable to owners of the parent			144,398		144,398
Repurchase of treasury stock				(35,036)	(35,036)
Disposal of treasury stock		(11)		201	189
Other					-
Net changes of items other than shareholders' equity					
Total changes for the year	276	264	59,381	(34,835)	25,087
Ending balance	¥ 100,276	553,428	1,078,850	(119,267)	1,613,287

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥ 982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038
Cumulative effects of changes in accounting policies					-			-
Beginning balance (Restated)	982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038
Changes for the year:								
Issuance of new stock								552
Dividends paid								(85,017)
Net income/(loss) attributable to owners of the parent								144,398
Repurchase of treasury stock								(35,036)
Disposal of treasury stock								189
Other								-
Net changes of items other than shareholders' equity	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	607,530
Total changes for the year	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	632,618
Ending balance	¥ 1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2021

(in US$ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$ 901	4,983	9,184	(761)	14,308
Cumulative effects of changes in accounting policies					-
Beginning balance (Restated)	901	4,983	9,184	(761)	14,308
Changes for the year:					
Issuance of new stock	2	2			5
Dividends paid			(766)		(766)
Net income/(loss) attributable to owners of the parent			1,301		1,301
Repurchase of treasury stock				(316)	(316)
Disposal of treasury stock		(0)		2	2
Other					-
Net changes of items other than shareholders' equity					
Total changes for the year	2	2	535	(314)	226
Ending balance	$ 903	4,986	9,719	(1,074)	14,534

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income/(loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)			
Beginning balance	$ 8,847	279	(1,262)	(85)	7,779	11	371	22,469
Cumulative effects of changes in accounting policies					-			-
Beginning balance (Restated)	8,847	279	(1,262)	(85)	7,779	11	371	22,469
Changes for the year:								
Issuance of new stock								5
Dividends paid								(766)
Net income/(loss) attributable to owners of the parent								1,301
Repurchase of treasury stock								(316)
Disposal of treasury stock								2
Other								-
Net changes of items other than shareholders' equity	5,840	(143)	(342)	119	5,474	(2)	1	5,473
Total changes for the year	5,840	(143)	(342)	119	5,474	(2)	1	5,699
Ending balance	$ 14,688	135	(1,604)	34	13,253	9	372	28,168

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and March 31, 2021

	2020	2021	2021
	(in ¥ million)		(in US$ million)
I. Cash flows from operating activities:			
Income/(loss) before income taxes	¥ 12,505	201,727	$ 1,817
Adjustments for:			
Depreciation	65,613	72,348	652
Impairment losses on fixed assets	173,611	1,949	18
Amortization of goodwill	12,737	11,712	106
Increase/(decrease) in outstanding claims	(67,233)	123,275	1,111
Increase/(decrease) in underwriting reserves	186,053	201,047	1,811
Increase/(decrease) in bad debt reserve	3,145	1,202	11
Increase/(decrease) in reserve for retirement benefits for officers	(88)	(84)	(1)
Increase/(decrease) in accrued bonuses for employees	461	115	1
Increase/(decrease) in reserve for losses on sales of shares of associates	13,143	(13,143)	(118)
Increase/(decrease) in reserve for reorganization by function	(6,498)	-	-
Increase/(decrease) in liabilities for pension and retirement benefits	(10,352)	(3,475)	(31)
Increase/(decrease) in reserve for price fluctuation	(35,848)	107,575	969
Interest and dividends income	(304,514)	(293,587)	(2,645)
Losses/(gains) on money trusts	(17,299)	(212,815)	(1,917)
Losses/(gains) on securities	(120,868)	(255,609)	(2,303)
Losses/(gains) on derivative transactions	18,547	46,838	422
Investment losses/(gains) on separate accounts	57,457	(311,765)	(2,809)
Interest expense	13,363	14,599	132
Foreign exchange losses/(gains)	319,557	(393,298)	(3,543)
Losses/(gains) on disposal of tangible fixed assets	(2,319)	(3,949)	(36)
Losses /(gains) on equity method investments	30,878	6,601	59
Losses /(gains) on step acquisitions	(6,587)	-	-
Losses/(gains) on change in equity interests	(2,804)	1,595	14
Decrease/(increase) in other assets	(30,875)	52,791	476
Increase/(decrease) in other liabilities	76,050	(6,415)	(58)
Other, net	(22,530)	(22,378)	(202)
Subtotal	355,302	(673,140)	(6,064)
Interest and dividends received	401,686	394,404	3,553
Interest paid	(13,259)	(14,566)	(131)
Income taxes refunded/(paid)	(75,833)	(30,609)	(276)
Net cash provided by/(used in) operating activities (a)	667,896	(323,912)	(2,918)

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2020	2021	2021
	(in ¥ million)		(in US$ million)
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥ 20,391	(4,198)	$ (38)
Purchase of monetary claims bought	(18,809)	(19,828)	(179)
Proceeds from sales and redemption of monetary claims bought	15,982	2,127	19
Purchase of money trusts	(232,980)	(380,662)	(3,429)
Proceeds from sales of money trusts	116,399	553,405	4,986
Purchase of securities	(4,537,656)	(4,423,413)	(39,851)
Proceeds from sales and redemption of securities	4,434,208	4,759,491	42,878
Investment in loans	(226,329)	(213,370)	(1,922)
Collection of loans	200,104	197,834	1,782
Net increase/(decrease) in payables under repurchase agreements	(55,816)	(412,965)	(3,720)
Net increase/(decrease) in payables under securities lending transactions	62,989	76,465	689
Other, net	11,452	(8,842)	(80)
Subtotal (b)	(210,064)	126,042	1,136
(a + b)	457,831	(197,869)	(1,783)
Acquisition of tangible fixed assets	(32,021)	(33,696)	(304)
Proceeds from sales of tangible fixed assets	7,439	10,954	99
Acquisition of intangible fixed assets	(78,519)	(57,407)	(517)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(9,715)	-	-
Payments for sales of shares of subsidiaries resulting in changes in scope of consolidation	(6,327)	-	-
Other, net	(1,152)	(1,967)	(18)
Net cash provided by/(used in) investing activities	(330,363)	43,925	396

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		2020	2021		2021
		(in ¥ million)			(in US$ million)
III. Cash flows from financing activities:					
Proceeds from borrowings	¥	149,381	-	$	-
Repayments of borrowings		(167,648)	-		-
Issuance of bonds		149,427	99,321		895
Redemption of bonds		-	(100,000)		(901)
Net increase/(decrease) in payables under repurchase agreements		-	110,343		994
Net increase/(decrease) in payables under securities lending transactions		79,080	103,510		933
Repurchase of treasury stock		(52,019)	(35,036)		(316)
Dividends paid to shareholders		(83,861)	(84,928)		(765)
Dividends paid to non-controlling interests		(1,233)	(1,829)		(16)
Other, net		(7,805)	(12,102)		(109)
Net cash provided by/(used in) financing activities		65,321	79,278		714
IV. Effect of exchange rate changes on cash and cash equivalents		(2,701)	(3,537)		(32)
V. Net increase/(decrease) in cash and cash equivalents		400,153	(204,245)		(1,840)
VI. Cash and cash equivalents at beginning of year		1,798,526	2,198,680		19,808
VII. Cash and cash equivalents at end of year	¥	2,198,680	1,994,434	$	17,968

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2020 and March 31, 2021

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Rules of Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Rules of Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2021 have been translated into US dollar at the rate of ¥111=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2021. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Rules of Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

84 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Leadenhall Capital Partners GP Limited has been included in the scope of consolidation since the year ended March 31, 2021 as they have become the Company's subsidiaries due to the acquisition of shares.

AUA Insolvency Risk Services Limited and three other companies ceased to be subsidiaries due to the sale of shares and other reasons. As a result, these companies have been excluded from the scope of consolidation during the year ended March 31, 2021.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.
MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

14 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Changes in scope of application of equity method

As Max Financial Services Limited, BoCommLife Insurance Company Limited and one other company became associates due to the acquisition of shares and other reasons, these companies have been included in the scope of application of the equity method during the year ended March 31, 2021.

As ReAssure Group Plc and one other company ceased to be associates due to the sale of shares and other reasons, these companies have been excluded from the scope of application of the equity method during the year ended March 31, 2021.

(2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Small Amount and Short Term Insurance Holdings, Ltd.), are stated at cost as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an affiliate since the Company does not have the ability to exercise significant influence over

the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 77 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Significant Accounting Policies (Continued)

(v) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

Significant Accounting Policies (Continued)

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for losses on sales of shares of associates

Reserve for losses on sales of shares of associates is established to provide for possible losses to be incurred due to the changes in the market value of listed shares which will be received as a consideration for the sale of shares of associates based on the sales contract.

Significant Accounting Policies (Continued)

The amount of reserve is determined as a difference between expected amount of consideration and the carrying amount at the current year end.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial

instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(9) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification

of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (ASBJ Practical Issues Task Force ("PITF") No. 18 revised on June 28, 2019).

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 15 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements for the year ended March 31, 2021

In the consolidated balance sheet of the Company for the current year, goodwill of ¥122,617 million was recognized. In addition, goodwill related to equity-method affiliates of ¥43,303 million was included in securities therein.

(ii) Details of accounting estimates

(a) Measurement approach

For goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (Collectively "the Group") determine whether an impairment loss should be recognized by comparing total undiscounted future cash flows with the carrying amount for the business concerned. When it is determined that an impairment loss should be recognized, the carrying amount of goodwill is reduced to its recoverable amount and an impairment loss is recognized for the amount by which goodwill is reduced.

The recoverable amount represents present value of future cash flows expected to be derived from continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be incurred if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment of the business concerned.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements for the year ended March 31, 2021

In the consolidated balance sheet of the Company for the current year, outstanding claims of ¥2,256,900 million were recognized. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations. For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their current estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Specifically, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters has become more severe and frequent both within and outside Japan in the recent years, and payment obligations have been growing overseas for certain business interruption claims due to the spread of COVID-19.

8. Change in accounting policy

From the year ended March 31, 2020, International Financial Reporting Standard ("IFRS") 16 "Leases" has been adopted by overseas consolidated subsidiaries that apply IFRS. As a result, lessees generally recognize right-of-use assets and lease liabilities for all leases at the lease commencement date.

In accordance with the transitional measures of IFRS 16, the Company has adjusted retained earnings for cumulative effects of the adoption at the beginning of the year ended March 31, 2020.

The effects of this adjustment on ordinary income and income before income taxes for the year ended March 31, 2020 were immaterial. The effects of the changes on the beginning balance of the year ended March 31, 2020 were an increase in lease assets of ¥23,875 million and a decrease in other tangible fixed assets of ¥653 million among tangible fixed assets, increases in lease assets of ¥7 million among intangible fixed assets, other liabilities of ¥24,172 million and a decrease in retained earnings of ¥942 million. As for the items of Consolidated Statements of Cash Flows for the year ended March 31, 2020, net cash used in operating activities decreased by ¥4,334 million and net cash used in financing activities increased by ¥4,334 million.

Significant Accounting Policies (Continued)

9. Change in presentation

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Group has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the year ended March 31, 2021 and notes related to significant accounting estimates are included in the consolidated financial statements.
The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

10. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

11. Additional information

(Accounting treatments related to the adoption of the consolidated tax return filling system)

The Company and certain domestic consolidated subsidiaries have decided to adopt the consolidated tax return filling system from the year ending March 31, 2022. Accordingly, from the year ended March 31, 2021, the Company and certain domestic consolidated subsidiaries applied an accounting treatment based on the adoption of a consolidated tax filling system in accordance with "Practical Solution on Tentative Treatment of Tax Effect Accounting under the Consolidated Taxation System (Part 1)" (ASBJ PITF No. 5, January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting under the Consolidated Taxation System (Part 2)" (ASBJ PITF No.7, January 16, 2015).

As a result, Income taxes - deferred for the year ended March 31, 2021 decreased by ¥20,282 million.

(Application of tax effect accounting for the transition from the consolidated tax return filling system to the group tax sharing system)

With regard to the items subject to the transition to the group tax sharing system established under the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and a review of the non-consolidated tax return filling system in line with the transition to the group tax sharing system, the Company and certain domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) and have recorded the amounts of deferred tax assets and deferred tax liabilities based on the provisions of the tax laws before the revision, as allowed by the treatment in Paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020).

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2020 and March 31, 2021

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Accumulated depreciation	399,393	399,742
Accelerated depreciation	13,610	13,431

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2020 and March 31, 2021 were ¥13,610 million and ¥13,431 million, respectively.

Accelerated depreciation deducted from the original acquisition cost due to receipts of governmental subsidies during the years ended March 31, 2020 and March 31, 2021 were nil and ¥3 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Securities (Domestic stocks)	30,138	27,995
Securities (Foreign securities)	293,110	237,290
Securities (Other securities)	17,212	19,426
Total	340,461	284,712

Notes to Consolidated Balance Sheets (Continued)

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Loans to borrowers in bankruptcy	43	-
Overdue loans	177	201
Loans overdue for three months or more	299	277
Restructured loans	1,165	1,088
Total	1,685	1,567

(Note) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as "Loans not accruing interest") and which meet the conditions prescribed in Article 96, Section 1-3 or 1-4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No. 97, 1965).

Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors' operational restructuring or financial recovery.

Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.

Restructured loans represent those that have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

Notes to Consolidated Balance Sheets (Continued)

4. The amounts of pledged assets are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Pledged assets:		
Cash, deposits and savings	3,638	4,361
Money trusts	2,241	2,280
Securities	846,152	562,337
Total	852,032	568,979

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in Other liabilities are as follows:

(in ¥ million)

March 31, 2020	March 31, 2021
412,965	110,343

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2020	March 31, 2021
573,550	737,523

6. The amounts of assets received as collateral under loan agreements, etc. which the Company has the right to sell or repledge are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Securities	144,617	41,934
Commercial papers	-	1,999

(Note) All securities and commercial papers in the above table have not been resold or repledged, and are held by the Company and its subsidiaries.

7. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

(in ¥ million)

March 31, 2020	March 31, 2021
2,024,281	2,060,062

8. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥112,259 million and ¥65,565 million, respectively in a negative liability position as of March 31, 2020 and March 31, 2021. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

9. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)

March 31, 2020	March 31, 2021
12,655	16,362

10. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index options, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the backoffice and risk management departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following tables summarize the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2020 and March 31, 2021 together with their differences. The following tables exclude financial instruments in which the fair values are not practically determinable (see Note 2).

March 31, 2020

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,846,225	1,846,892	666
(ii) Receivables under resale agreements	407,722	407,722	-
(iii) Monetary claims bought	160,091	160,091	-
(iv) Money trusts	1,666,494	1,666,494	-
(v) Securities:			
Trading securities	2,889,688	2,889,688	-
Held-to-maturity securities	1,099,432	1,315,739	216,307
Debt securities earmarked for underwriting reserves	2,402,920	2,613,059	210,138
Investments in associates	51,732	29,796	(21,935)
Available-for-sale securities	8,560,362	8,560,362	-
(vi) Loans	892,335		
Bad debt reserve (*1)	(104)		
	892,231	923,010	30,778
Total assets	19,976,903	20,412,858	435,954
Bonds issued	809,093	802,081	(7,011)
Total liabilities	809,093	802,081	(7,011)
Derivative transactions (*2):			
Hedge accounting not applied	26,945	26,945	-
Hedge accounting applied	4,592	4,592	-
Total derivative transactions	31,538	31,538	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	2,057,789	2,058,555	765
(ii) Receivables under resale agreements	1,999	1,999	-
(iii) Monetary claims bought	175,740	175,740	-
(iv) Money trusts	1,717,804	1,717,804	-
(v) Securities:			
Trading securities	2,900,644	2,900,644	-
Held-to-maturity securities	1,218,781	1,400,491	181,710
Debt securities earmarked for underwriting reserves	2,295,541	2,367,903	72,362
Investments in associates	78,742	156,628	77,886
Available-for-sale securities	9,828,797	9,828,797	-
(vi) Loans	960,174		
Bad debt reserve (*1)	(73)		
	960,101	987,893	27,792
Total assets	21,235,942	21,596,460	360,517
Bonds issued	809,093	818,950	9,857
Total liabilities	809,093	818,950	9,857
Derivative transactions (*2):			
Hedge accounting not applied	12,705	12,705	-
Hedge accounting applied	(25,330)	(25,330)	-
Total derivative transactions	(12,624)	(12,624)	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

(Note 1) Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without fixed maturities and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled within a short period.

(iii) Monetary claims bought

With regard to commercial papers ("CP"), the price quoted by counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled within a short period. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Securities

The fair value of equity securities is determined based on the quoted market price, while the fair value of bonds is determined based on the price quoted by exchanges, independent price venders or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association or prices quoted by counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, prices quoted by counterparty financial institutions, etc.

(Note 2) The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in "(v) Securities" above, are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	288,728	205,970
Other unlisted stocks	90,625	91,576
Unlisted investment trusts	72,750	88,791
Unlisted convertible bonds	-	39,608
Partnership investments comprising unlisted stocks	38,338	45,130
Total	490,442	471,077

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability and difficulties in reasonably estimating future cash flows.

Notes to Consolidated Balance Sheets (Continued)

(Note 3) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2020

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	1,814,338	22,942	-	700
Receivables under resale agreements	407,722	-	-	-
Monetary claims bought	142,299	-	1,350	15,958
Securities:				
Held-to-maturity securities				
Government bonds	-	28,100	121,400	805,300
Corporate bonds	2,300	23,502	9,600	81,300
Foreign securities	-	1,145	750	2,093
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	862,500
Municipal bonds	-	400	-	6,600
Corporate bonds	400	9,421	1,750	110,100
Foreign securities	6,182	493,344	792,960	74,099
Available-for-sale securities with fixed maturities				
Government bonds	91,590	480,290	316,490	891,214
Municipal bonds	12,443	45,878	117,962	101,541
Corporate bonds	168,308	719,422	328,660	107,144
Foreign securities	134,510	738,015	663,334	242,649
Loans (*)	102,182	353,035	264,950	100,410
Total	2,882,278	2,915,498	2,619,209	3,401,612

(*) The amounts in the above table do not include ¥297 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥71,721 million of loans without fixed maturities.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2021

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,026,524	28,335	-	850
Receivables under resale agreements	1,999	-	-	-
Monetary claims bought	159,509	-	1,287	14,121
Securities:				
Held-to-maturity securities				
Government bonds	-	59,400	109,600	900,200
Corporate bonds	-	23,502	9,600	81,300
Foreign securities	-	1,073	703	1,961
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,308,000
Municipal bonds	400	-	-	6,200
Corporate bonds	3,900	4,200	5,250	102,900
Foreign securities	10,026	398,953	363,368	62,280
Available-for-sale securities with fixed maturities				
Government bonds	56,750	463,220	283,750	940,584
Municipal bonds	7,388	50,945	106,907	84,648
Corporate bonds	138,328	659,319	340,765	137,973
Foreign securities	145,823	869,584	848,274	298,601
Loans (*)	101,379	509,835	185,220	97,674
Total	2,652,030	3,068,368	2,254,726	4,037,294

(*) The amounts in the above table do not include ¥202 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥66,054 million of loans without fixed maturities.

Notes to Consolidated Balance Sheets (Continued)

(Note 4) Maturity analysis of bonds issued

March 31, 2020

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	-	22,000	-	100,000	586,191
Total	-	-	22,000	-	100,000	586,191

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

March 31, 2021

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	22,000	-	100,000	-	586,191
Total	-	22,000	-	100,000	-	586,191

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

11. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2020	March 31, 2021
Carrying amount	74,981	77,113
Fair value	138,674	141,853

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

12. Business combination

For the year ended March 31, 2020

(1) Transaction under common control
(Transfer of third sector long-term contracts)

Based on the Agreement on Reorganization by Function concluded on September 27, 2013 between the Company and its consolidated subsidiaries, Mitsui Sumitomo Insurance Company, Limited ("MSI"), Aioi Nissay Dowa Insurance Company, Limited ("ADI") and Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL"), MSI and MSAL as well as ADI and MSAL concluded the Absorption-type Company Split Agreement on June 28, 2018 and completed the Simple Absorption-type Company Split on April 1, 2019. The purpose of the agreement is to transfer the long-term contracts of the third sector insurance market held by MSI and ADI to MSAL.

(i) Overview of the transaction

(a) Name and description of the subject business

Business related to the long-term contracts of the third sector insurance market held by MSI and ADI

(b) Date of business combination

April 1, 2019

(c) Legal form of business combination

Simple absorption-type company split where MSI and ADI are designated as the splitting companies and MSAL as the successor company

(d) Acquiring company name after the business combination

Mitsui Sumitomo Aioi Life Insurance Company, Limited

(e) Other items regarding overview of the transaction

By centralizing the product supply function in MSAL, the Group aims to realize efficient operations through further improvement of level of customer support and concentration of management resources, demonstrate the Group's comprehensive strength, and enhance customer satisfaction, its ability to grow and generate profits.

(ii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

(2) Business combination through acquisition

Mitsui Sumitomo Insurance Company, Limited ("MSI"), a consolidated subsidiary of the Company, acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary.

(i) Overview of the transaction

(a) Name and description of business of the acquired company

Name: PT. Asuransi Jiwa Sinarmas MSIG Tbk
Description of business: Life insurance business

(b) Main reasons for business combination

Indonesia's life insurance market is expected to grow further in the future therefore the Company acknowledges Sinarmas as a strategic business base and intends to expand its business in cooperation with the Sinarmas Group, a strategic partner as well as a shareholder of Sinarmas.

(c) Date of business combination

July 8, 2019 (deemed acquisition date: July 1, 2019)

(d) Legal form of business combination

Acquisition of shares

(e) Company name after the business combination

PT. Asuransi Jiwa Sinarmas MSIG Tbk

(f) Ratio of acquired voting rights

Ratio of voting rights owned by MSI immediately before the acquisition: 50%
Ratio of voting rights
acquired additionally by MSI on the date of business combination: 30%
Ratio of voting rights after the acquisition: 80%

(g) Grounds for deciding on the acquiring company

As a result of the acquisition of additional shares, MSI has gained substantial control of the acquired company.

(ii) Period of the acquired company's financial result included in the consolidated financial statements of the Company

The fiscal year end of the acquired company is December 31, which is different from that

of the Company. The Company uses the financial statements as of the acquired company's latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end. Financial results from January 1, 2019 to June 30, 2019 were recorded as gains on equity method investments.

(iii) Acquisition cost and consideration of the acquired company

Fair value on the date of business combination of shares held by MSI immediately before the business combination	6.3 trillion rupiah
Consideration (Cash) for shares additionally acquired by MSI	3.8 trillion rupiah
Acquisition cost	10.1 trillion rupiah

(iv) Difference between acquisition cost and aggregate acquisition cost of transactions

Gains on step acquisitions ¥6,587 million

(v) Amount of goodwill, reason for recognizing goodwill, amortization method and the period

(a) Amount of goodwill

3.2 trillion rupiah

(b) Reason for recognizing goodwill

The amount of investments under the Share Acquisition Agreement exceeded the net amount of assets acquired and liabilities assumed.

(c) Amortization method and the period

Amortized on a straight-line basis over 15 years

(vi) Amount of assets acquired and liabilities assumed, together with major components, on the date of the business combination

unit : trillion rupiah

Total assets	17.3
(Securities	11.8)
(Intangible fixed assets	2.1)
Total liabilities	8.7
(Policy liabilities	7.2)

(3) Transaction under common control

(Reorganization of international business)

On January 1, 2020, Mitsui Sumitomo Insurance Company, Limited ("MSI"), a consolidated

subsidiary of the Company, reorganized its international business ("international business reorganization") and transformed to a structure whereby international subsidiaries are placed under MSI's direct management, along with the termination of the regional holding company framework.

(i) Overview of international business reorganization

MSI designates 15 overseas subsidiaries as directly owned subsidiaries by acquiring subsidiaries' shares held by the regional holding companies through in-kind dividends. MSI completed the acquisition of shares of 9 companies for the year ended March 31, 2020 and plans to acquire shares of remaining 6 companies in the following years, subject to approval by relevant authorities.

Major subsidiaries for which MSI completed the acquisition are as follows:

Name of company acquired	Description of business	Date of acquisition
MS Amlin Corporate Member Limited	Non-life insurance business	January 1, 2020
MS Amlin AG	Non-life insurance business	January 1, 2020
MS Amlin Insurance SE	Non-life insurance business	January 1, 2020
MSIG Insurance (Singapore) Pte. Ltd.	Non-life insurance business	February 28, 2020

(ii) Purpose of international business reorganization

The purpose of the reorganization is to establish a system to further utilize skills and networks each group company has across regions and to accelerate decision-making speed for speedy business operations so that the Company can build future growth base and robust governance system as called for in the Medium-term Business Plan "Vision 2021" in light of environmental changes and challenges surrounding the international business.

(iii) Overview of the accounting treatment applied

The Company applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the treatment of transaction under common control.

Notes to Consolidated Balance Sheets (Continued)

13. The amounts of net assets per share are as follows:

	March 31, 2020	March 31, 2021
Net assets per share (in ¥)	4,308.37	5,525.42
Stock acquisition rights deducted from net assets (in ¥ million)	1,206	1,019
Non-controlling interests deducted from net assets (in ¥ million)	41,161	41,288
Outstanding common shares (in thousands)	569,047	558,210

Notes to Consolidated Statements of Income

For the years ended March 31, 2020 and March 31, 2021

1. Life insurance premiums are presented at an amount of insurance premiums revenue less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid.

   For the year ended March 31, 2021, the total of surrender benefits and ceding reinsurance premiums paid exceeded insurance premiums revenue and this account was presented in a negative amount.

2. The amounts of gains/(losses) on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income/(expenses), are as follows:

(in ¥ million)

For the year ended March 31, 2020	For the year ended March 31, 2021
(56)	800

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2020	For the year ended March 31, 2021
(320,697)	395,788

4. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Commission expenses	699,841	697,860
Salaries	306,163	302,091

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

5. Losses on equity method investments

For the year ended March 31, 2020

Losses on equity method investments includes ¥36,629 million of accelerated amortization of goodwill associated with Challenger Limited which was recorded in accordance with the provisions set forth in Paragraph 9 of "Practical Guidelines on Accounting Standards for Equity Method" (JICPA Accounting Practice Committee Statement No. 9) and Paragraph 32 of "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (JICPA Accounting Practice Committee Statement No. 7).

6. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2020

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Ibaraki	0	Buildings	0
Idle real estate and real estate for sale and others	Land and buildings	16 properties, including an office building in Kagawa	598	Land Buildings	66 531
Others	Software	Software related to the insurance business held by overseas consolidated subsidiaries	1,059	Software	1,059
—	Goodwill, other intangible fixed assets, etc.	Lloyd's business conducted by MS Amlin plc through the affiliated company	159,233	Buildings Lease assets Other tangible fixed assets Software Goodwill Other intangible fixed assets	1,249 2,273 2,593 8,096 75,320 69,699
—	Goodwill, other intangible fixed assets, etc.	European direct insurance business conducted by MS Amlin plc through the affiliated company	12,720	Other tangible fixed assets Software Goodwill Other intangible fixed assets	136 862 2,202 9,517

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

As the investment properties, idle real estate and assets for sale in the above table were to be disposed in the near future or their demolition has been determined, the carrying amounts of the assets were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value or value in use. The net sales value is determined based on the appraisal value provided by qualified appraisers or the assessment of inheritance tax using roadside land prices while value in use is determined as zero.

For software related to the insurance business held by overseas consolidated subsidiaries, impairment loss is recognized for the portion where the effects of decrease in expense in future are no longer assured due to the revision of software development plans and other reasons.

Non-life insurance business conducted by MS Amlin plc through affiliated companies had been treated as one asset group, however along with the elimination of regional holding company and the transformation to a structure under MSI's direct management, the Lloyd's business, the European direct insurance business, and the reinsurance business were treated as individual asset groups.

As the Lloyd's business and the European direct insurance business were less profitable than expected when acquired, carrying amounts of goodwill and other intangible fixed assets were reduced to their recoverable amounts and the reduced amounts were recognized as impairment losses on fixed assets under Extraordinary losses. The recoverable amounts were measured at net sales value for buildings and lease assets, and measured at value in use of zero for other assets. The net asset value was determined based on the appraisal value provided by qualified appraisers.

MS Amlin plc changed its trade name to MS Amlin Limited as at December 3, 2019.

For the year ended March 31, 2021

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	3 properties, including a building for rent in Ibaraki	121	Buildings	121
Idle real estate and real estate for sale and others	Land and buildings	14 properties, including a training center in Kanagawa	1,828	Land Buildings	1,263 565

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

7. Details of Other extraordinary income are as follows:

For the year ended March 31, 2020

Other extraordinary income represents reversal of reserve for reorganization by function.

8. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2020

Other extraordinary losses represent expenses related to reorganization of international business.

For the year ended March 31, 2021

Other extraordinary losses represent expenses related to additional retirement benefits due to the personnel reduction at overseas consolidated subsidiaries.

9. Total Income taxes

For the year ended March 31, 2020

MSI has decided to dispose of shares in MS Amlin plc after acquiring subsidiaries' shares held by MS Amlin plc and MSIG Holdings(Asia) Pte. Ltd. through in-kind dividends, and a part of the acquisitions has been completed.

As a result, income taxes decreased by ¥166,737 million due to the decrease in taxable income and recognition of deferred tax assets for deductible temporary differences arising on investments in subsidiaries.

10. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Basic net income/(loss) attributable to owners of the parent per share (in ¥)	248.36	255.79
Diluted net income/(loss) attributable to owners of the parent per share (in ¥)	248.22	255.65

(Note)
The basis of calculation is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Net income/(loss) attributable to owners of the parent (in ¥ million)	143,030	144,398
Average outstanding common stock during the year (in thousands of shares)	575,887	564,504
Increase in number of common stock used for calculation of diluted net income/(loss) attributable to owners of the parent (in thousands of shares)	313	313

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and March 31, 2021

1. Reclassification adjustments and income tax effects of other comprehensive income/(loss)

	2020	2021
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(358,657)	986,229
Reclassification adjustments	(63,100)	(97,555)
Before income tax effect adjustments	(421,757)	888,674
Income tax effects	122,815	(246,828)
Net unrealized gains/(losses) on securities	(298,942)	641,845
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	18,271	(12,354)
Reclassification adjustments	(9,688)	(10,238)
Before income tax effect adjustments	8,582	(22,593)
Income tax effects	(2,481)	6,408
Net deferred gains/(losses) on hedges	6,101	(16,184)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	3,001	(47,613)
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(17,792)	17,684
Reclassification adjustments	(1,389)	910
Before income tax effect adjustments	(19,182)	18,594
Income tax effects	5,444	(5,374)
Actuarial gains/(losses) on retirement benefits	(13,737)	13,220
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(3,530)	17,118
Reclassification adjustments	4,252	(2,119)
Share of other comprehensive income/(loss) of equity method investments	721	14,998
Total other comprehensive income/(loss)	(302,855)	606,267

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2020 and March 31, 2021

For the year ended March 31, 2020

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending Balance
Issued stock:				
Common stock	593,291	-	-	593,291
Total	593,291	-	-	593,291
Treasury stock:				
Common stock	9,580	14,701	37	24,244
Total	9,580	14,701	37	24,244

(Notes)

1. The increase in the number of treasury common stock during the year was 14,701 thousand shares, as a result of open market repurchases of 14,688 thousand shares and repurchases of 13 thousand fractional shares.
2. The decrease in the number of treasury common stock during the year was 37 thousand shares, which is due to exercise of stock acquisition rights of 36 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	1,206
Total		1,206

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 24, 2019	Common stock	40,859	70	March 31, 2019	June 25, 2019
Board meeting held on November 19, 2019	Common stock	43,092	75	September 30, 2019	December 4, 2019

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2020 for which the date of record is in the year ended March 31, 2020

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting held on June 25, 2020	Common stock	42,678	Retained earnings	75	March 31, 2020	June 26, 2020

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

Notes to Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2021

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,291	181	-	593,473
Total	593,291	181	-	593,473
Treasury stock:				
Common stock	24,244	11,076	58	35,263
Total	24,244	11,076	58	35,263

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 181 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The increase in the number of treasury common stock during the year was 11,076 thousand shares, as a result of open market repurchases of 11,064 thousand shares and repurchases of 12 thousand fractional shares.
3. The decrease in the number of treasury common stock during the year was 58 thousand shares, which is due to exercise of stock acquisition rights of 57 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	1,019
Total		1,019

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 25, 2020	Common stock	42,678	75	March 31, 2020	June 26, 2020
Board meeting held on November 19, 2020	Common stock	42,338	75	September 30, 2020	December 7, 2020

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2021 for which the date of record is in the year ended March 31, 2021

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 28, 2021	Common stock	44,656	Retained earnings	80	March 31, 2021	June 29, 2021

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and March 31, 2021

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	2020	2021
Cash, deposits and savings	1,846,225	2,057,789
Receivables under resale agreements	407,722	1,999
Monetary claims bought	160,091	175,740
Securities	15,494,580	16,793,584
Time deposits exceeding three months and deposits pledged as collateral	(202,120)	(206,668)
Monetary claims bought other than cash equivalents	(52,132)	(68,790)
Securities other than cash equivalents	(15,455,687)	(16,759,220)
Cash and cash equivalents	2,198,680	1,994,434

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2020

Mitsui Sumitomo Insurance Company, Limited, a consolidated subsidiary of the Company, acquired additional shares of PT. Asuransi Jiwa Sinarmas MSIG Tbk ("Sinarmas"), an equity method affiliate of the Company. As a result of this transaction, Sinarmas became a consolidated subsidiary of the Company. The following summarizes the recognized amount of assets acquired and liabilities assumed, and the relationship between the acquisition cost of shares and the expenditure for the acquisition (net) at the acquisition date:

	(in ¥ million)
Securities	91,036
Intangible fixed assets	16,623
Other assets	25,657
	133,316
Goodwill	25,370
Policy liabilities	(55,916)
Other liabilities	(11,285)
Total liabilities	(67,201)
Foreign currency translation adjustments	(962)
Non-controlling interests	(13,222)
Investments accounted for using the equity method prior to the acquisition of shares	(41,725)
Gains on step acquisitions	(6,587)
Acquisition cost of Sinarmas' shares	28,987
Less: Cash and cash equivalents held at Sinarmas	19,272
Net consideration paid for acquisition of Sinarmas	9,715

3. Cash flows from investing activities include those from investments made as part of the insurance business.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Consolidated Financial Statements
For the years ended March 31, 2021 and March 31, 2022

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2021 and 2022, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2022, outstanding claims of ¥2,467,600 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts of its consolidated subsidiaries held under the domestic non-life insurance business operated by Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI"), under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG").	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, ADI, AUL and AAG. In this

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As described in Note 7, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses.

The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, and the consideration of whether calibration of data used for the estimate were necessary, as well as the selection of methods to apply calibration all required a high degree of professional judgment by management.

Furthermore, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in recent years, COVID-19 continues to spread globally, and prices have been rising.
We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.

assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

(2) Assessment of the reasonableness of the estimated ultimate losses

The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following:

- We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results;
- We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information;
- For MSI, ADI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events;
- For MSI, ADI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years; and

	● For AUL and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses due to COVID-19 considering the historical experiences up to the time of estimate, insurance contract terms and conditions, and legal judgments on their responsibility for claim payments.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2022, goodwill of ¥124,946 million was recognized. In addition, the amount representing goodwill of ¥41,067 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. An indication of impairment was identified in the current period for AAG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of AAG (consisting of tangible fixed assets of ¥1,028 million, goodwill of ¥3,769 million, and intangible fixed assets (excluding goodwill) of ¥41,635 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired and an impairment loss should be recognized. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment, as well as controls designed to prevent and/or detect the use of inappropriate assumptions in developing the business plans, which formed the basis for estimating undiscounted future cash flows. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment and an impairment loss should be recognized** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether

that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. In addition, the Group estimates the sum of the undiscounted future cash flows used to determine whether an impairment loss should be recognized based on the relevant business plans, which reflect management's expectation of the future prospects considering past actual results. The assumptions on premium income and the loss ratio underlying the business plans, in particular, involve a high degree of uncertainty as well as significant management judgment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment. In order to assess the appropriateness of management judgment as to whether an impairment loss should be recognized, we performed the following procedures, among others, particularly to assess the appropriateness of key assumptions adopted by management in developing the business plans, which formed the basis for estimating undiscounted future cash flows: ● We evaluated whether the assumptions on premium income and the loss ratio were appropriately developed considering past actual results, objective outlook of the economic environment, and the Group's management policies, by comparing them with available external information, inquiring of management, and inspecting the materials of relevant meetings; ● We assessed the reasonableness of the estimates of premium income and the loss ratio through comparison with past actual results; and ● We independently estimated undiscounted future cash flows, by reflecting a certain level of stress into the business plans considering our analysis of the achievement of the past business plans, and then assessed the effect of our own estimate on the determination as to whether an impairment loss should be recognized.

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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in

accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Significant Accounting Policies in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 27, 2022

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

	2021	2022	2022
	(in ¥ million)		(in US$ million)
Assets			
Assets			
Cash, deposits and savings	¥ 2,057,789	2,357,036	$ 19,320
Receivables under resale agreements	1,999	-	-
Monetary claims bought	175,740	146,489	1,201
Money trusts	1,717,804	2,039,135	16,714
Securities	16,793,584	16,959,321	139,011
Loans	960,174	985,242	8,076
Tangible fixed assets:	494,818	487,691	3,997
Land	228,230	227,757	1,867
Buildings	195,825	197,084	1,615
Lease assets	27,531	24,153	198
Construction in progress	6,598	3,895	32
Other tangible fixed assets	36,631	34,800	285
Intangible fixed assets:	431,929	443,159	3,632
Software	127,921	154,047	1,263
Goodwill	122,617	124,946	1,024
Lease assets	217	164	1
Other intangible fixed assets	181,172	163,999	1,344
Other assets	1,436,401	1,529,465	12,537
Assets for retirement benefits	26,768	30,265	248
Deferred tax assets	30,549	40,653	333
Customers' liabilities under acceptances and guarantees	28,500	23,000	189
Bad debt reserve	(13,498)	(7,614)	(62)
Total assets	¥ 24,142,562	25,033,846	$ 205,195

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2021	2022	2022
	(in ¥ million)		(in US$ million)
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥ 18,107,028	18,608,139	$ 152,526
Outstanding claims	2,256,900	2,467,600	20,226
Underwriting reserves	15,850,128	16,140,539	132,300
Bonds issued	809,093	782,902	6,417
Other liabilities	1,602,349	1,837,250	15,059
Liabilities for pension and retirement benefits	160,828	137,710	1,129
Reserve for retirement benefits for officers	241	176	1
Accrued bonuses for employees	28,256	30,006	246
Reserves under the special laws:	244,975	266,381	2,183
Reserve for price fluctuation	244,975	266,381	2,183
Deferred tax liabilities	34,630	45,528	373
Acceptances and guarantees	28,500	23,000	189
Total liabilities	21,015,905	21,731,096	178,124
Net Assets			
Shareholders' equity:			
Common stock	100,276	100,534	824
Capital surplus	553,428	553,680	4,538
Retained earnings	1,078,850	1,251,280	10,256
Treasury stock	(119,267)	(159,850)	(1,310)
Total shareholders' equity	1,613,287	1,745,644	14,309
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on securities	1,630,325	1,565,167	12,829
Net deferred gains/(losses) on hedges	14,997	(998)	(8)
Foreign currency translation adjustments	(178,080)	(52,492)	(430)
Accumulated actuarial gains/(losses) on retirement benefits	3,819	1,566	13
Total accumulated other comprehensive income	1,471,062	1,513,242	12,404
Stock acquisition rights	1,019	762	6
Non-controlling interests	41,288	43,099	353
Total net assets	3,126,657	3,302,749	27,072
Total liabilities and net assets	¥ 24,142,562	25,033,846	$ 205,195

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2021 and March 31, 2022

	2021	2022	2022
	(in ¥ million)		(in US$ million)
Ordinary income and expenses			
Ordinary income:	¥ 4,892,244	5,132,042	$ 42,066
Underwriting income:	3,425,364	4,239,589	34,751
Net premiums written	3,500,996	3,609,052	29,582
Deposit premiums from policyholders	72,635	52,185	428
Investment income on deposit premiums from policyholders	36,384	35,631	292
Life insurance premiums	(202,321)	520,037	4,263
Other underwriting income	17,669	22,682	186
Investment income:	1,450,793	858,664	7,038
Interest and dividends income	293,587	302,615	2,480
Investment gains on money trusts	212,824	170,905	1,401
Investment gains on trading securities	35,605	31,346	257
Gains on sales of securities	233,371	145,320	1,191
Gains on redemption of securities	2,567	5,526	45
Investment gains on separate accounts	311,765	58,239	477
Other investment income	397,456	180,341	1,478
Transfer of investment income on deposit premiums from policyholders	(36,384)	(35,631)	(292)
Other ordinary income:	16,085	33,788	277
Gains on equity method investments	-	16,711	137
Other ordinary income	16,085	17,076	140
Ordinary expenses:	4,585,719	4,741,543	38,865
Underwriting expenses:	3,800,437	3,915,377	32,093
Net claims paid	1,902,248	1,946,975	15,959
Loss adjustment expenses	188,784	198,925	1,631
Commissions and collection expenses	735,307	725,349	5,945
Maturity refunds to policyholders	221,162	180,991	1,484
Dividends to policyholders	73	58	0
Life insurance claims	405,474	471,410	3,864
Provision for outstanding claims	133,130	127,190	1,043
Provision for underwriting reserves	208,901	259,922	2,131
Other underwriting expenses	5,353	4,554	37
Investment expenses:	69,695	108,908	893
Investment losses on money trusts	9	14,206	116
Losses on sales of securities	8,096	17,708	145
Impairment losses on securities	7,100	36,254	297
Losses on redemption of securities	738	240	2
Losses on derivative transactions	46,838	28,062	230
Other investment expenses	6,911	12,435	102

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

	2021	2022	2022
	(in ¥ million)		(in US$ million)
Operating expenses and general and administrative expenses	¥ 688,576	696,390	$ 5,708
Other ordinary expenses:	27,010	20,866	171
Interest expense	14,599	15,482	127
Provision for bad debt reserve	1,474	-	-
Losses on bad debts	137	137	1
Losses on equity method investments	6,601	-	-
Other ordinary expenses	4,197	5,247	43
Ordinary profit	306,524	390,499	3,201
Extraordinary income and losses			
Extraordinary income:	15,920	14,990	123
Gains on sales of fixed assets	7,717	14,990	123
Gains on change in equity interests	89	-	-
Reversal of reserve for losses on sales of shares of associates	8,113	-	-
Extraordinary losses:	120,717	35,462	291
Losses on sales of fixed assets	6,071	6,296	52
Impairment losses on fixed assets	1,949	2,684	22
Provision for reserves under the special laws:	107,575	21,405	175
Provision for reserve for price fluctuation	107,575	21,405	175
Losses on accelerated depreciation of tangible fixed assets	3	-	-
Losses on change in equity interests	1,685	-	-
Other extraordinary losses	3,432	5,076	42
Income before income taxes	201,727	370,027	3,033
Income taxes – current	93,223	72,024	590
Income taxes – deferred	(39,167)	32,054	263
Total income taxes	54,056	104,078	853
Net income	147,670	265,948	2,180
Net income attributable to non-controlling interests	3,272	3,149	26
Net income attributable to owners of the parent	¥ 144,398	262,799	$ 2,154

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2021 and March 31, 2022

		2021	2022		2022
		(in ¥ million)			(in US$ million)
Net income	¥	147,670	265,948	$	2,180
Other comprehensive income:					
Net unrealized gains/(losses) on securities		641,845	(62,428)		(512)
Net deferred gains/(losses) on hedges		(16,184)	(15,409)		(126)
Foreign currency translation adjustments		(47,613)	109,422		897
Actuarial gains/(losses) on retirement benefits		13,220	(2,261)		(19)
Share of other comprehensive income/(loss) of equity method investments		14,998	15,199		125
Total other comprehensive income		606,267	44,521		365
Total comprehensive income	¥	753,938	310,470	$	2,545
Allocation:					
Comprehensive income attributable to owners of the parent	¥	751,990	304,979	$	2,500
Comprehensive income attributable to non-controlling interests		1,947	5,490		45

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2021 and March 31, 2022

For the year ended March 31, 2021

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,000	553,163	1,019,468	(84,432)	1,588,199
Changes for the year:					
Issuance of new stock	276	276			552
Dividends paid			(85,017)		(85,017)
Net income attributable to owners of the parent			144,398		144,398
Repurchase of treasury stock				(35,036)	(35,036)
Disposal of treasury stock		(11)		201	189
Net changes of items other than shareholders' equity					
Total changes for the year	276	264	59,381	(34,835)	25,087
Ending balance	¥ 100,276	553,428	1,078,850	(119,267)	1,613,287

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥ 982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038
Changes for the year:								
Issuance of new stock								552
Dividends paid								(85,017)
Net income attributable to owners of the parent								144,398
Repurchase of treasury stock								(35,036)
Disposal of treasury stock								189
Net changes of items other than shareholders' equity	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	607,530
Total changes for the year	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	632,618
Ending balance	¥ 1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2022

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,276	553,428	1,078,850	(119,267)	1,613,287
Changes for the year:					
Issuance of new stock	258	258			516
Dividends paid			(90,369)		(90,369)
Net income attributable to owners of the parent			262,799		262,799
Repurchase of treasury stock				(40,847)	(40,847)
Disposal of treasury stock		(6)		264	258
Net changes of items other than shareholders' equity					
Total changes for the year	258	252	172,430	(40,582)	132,357
Ending balance	¥ 100,534	553,680	1,251,280	(159,850)	1,745,644

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥ 1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657
Changes for the year:								
Issuance of new stock								516
Dividends paid								(90,369)
Net income attributable to owners of the parent								262,799
Repurchase of treasury stock								(40,847)
Disposal of treasury stock								258
Net changes of items other than shareholders' equity	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	43,734
Total changes for the year	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	176,092
Ending balance	¥ 1,565,167	(998)	(52,492)	1,566	1,513,242	762	43,099	3,302,749

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2022

(in US$ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$ 822	4,536	8,843	(978)	13,224
Changes for the year:					
Issuance of new stock	2	2			4
Dividends paid			(741)		(741)
Net income attributable to owners of the parent			2,154		2,154
Repurchase of treasury stock				(335)	(335)
Disposal of treasury stock		(0)		2	2
Net changes of items other than shareholders' equity					
Total changes for the year	2	2	1,413	(333)	1,085
Ending balance	$ 824	4,538	10,256	(1,310)	14,309

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	$ 13,363	123	(1,460)	31	12,058	8	338	25,628
Changes for the year:								
Issuance of new stock								4
Dividends paid								(741)
Net income attributable to owners of the parent								2,154
Repurchase of treasury stock								(335)
Disposal of treasury stock								2
Net changes of items other than shareholders' equity	(534)	(131)	1,029	(18)	346	(2)	15	358
Total changes for the year	(534)	(131)	1,029	(18)	346	(2)	15	1,443
Ending balance	$ 12,829	(8)	(430)	13	12,404	6	353	27,072

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2021 and March 31, 2022

	2021	2022	2022
	(in ¥ million)		(in US$ million)
I. Cash flows from operating activities:			
Income before income taxes	¥ 201,727	370,027	$ 3,033
Adjustments for:			
Depreciation	72,348	84,806	695
Impairment losses on fixed assets	1,949	2,684	22
Amortization of goodwill	11,712	12,305	101
Increase/(decrease) in outstanding claims	123,275	126,516	1,037
Increase/(decrease) in underwriting reserves	201,047	249,527	2,045
Increase/(decrease) in bad debt reserve	1,202	(6,426)	(53)
Increase/(decrease) in reserve for retirement benefits for officers	(84)	(64)	(1)
Increase/(decrease) in accrued bonuses for employees	115	960	8
Increase/(decrease) in reserve for losses on sales of shares of associates	(13,143)	-	-
Increase/(decrease) in liabilities for pension and retirement benefits	(3,475)	(26,016)	(213)
Increase/(decrease) in reserve for price fluctuation	107,575	21,405	175
Interest and dividends income	(293,587)	(302,615)	(2,480)
Losses/(gains) on money trusts	(212,815)	(156,698)	(1,284)
Losses/(gains) on securities	(255,609)	(127,990)	(1,049)
Losses/(gains) on derivative transactions	46,838	28,062	230
Investment losses/(gains) on separate accounts	(311,765)	(58,239)	(477)
Interest expense	14,599	15,482	127
Foreign exchange losses/(gains)	(393,298)	(166,796)	(1,367)
Losses/(gains) on disposal of tangible fixed assets	(3,949)	(11,977)	(98)
Losses /(gains) on equity method investments	6,601	(16,711)	(137)
Losses/(gains) on change in equity interests	1,595	-	-
Decrease/(increase) in other assets	52,791	(39,250)	(322)
Increase/(decrease) in other liabilities	(6,415)	(11,216)	(92)
Other, net	(22,378)	(26,820)	(220)
Subtotal	(673,140)	(39,047)	(320)
Interest and dividends received	394,404	400,993	3,287
Interest paid	(14,566)	(15,768)	(129)
Income taxes refunded/(paid)	(30,609)	(109,469)	(897)
Net cash provided by/(used in) operating activities (a)	(323,912)	236,708	1,940

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2021	2022	2022
	(in ¥ million)		(in US$ million)
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥ (4,198)	6,289	$ 52
Purchase of monetary claims bought	(19,828)	-	-
Proceeds from sales and redemption of monetary claims bought	2,127	10,577	87
Purchase of money trusts	(380,662)	(513,061)	(4,205)
Proceeds from sales of money trusts	553,405	292,136	2,395
Purchase of securities	(4,423,413)	(3,688,774)	(30,236)
Proceeds from sales and redemption of securities	4,759,491	3,915,082	32,091
Investment in loans	(213,370)	(196,039)	(1,607)
Collection of loans	197,834	195,900	1,606
Net increase/(decrease) in payables under repurchase agreements	(412,965)	-	-
Net increase/(decrease) in payables under securities lending transactions	76,465	23,151	190
Other, net	(8,842)	(45,671)	(374)
Subtotal (b)	126,042	(409)	(3)
(a + b)	(197,869)	236,298	1,937
Acquisition of tangible fixed assets	(33,696)	(28,130)	(231)
Proceeds from sales of tangible fixed assets	10,954	20,594	169
Acquisition of intangible fixed assets	(57,407)	(53,020)	(435)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	-	(10,101)	(83)
Other, net	(1,967)	(908)	(7)
Net cash provided by/(used in) investing activities	43,925	(71,976)	(590)

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2021	2022	2022
	(in ¥ million)		(in US$ million)
III. Cash flows from financing activities:			
Issuance of bonds	99,321	149,684	1,227
Redemption of bonds	(100,000)	(176,191)	(1,444)
Net increase/(decrease) in payables under repurchase agreements	110,343	116,998	959
Net increase/(decrease) in payables under securities lending transactions	103,510	110,259	904
Repurchase of treasury stock	(35,036)	(40,847)	(335)
Dividends paid to shareholders	(84,928)	(90,264)	(740)
Dividends paid to non-controlling interests	(1,829)	(3,708)	(30)
Other, net	(12,102)	(7,385)	(61)
Net cash provided by/(used in) financing activities	79,278	58,545	480
IV. Effect of exchange rate changes on cash and cash equivalents	(3,537)	38,504	316
V. Net increase/(decrease) in cash and cash equivalents	(204,245)	261,781	2,146
VI. Cash and cash equivalents at beginning of year	2,198,680	1,994,434	16,348
VII. Cash and cash equivalents at end of year	¥ 1,994,434	2,256,216	$ 18,494

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2021 and March 31, 2022

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2022 have been translated into US dollar at the rate of ¥122=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2022. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

89 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE

MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Little Family SS Insurance Co., Ltd. and seven other companies have been included in the scope of consolidation since the year ended March 31, 2022 as they have become the Company's subsidiaries due to the start of business and other reasons.

Old Company 17 Ltd and two other companies ceased to be subsidiaries due to the sale of shares. As a result, these companies have been excluded from the scope of consolidation since the year ended March 31, 2022.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.
MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

12 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Changes in scope of application of the equity method

As PT. Auto Management Services and one other company ceased to be associates due to the completion of liquidation and other reasons, these companies have been excluded from the scope of application of the equity method since the year ended March 31, 2022.

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Reiwa Insurance Company, Ltd.), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 81 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry” (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

(v) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(8) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign

exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(9) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (ASBJ Practical Issues Task Force (“PITF”) No. 18 revised on June 28, 2019).

(10) Application of consolidated tax return filing system

The Company and certain domestic consolidated subsidiaries have applied the consolidated tax return filing system.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2021 and March 31, 2022

In the consolidated balance sheet of the Company as of March 31, 2021 and March 31, 2022, goodwill of ¥122,617 million and ¥124,946 million were recognized, respectively. In addition, goodwill of ¥43,303 million and ¥41,067 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥1,028 million, goodwill of ¥3,769 million, and intangible fixed assets (excluding goodwill) of ¥41,635 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2021 and March 31, 2022

In the consolidated balance sheet of the Company as of March 31, 2021 and March 31, 2022, outstanding claims of ¥2,256,900 million and ¥2,467,600 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations. For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their current estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Specifically, uncertainty over the estimate of outstanding claims has been increasing, as natural disasters have become more severe and frequent both within and outside Japan in the recent years, COVID-19 continues to spread globally, and prices have been rising.

Significant Accounting Policies (Continued)

8. Change in accounting policy

(Application of "Accounting Standard for Fair Value Measurement" and Others)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement," Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement," the Group has applied new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 10 "Information on financial instruments" of Notes to Consolidated Balance Sheets. However, in these notes, in accordance with transitional measures set forth in Article 5, Paragraph 2 of Supplementary Provision of "Cabinet Office Ordinance for Partial Revision of Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 9, March 6, 2020), the details related to the year ended March 31, 2021 are not included in these notes.

9. Change in presentation

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Group has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the year ended March 31, 2021 and notes related to significant accounting estimates are included in the consolidated financial statements.

10. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

11. Additional information

(Performance-Based Share Compensation Plan)

Certain overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, "the Plan") for employees and officers subject to certain conditions.

Significant Accounting Policies (Continued)

(i) Overview of the transaction

The Plan is a scheme to determine the number of shares to be granted based on the average performance during a certain period, and to deliver the Company's shares or pay the cash equivalent to the Company's shares converted at fair value.
To prepare for future deliveries under the Plan, a trust set up using the cash contributed by subsidiaries that implemented the Plan acquired the Company's shares from the stock market.

(ii) Shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net assets section at the carrying amount in the trust (excluding incidental expenses). The carrying amount and the number of shares of this treasury stock at the end of the year ended March 31, 2022 stood at ¥799 million and 213 thousand, respectively.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Accumulated depreciation	399,742	415,853
Accelerated depreciation	13,431	12,162

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2021 and March 31, 2022 were ¥13,431 million and ¥12,162 million, respectively.

Accelerated depreciation deducted from the original acquisition cost due to receipts of governmental subsidies during the years ended March 31, 2021 and March 31, 2022 were ¥3 million and nil, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Securities (Domestic stocks)	27,995	30,238
Securities (Foreign securities)	237,290	269,031
Securities (Other securities)	19,426	24,604
Total	284,712	323,874

Notes to Consolidated Balance Sheets (Continued)

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Bankrupt and quasi-bankrupt loans	73	75
Doubtful loans	128	121
Loans overdue for three months or more	278	204
Restructured loans	1,088	1,024
Total	1,569	1,425

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the “Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc.” (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of “risk-monitoring loans” based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

Notes to Consolidated Balance Sheets (Continued)

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Assets pledged as collateral:		
Cash, deposits and savings	4,361	19,662
Money trusts	2,280	2,521
Securities	562,337	748,974
Total	568,979	771,158

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in Other liabilities are as follows:

(in ¥ million)

March 31, 2021	March 31, 2022
110,343	227,342

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2021	March 31, 2022
737,523	754,059

6. The amounts of assets received as collateral under loan agreements, etc. which the Company has the right to sell or repledge are as follows:

(in ¥ million)

	March 31, 2021
Securities	41,934
Commercial papers	1,999

(Note) All securities and commercial papers in the above table have not been resold or repledged, and are held by the Group.
The amounts as of March 31, 2022 were omitted since they were not material.

7. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

(in ¥ million)

March 31, 2021	March 31, 2022
2,060,062	1,888,006

8. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥65,565 million and ¥64,113 million, respectively in a negative liability position as of March 31, 2021 and March 31, 2022. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

9. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)

March 31, 2021	March 31, 2022
16,362	16,513

10. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (8) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the backoffice and risk management departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. (as of March 31, 2021, financial instruments in which the fair values are not practically determinable) are not included in the following table (see Note 3 and Note 4).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(a) Monetary claims bought	168,389	168,389	-
(b) Money trusts	1,717,804	1,717,804	-
(c) Securities:			
Trading securities	2,900,644	2,900,644	-
Available-for-sale securities	9,828,797	9,828,797	-
Total assets	14,615,635	14,615,635	-
Derivative transactions (*1):			
Hedge accounting not applied	12,705	12,705	-
Hedge accounting applied	(25,330)	(25,330)	-
Total derivative transactions	(12,624)	(12,624)	-

(*1) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted, and a net debt in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2022

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	129,326	4,368	133,695
(b) Money trusts	-	1,652,272	386,862	2,039,135
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	-	39,752
Domestic stocks	8,165	-	-	8,165
Foreign securities	418,245	345,549	100,330	864,125
Others	11,639	1,868,003	-	1,879,642
Available-for-sale securities				
Domestic bonds	1,746,410	1,344,937	-	3,091,347
Domestic stocks	2,782,250	-	-	2,782,250
Foreign securities	1,091,583	2,351,167	223,560	3,666,310
Others	17,676	181,720	26,405	225,802
Derivative transactions (*1):				
Currency	122	20,887	-	21,010
Interest rate	74	21,196	-	21,271
Equity	-	2,021	-	2,021
Bond	4,185	-	-	4,185
Credit	-	848	-	848
Others	-	-	379	379
Total assets	6,115,239	7,922,797	741,906	14,779,944
Derivative transactions (*1):				
Currency	70	68,273	-	68,344
Interest rate	99	7,791	-	7,891
Equity	6,042	501	-	6,544
Bond	1,250	-	-	1,250
Credit	-	2,507	-	2,507
Others	-	-	696	696
Total liabilities	7,462	79,075	696	87,233

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥2,190 million as an asset and ¥47,239 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings, and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2021

(in ¥ million)

	Carrying amount	Fair value	Difference
(a) Monetary claims bought	7,350	7,350	-
(c) Securities:			
Held-to-maturity securities	1,218,781	1,400,491	181,710
Debt securities earmarked for underwriting reserves	2,295,541	2,367,903	72,362
Investments in associates	78,742	156,628	77,886
(d) Loans	960,174		
Bad debt reserve (*1)	(73)		
	960,101	987,893	27,792
Total assets	4,560,516	4,920,269	359,752
Bonds issued	809,093	818,950	9,857
Total liabilities	809,093	818,950	9,857

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2022

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	12,794	-	12,794	12,794	-
(c) Securities:						
Held-to-maturity securities						
Domestic bonds	1,228,416	126,907	-	1,355,323	1,220,261	135,061
Foreign securities	-	3,852	-	3,852	3,875	(22)
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,679,742	128,728	-	1,808,470	1,928,505	(120,034)
Foreign securities	19,822	745,950	-	765,773	762,307	3,466
Investments in associates	156,496	2,829	-	159,325	89,538	69,787
(d) Loans					985,242	
Bad debt reserve (*1)					(67)	
	-	291,971	698,840	990,811	985,174	5,637
Total assets	3,084,478	1,313,034	698,840	5,096,353	5,002,457	93,896
Bonds issued	-	683,612	101,319	784,931	782,902	2,029
Total liabilities	-	683,612	101,319	784,931	782,902	2,029

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

Notes to Consolidated Balance Sheets (Continued)

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2022

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value (*3)(*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	5,927	0	(113)	(1,445)	-	4,368	-
Money trusts	71,571	29,494	7,125	278,672	-	386,862	26,849
Securities:							
Trading securities	75,527	8,886	8,340	7,575	-	100,330	4,946
Available-for-sale securities	171,669	8,632	76,117	(5,453)	(1,000)	249,966	-
Total assets	324,695	47,014	91,469	279,347	(1,000)	741,527	31,795
Derivative transactions (*5)	(789)	1,064	-	(591)	-	(316)	183

(*1) Mainly included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.

(*5) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of financial instruments as of March 31, 2021 in which the fair values are not practically determinable, which are not included in "(c) Securities" above, are as follows:

(in ¥ million)

	March 31, 2021
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	205,970
Other unlisted stocks	91,576
Unlisted investment trusts	88,791
Unlisted convertible bonds	39,608
Investments in partnerships comprising unlisted stocks	45,130
Total	471,077

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability and difficulties in reasonably estimating future cash flows.

(Note 4) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2022
Stocks and other securities without market prices (*1)	338,763
Investments in partnerships etc. (*2)	58,671
Total	397,435

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

Notes to Consolidated Balance Sheets (Continued)

(Note 5) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2021

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,026,524	28,335	-	850
Receivables under resale agreements	1,999	-	-	-
Monetary claims bought	159,509	-	1,287	14,121
Securities:				
Held-to-maturity securities				
Government bonds	-	59,400	109,600	900,200
Corporate bonds	-	23,502	9,600	81,300
Foreign securities	-	1,073	703	1,961
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,308,000
Municipal bonds	400	-	-	6,200
Corporate bonds	3,900	4,200	5,250	102,900
Foreign securities	10,026	398,953	363,368	62,280
Available-for-sale securities with fixed maturities				
Government bonds	56,750	463,220	283,750	940,584
Municipal bonds	7,388	50,945	106,907	84,648
Corporate bonds	138,328	659,319	340,765	137,973
Foreign securities	145,823	869,584	848,274	298,601
Loans (*)	101,379	509,835	185,220	97,674
Total	2,652,030	3,068,368	2,254,726	4,037,294

(*) The amounts in the above table do not include ¥202 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥66,054 million of loans without fixed maturities.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2022

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,318,829	37,323	-	850
Monetary claims bought	142,125	-	-	4,180
Securities:				
Held-to-maturity securities				
Government bonds	-	100,200	136,900	838,900
Corporate bonds	-	23,502	9,600	81,300
Foreign securities	-	1,174	1,579	1,336
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,786,200
Municipal bonds	-	-	-	9,000
Corporate bonds	1,100	3,700	4,650	110,300
Foreign securities	26,554	455,767	209,491	66,670
Available-for-sale securities with fixed maturities				
Government bonds	36,380	321,650	312,940	924,784
Municipal bonds	10,335	57,012	82,504	67,120
Corporate bonds	139,309	503,822	285,034	169,065
Foreign securities	131,134	924,515	949,849	311,014
Loans (*)	136,810	543,874	149,147	90,227
Total	2,942,580	2,972,541	2,141,697	4,460,949

(*) The amounts in the above table do not include ¥196 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥64,966 million of loans without fixed maturities.

(Note 6) Maturity analysis of bonds issued

March 31, 2021

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	22,000	-	100,000	-	586,191
Total	-	22,000	-	100,000	-	586,191

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

March 31, 2022

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	22,000	-	100,000	-	150,000	410,000
Total	22,000	-	100,000	-	150,000	410,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

11. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2021	March 31, 2022
Carrying amount	77,113	76,237
Fair value	141,853	143,572

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

Notes to Consolidated Balance Sheets (Continued)

12. The amounts of net assets per share are as follows:

	March 31, 2021	March 31, 2022
Net assets per share (in ¥)	5,525.42	5,955.21
Stock acquisition rights deducted from net assets (in ¥ million)	1,019	762
Non-controlling interests deducted from net assets (in ¥ million)	41,288	43,099
Outstanding common stock (in thousands of shares)	558,210	547,232

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Income

For the years ended March 31, 2021 and March 31, 2022

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Premium income	1,338,453	1,356,791
Surrender benefits and ceding reinsurance premiums paid	(1,540,775)	(836,753)
Life insurance premiums	(202,321)	520,037

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(in ¥ million)

For the year ended March 31, 2021	For the year ended March 31, 2022
800	5,761

3. The amounts of foreign exchange gains included in other investment income are as follows:

(in ¥ million)

For the year ended March 31, 2021	For the year ended March 31, 2022
395,788	178,533

4. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Commission expenses	697,860	717,494
Salaries	302,091	303,684

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2021

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	3 properties, including a building for rent in Ibaraki	121	Buildings	121
Idle real estate and real estate for sale and others	Land and buildings	14 properties, including a training center in Kanagawa	1,828	Land Buildings	1,263 565

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future or other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2022

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Tokyo	1	Buildings	1
Idle real estate and real estate for sale	Land and buildings and other	16 properties, including an office building in Ishikawa	2,683	Land Buildings Other	618 1,938 125

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the determination of demolition or other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under Extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2021

Other extraordinary losses represent expenses related to additional retirement benefits due to the personnel reduction at overseas consolidated subsidiaries.

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of ¥4,721 million in relation to the outside career change support program in MSI and additional retirement benefits of ¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Basic net income attributable to owners of the parent per share (in ¥)	255.79	474.52
Diluted net income attributable to owners of the parent per share (in ¥)	255.65	474.32

(Note)
The basis of calculation is as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net income attributable to owners of the parent (in ¥ million)	144,398	262,799
Average outstanding common stock during the year (in thousands of shares)	564,504	553,816
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (in thousands of shares)	313	235

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2021 and March 31, 2022

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2021	For the year ended March 31, 2022
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	986,229	9,316
Reclassification adjustments	(97,555)	(97,290)
Before income tax effect adjustments	888,674	(87,974)
Income tax effects	(246,828)	25,545
Net unrealized gains/(losses) on securities	641,845	(62,428)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(12,354)	(12,451)
Reclassification adjustments	(10,238)	(8,464)
Before income tax effect adjustments	(22,593)	(20,916)
Income tax effects	6,408	5,506
Net deferred gains/(losses) on hedges	(16,184)	(15,409)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	(47,613)	109,422
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	17,684	(1,556)
Reclassification adjustments	910	(1,794)
Before income tax effect adjustments	18,594	(3,351)
Income tax effects	(5,374)	1,089
Actuarial gains/(losses) on retirement benefits	13,220	(2,261)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	17,118	22,196
Reclassification adjustments	(2,119)	(6,996)
Share of other comprehensive income/(loss) of equity method investments	14,998	15,199
Total other comprehensive income	606,267	44,521

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2021 and March 31, 2022

For the year ended March 31, 2021

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending Balance
Issued stock:				
Common stock	593,291	181	-	593,473
Total	593,291	181	-	593,473
Treasury stock:				
Common stock	24,244	11,076	58	35,263
Total	24,244	11,076	58	35,263

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 181 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The increase in the number of treasury common stock during the year was 11,076 thousand shares, as a result of open market repurchases of 11,064 thousand shares and repurchases of 12 thousand fractional shares.
3. The decrease in the number of treasury common stock during the year was 58 thousand shares, which is due to exercise of stock acquisition rights of 57 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	1,019
Total		1,019

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 25, 2020	Common stock	42,678	75	March 31, 2020	June 26, 2020
Board meeting held on November 19, 2020	Common stock	42,338	75	September 30, 2020	December 7, 2020

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2021 for which the date of record is in the year ended March 31, 2021

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting held on June 28, 2021	Common stock	44,656	Retained earnings	80	March 31, 2021	June 29, 2021

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

Notes to Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,473	159	-	593,632
Total	593,473	159	-	593,632
Treasury stock:				
Common stock	35,263	11,215	78	46,400
Total	35,263	11,215	78	46,400

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 159 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the end of the year includes 213 thousand Company's shares held in trust accounts by overseas consolidated subsidiaries that have the performance-based share compensation plan.
3. The increase in the number of treasury common stock during the year was 11,215 thousand shares, as a result of open market repurchases of 10,988 thousand shares, the purchase of 213 thousand shares by overseas consolidated subsidiaries through trust companies, and repurchases of 13 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 78 thousand shares, which is due to exercise of stock acquisition rights of 77 thousand shares and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	762
Total		762

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 28, 2021	Common stock	44,656	80	March 31, 2021	June 29, 2021
Board meeting held on November 19, 2021	Common stock	45,712	82.5	September 30, 2021	December 6, 2021

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 27, 2022	Common stock	53,375	Retained earnings	97.5	March 31, 2022	June 28, 2022

(Notes)

1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends resolved at the General shareholders' meeting to be held on June 27, 2022 includes dividends of ¥20 million for the Company's shares held in trust accounts by overseas consolidated subsidiaries that have the performance-based share compensation plan.

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AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2021 and March 31, 2022

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash, deposits and savings	2,057,789	2,357,036
Receivables under resale agreements	1,999	-
Monetary claims bought	175,740	146,489
Securities	16,793,584	16,959,321
Time deposits exceeding three months and deposits pledged as collateral	(206,668)	(220,906)
Monetary claims bought other than cash equivalents	(68,790)	(52,699)
Securities other than cash equivalents	(16,759,220)	(16,933,025)
Cash and cash equivalents	1,994,434	2,256,216

2. Cash flows from investing activities include those from investments made as part of the insurance business.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Financial Statements
For the years ended March 31, 2022 and March 31, 2023

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2023, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2023, outstanding claims of ¥ 2,682,482 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts of its consolidated subsidiaries held under the domestic non-life insurance business operated by Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI"), under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG").	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, ADI, AUL and AAG. In this assessment, we focused our testing on controls

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As described in Note 7, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. Therefore, the selection of estimation methods, and the consideration of whether calibration of data used for the estimate were necessary, as well as the selection of methods to apply calibration all required a high degree of professional judgment by management. Furthermore, uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, ADI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; ● For MSI, ADI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years; and

	● For AUL, in particular, we assessed the reasonableness of the estimated ultimate losses related to the Russian invasion into Ukraine, considering the circumstances of the insured assets as identified up to the time of estimate and insurance contract terms and conditions.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2023, goodwill of ¥143,247 million was recognized. In addition, the amount representing goodwill of ¥35,384 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. An indication of impairment was identified in the current period for AAG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of AAG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The Group determines whether there is any indication of impairment by comprehensively	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired and an impairment loss should be recognized. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment, as well as controls designed to prevent and/or detect the use of inappropriate assumptions in developing the business plans, which formed the basis for estimating undiscounted future cash flows. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment and an impairment loss should be recognized** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment included the following: ● In order to assess whether the business environment of the businesses, to which goodwill has been allocated, has deteriorated, we performed the following procedures, among others: • We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and

considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. This determination involves significant management judgment, particularly from the following viewpoints: ● When a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment; and ● When the acquisition costs allocated to goodwill and other intangible fixed assets are relatively large, as in the case of the acquisition of Transverse Insurance Group, LLC, whether the goodwill and other intangible fixed assets have been overstated due to an overvaluation of the acquired business. As described in Note 11, "Business combination" to the consolidated financial statements, goodwill of US$138 million and intangible fixed assets excluding goodwill of US$240 million are newly recognized for the current period for the acquisition of Transverse Insurance Group, LLC. In addition, the Group estimates the sum of the undiscounted future cash flows used to determine whether an impairment loss should be recognized based on the relevant business plans, which reflect management's expectation of the future prospects considering past actual results. The assumptions on premium income and the loss ratio underlying the business plans, in particular, involve a high degree of uncertainty as well as significant management judgment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and • For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment. ● In order to assess whether goodwill and other intangible fixed assets have been overstated due to an overvaluation of the acquired businesses, we performed the following procedures, among others; • We assessed the appropriateness of management's judgment that there was no indication of impairment due to the overvaluation of the acquired businesses, by assessing the appropriateness of the method used for the valuation of the acquired businesses and the assumptions in developing the business plans, which formed the basis for the valuation. • In assessing the appropriateness of the assumptions in developing the business plans, we assessed their consistency with available external data and recent performance of the underwriting of insurance contracts, based on our understanding as to how the accuracy of the estimate would affect the financial statements. In order to assess the appropriateness of management judgment as to whether an impairment loss should be recognized, we performed the following procedures, among others, particularly to assess the appropriateness of key assumptions adopted by management in developing the business plans, which formed the basis for estimating undiscounted future cash flows: ● We evaluated whether the assumptions on

	premium income and the loss ratio were appropriately developed considering past actual results, objective outlook of the economic environment, and the Group's management policies, by comparing them with available external information, inquiring of management, and inspecting the materials of relevant meetings; ● We assessed the reasonableness of the estimates of premium income and the loss ratio through comparison with past actual results; and ● We independently estimated undiscounted future cash flows, by reflecting a certain level of stress into the business plans considering our analysis of the achievement of the past business plans, and then assessed the effect of our own estimate on the determination as to whether an impairment loss should be recognized.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis

described in Significant Accounting Policies in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada
Designated Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 26, 2023

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2022 and March 31, 2023

	2022	2023	2023
	(in ¥ million)		(in US$ million)
Assets			
Assets			
Cash, deposits and savings	¥ 2,357,036	2,771,981	$ 20,686
Monetary claims bought	146,489	142,976	1,067
Money trusts	2,039,135	2,082,012	15,537
Securities	16,959,321	16,149,338	120,517
Loans	985,242	959,497	7,160
Tangible fixed assets:	487,691	476,711	3,558
Land	227,757	220,903	1,649
Buildings	197,084	192,968	1,440
Lease assets	24,153	28,961	216
Construction in progress	3,895	1,707	13
Other tangible fixed assets	34,800	32,169	240
Intangible fixed assets:	443,159	496,124	3,702
Software	154,047	134,958	1,007
Goodwill	124,946	143,247	1,069
Lease assets	164	213	2
Other intangible fixed assets	163,999	217,704	1,625
Other assets	1,529,465	1,743,777	13,013
Assets for retirement benefits	30,265	36,372	271
Deferred tax assets	40,653	122,822	917
Customers' liabilities under acceptances and guarantees	23,000	27,524	205
Bad debt reserve	(7,614)	(8,706)	(65)
Total assets	¥ 25,033,846	25,000,433	$ 186,570

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2022	2023	2023
	(in ¥ million)		(in US$ million)
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥ 18,608,139	18,869,599	$ 140,818
Outstanding claims	2,467,600	2,682,482	20,019
Underwriting reserves	16,140,539	16,187,116	120,799
Bonds issued	782,902	714,743	5,334
Other liabilities	1,837,250	1,852,392	13,824
Liabilities for pension and retirement benefits	137,710	141,137	1,053
Reserve for retirement benefits for officers	176	133	1
Accrued bonuses for employees	30,006	28,444	212
Reserve for share delivery	-	1,009	8
Reserves under the special laws:	266,381	277,998	2,075
Reserve for price fluctuation	266,381	277,998	2,075
Deferred tax liabilities	45,528	31,177	233
Acceptances and guarantees	23,000	27,524	205
Total liabilities	21,731,096	21,944,159	163,762
Net Assets			
Shareholders' equity:			
Common stock	100,534	100,808	752
Capital surplus	553,680	345,144	2,576
Retained earnings	1,251,280	1,305,928	9,746
Treasury stock	(159,850)	(6,662)	(50)
Total shareholders' equity	1,745,644	1,745,220	13,024
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on securities	1,565,167	1,216,563	9,079
Net deferred gains/(losses) on hedges	(998)	(21,996)	(164)
Foreign currency translation adjustments	(52,492)	79,704	595
Accumulated actuarial gains/(losses) on retirement benefits	1,566	(9,448)	(71)
Total accumulated other comprehensive income	1,513,242	1,264,822	9,439
Stock acquisition rights	762	558	4
Non-controlling interests	43,099	45,671	341
Total net assets	3,302,749	3,056,273	22,808
Total liabilities and net assets	¥ 25,033,846	25,000,433	$ 186,570

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2022 and March 31, 2023

	2022	2023	2023
	(in ¥ million)		(in US$ million)
Ordinary income and expenses			
Ordinary income:	¥ 5,132,042	5,251,271	$ 39,189
Underwriting income:	4,239,589	4,482,431	33,451
Net premiums written	3,609,052	3,934,473	29,362
Deposit premiums from policyholders	52,185	41,359	309
Investment income on deposit premiums from policyholders	35,631	35,591	266
Life insurance premiums	520,037	453,578	3,385
Other underwriting income	22,682	17,428	130
Investment income:	858,664	745,712	5,565
Interest and dividends income	302,615	345,468	2,578
Investment gains on money trusts	170,905	191,350	1,428
Investment gains on trading securities	31,346	-	-
Gains on sales of securities	145,320	195,948	1,462
Gains on redemption of securities	5,526	2,355	18
Gains on derivative transactions	-	44,502	332
Investment gains on separate accounts	58,239	-	-
Other investment income	180,341	1,678	13
Transfer of investment income on deposit premiums from policyholders	(35,631)	(35,591)	(266)
Other ordinary income:	33,788	23,127	173
Gains on equity method investments	16,711	2,373	18
Other ordinary income	17,076	20,754	155
Ordinary expenses:	4,741,543	5,020,158	37,464
Underwriting expenses:	3,915,377	4,064,285	30,330
Net claims paid	1,946,975	2,241,198	16,725
Loss adjustment expenses	198,925	207,021	1,545
Commissions and collection expenses	725,349	781,162	5,830
Maturity refunds to policyholders	180,991	165,278	1,233
Dividends to policyholders	58	51	0
Life insurance claims	471,410	531,253	3,965
Provision for outstanding claims	127,190	125,486	936
Provision for underwriting reserves	259,922	1,262	9
Other underwriting expenses	4,554	11,571	86

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		2022	2023		2023
		(in ¥ million)			(in US$ million)
Investment expenses:	¥	108,908	195,669	$	1,460
Investment losses on money trusts		14,206	28,438		212
Investment losses on trading securities		-	19,631		147
Losses on sales of securities		17,708	65,613		490
Impairment losses on securities		36,254	23,208		173
Losses on redemption of securities		240	360		3
Losses on derivative transactions		28,062	-		-
Investment losses on separate accounts		-	32,700		244
Other investment expenses		12,435	25,716		192
Operating expenses and general and administrative expenses		696,390	739,317		5,517
Other ordinary expenses:		20,866	20,886		156
Interest expense		15,482	10,383		77
Provision for bad debt reserve		-	1,315		10
Losses on bad debts		137	408		3
Other ordinary expenses		5,247	8,778		66
Ordinary profit		390,499	231,113		1,725
Extraordinary income and losses					
Extraordinary income:		14,990	34,615		258
Gains on sales of fixed assets		14,990	34,615		258
Extraordinary losses:		35,462	30,271		226
Losses on sales of fixed assets		6,296	10,216		76
Impairment losses on fixed assets		2,684	1,801		13
Provision for reserves under the special laws:		21,405	11,616		87
Provision for reserve for price fluctuation		21,405	11,616		87
Other extraordinary losses		5,076	6,637		50
Income before income taxes		370,027	235,456		1,757
Income taxes – current		72,024	35,737		267
Income taxes – deferred		32,054	34,704		259
Total income taxes		104,078	70,441		526
Net income		265,948	165,014		1,231
Net income attributable to non-controlling interests		3,149	3,484		26
Net income attributable to owners of the parent	¥	262,799	161,530	$	1,205

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2022 and March 31, 2023

		2022	2023		2023
		(in ¥ million)			(in US$ million)
Net income	¥	265,948	165,014	$	1,231
Other comprehensive income:					
Net unrealized gains/(losses) on securities		(62,428)	(347,106)		(2,590)
Net deferred gains/(losses) on hedges		(15,409)	(21,362)		(159)
Foreign currency translation adjustments		109,422	129,610		967
Actuarial gains/(losses) on retirement benefits		(2,261)	(11,042)		(82)
Share of other comprehensive income/(loss) of equity method investments		15,199	3,962		30
Total other comprehensive income		44,521	(245,938)		(1,835)
Total comprehensive income	¥	310,470	(80,923)	$	(604)
Allocation:					
Comprehensive income attributable to owners of the parent	¥	304,979	(86,889)	$	(648)
Comprehensive income attributable to non-controlling interests		5,490	5,966		45

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2022 and March 31, 2023

For the year ended March 31, 2022

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,276	553,428	1,078,850	(119,267)	1,613,287
Changes for the year:					
Issuance of new stock	258	258			516
Dividends paid			(90,369)		(90,369)
Net income attributable to owners of the parent			262,799		262,799
Repurchase of treasury stock				(40,847)	(40,847)
Disposal of treasury stock		(6)		264	258
Net changes of items other than shareholders' equity					
Total changes for the year	258	252	172,430	(40,582)	132,357
Ending balance	¥ 100,534	553,680	1,251,280	(159,850)	1,745,644

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥ 1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657
Changes for the year:								
Issuance of new stock								516
Dividends paid								(90,369)
Net income attributable to owners of the parent								262,799
Repurchase of treasury stock								(40,847)
Disposal of treasury stock								258
Net changes of items other than shareholders' equity	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	43,734
Total changes for the year	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	176,092
Ending balance	¥ 1,565,167	(998)	(52,492)	1,566	1,513,242	762	43,099	3,302,749

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2023

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,534	553,680	1,251,280	(159,850)	1,745,644
Changes for the year:					
Issuance of new stock	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			161,530		161,530
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	-
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling interests		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	54,648	153,187	(424)
Ending balance	¥ 100,808	345,144	1,305,928	(6,662)	1,745,220

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	(998)	(52,492)	1,566	1,513,242	762	43,099	3,302,749
Changes for the year:								
Issuance of new stock								548
Dividends paid								(106,881)
Net income attributable to owners of the parent								161,530
Repurchase of treasury stock								(54,946)
Disposal of treasury stock								205
Cancellation of treasury stock								-
Changes in equity resulting from increase in capital of consolidated subsidiaries								(30)
Changes in equity resulting from transactions with non-controlling interests								(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,051)
Total changes for the year	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,476)
Ending balance	¥1,216,563	(21,996)	79,704	(9,448)	1,264,822	558	45,671	3,056,273

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2023

(in US$ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$ 750	4,132	9,338	(1,193)	13,027
Changes for the year:					
Issuance of new stock	2	2			4
Dividends paid			(798)		(798)
Net income attributable to owners of the parent			1,205		1,205
Repurchase of treasury stock				(410)	(410)
Disposal of treasury stock		(0)		2	2
Cancellation of treasury stock		(1,552)		1,552	-
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling interests		(6)			(6)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(1,556)	408	1,143	(3)
Ending balance	$ 752	2,576	9,746	(50)	13,024

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	$ 11,680	(7)	(392)	12	11,293	6	322	24,647
Changes for the year:								
Issuance of new stock								4
Dividends paid								(798)
Net income attributable to owners of the parent								1,205
Repurchase of treasury stock								(410)
Disposal of treasury stock								2
Cancellation of treasury stock								-
Changes in equity resulting from increase in capital of consolidated subsidiaries								(0)
Changes in equity resulting from transactions with non-controlling interests								(6)
Net changes of items other than shareholders' equity	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,836)
Total changes for the year	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,839)
Ending balance	$ 9,079	(164)	595	(71)	9,439	4	341	22,808

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2022 and March 31, 2023

		2022	2023		2023
		(in ¥ million)			(in US$ million)
I. Cash flows from operating activities:					
Income before income taxes	¥	370,027	235,456	$	1,757
Adjustments for:					
Depreciation		84,806	93,105		695
Impairment losses on fixed assets		2,684	1,801		13
Amortization of goodwill		12,305	13,888		104
Increase/(decrease) in outstanding claims		126,516	130,527		974
Increase/(decrease) in underwriting reserves		249,527	(4,722)		(35)
Increase/(decrease) in bad debt reserve		(6,426)	834		6
Increase/(decrease) in reserve for retirement benefits for officers		(64)	(42)		(0)
Increase/(decrease) in accrued bonuses for employees		960	(2,818)		(21)
Increase/(decrease) in reserve for share delivery		-	1,009		8
Decrease /(increase) in assets for retirement benefits		-	(19,911)		(149)
Increase/(decrease) in liabilities for pension and retirement benefits		(26,016)	3,232		24
Increase/(decrease) in reserve for price fluctuation		21,405	11,616		87
Interest and dividends income		(302,615)	(345,468)		(2,578)
Losses/(gains) on money trusts		(156,698)	(162,912)		(1,216)
Losses/(gains) on securities		(127,990)	(89,490)		(668)
Losses/(gains) on derivative transactions		28,062	(44,502)		(332)
Investment losses/(gains) on separate accounts		(58,239)	32,700		244
Interest expense		15,482	10,383		77
Foreign exchange losses/(gains)		(166,796)	(28,571)		(213)
Losses/(gains) on disposal of tangible fixed assets		(11,977)	(30,006)		(224)
Losses /(gains) on equity method investments		(16,711)	(2,373)		(18)
Decrease/(increase) in other assets		(39,250)	(119,068)		(889)
Increase/(decrease) in other liabilities		(11,216)	91,225		681
Other, net		(26,820)	54,428		406
Subtotal		(39,047)	(169,676)		(1,266)
Interest and dividends received		400,993	447,284		3,338
Interest paid		(15,768)	(10,449)		(78)
Income taxes refunded/(paid)		(109,469)	(73,004)		(545)
Net cash provided by/(used in) operating activities (a)		236,708	194,153		1,449

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2022	2023	2023
	(in ¥ million)		(in US$ million)
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥ 6,289	(37,643)	$ (281)
Purchase of monetary claims bought	-	(4,812)	(36)
Proceeds from sales and redemption of monetary claims bought	10,577	12,135	91
Purchase of money trusts	(513,061)	(487,409)	(3,637)
Proceeds from sales of money trusts	292,136	512,110	3,822
Purchase of securities	(3,688,774)	(3,523,042)	(26,291)
Proceeds from sales and redemption of securities	3,915,082	4,184,931	31,231
Investment in loans	(196,039)	(211,739)	(1,580)
Collection of loans	195,900	234,847	1,753
Net increase/(decrease) in payables under securities lending transactions	23,151	10,125	76
Other, net	(45,671)	(128,777)	(961)
Subtotal (b)	(409)	560,726	4,185
(a + b)	236,298	754,879	5,633
Acquisition of tangible fixed assets	(28,130)	(24,625)	(184)
Proceeds from sales of tangible fixed assets	20,594	48,588	363
Acquisition of intangible fixed assets	(53,020)	(57,007)	(425)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(10,101)	(45,002)	(336)
Other, net	(908)	(1,725)	(13)
Net cash provided by/(used in) investing activities	(71,976)	480,953	3,589

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2022	2023	2023
	(in ¥ million)		(in US$ million)
III. Cash flows from financing activities:			
Repayments of borrowings	-	(98,381)	(734)
Issuance of bonds	149,684	-	-
Redemption of bonds	(176,191)	(72,000)	(537)
Net increase/(decrease) in payables under repurchase agreements	116,998	(22,519)	(168)
Net increase/(decrease) in payables under securities lending transactions	110,259	53,229	397
Repurchase of treasury stock	(40,847)	(55,745)	(416)
Dividends paid to shareholders	(90,264)	(106,753)	(797)
Dividends paid to non-controlling interests	(3,708)	(2,284)	(17)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	-	(2,471)	(18)
Other, net	(7,385)	(7,575)	(57)
Net cash provided by/(used in) financing activities	58,545	(314,502)	(2,347)
IV. Effect of exchange rate changes on cash and cash equivalents	38,504	29,610	221
V. Net increase/(decrease) in cash and cash equivalents	261,781	390,215	2,912
VI. Cash and cash equivalents at beginning of year	1,994,434	2,256,216	16,837
VII. Cash and cash equivalents at end of year	¥ 2,256,216	2,646,431	$ 19,749

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2022 and March 31, 2023

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2023 have been translated into US dollar at the rate of ¥134=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2023. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

101 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE

MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Transverse Insurance Group, LLC ("Transverse") and 12 other companies have been included in the scope of consolidation since the year ended March 31, 2023 as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

As Phoenix Underwriters Limited is no longer a subsidiary due to completion of liquidation, it has been excluded from the scope of consolidation since the year ended March 31, 2023.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.
MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

12 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Reiwa Insurance Company, Ltd.), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 93 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from

its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these subgroups were reclassified as available-for-sale securities. This was mainly due to the improvement in ALM (asset and liability Management) efficiency in line with the decrease in the balance of underwriting reserves for these subgroups. As a result of this change, securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512

million yen at the time of transfer on September 30, 2022.

(v) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

Significant Accounting Policies (Continued)

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for share delivery

To provide for the delivery of the Company's shares in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the end of the

year ended March 31, 2023.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are

translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method. Gains and losses on certain currency option contracts are accounted for under the fair value hedge method, and gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)
Among the above hedging relationships, the exceptional treatment prescribed in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force ("PITF") No. 40, March 17, 2022) is applied to all hedge relationships included in the scope of application of PITF No. 40. The details of the hedging relationships to which PITF No. 40 is applied are as follows:

Hedge accounting method:	Deferred hedge accounting
Hedging instruments:	Interest rate swaps
Hedged items:	Floating rate bonds
Type of hedging transaction:	Transaction to fix cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of consolidated tax return filing system

The Company and certain domestic consolidated subsidiaries applied the consolidated tax return filing system for the year ended March 31, 2022.

(iv) Application of the group tax sharing system

The Company and certain domestic consolidated subsidiaries applied the group tax sharing system for the year ended March 31, 2023.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, goodwill of ¥124,946 million and ¥143,247 million were recognized, respectively. In addition, goodwill of ¥41,067 million and ¥35,384 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, outstanding claims of ¥2,467,600 million and ¥2,682,482 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed

to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations. For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations and changes in foreign exchange rates.

Uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation.

8. Change in accounting policy

(Application of "Accounting Standard for Fair Value Measurement" and Others)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement," Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement," the Group has applied new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 9 "Information on financial instruments" of Notes to Consolidated Balance Sheets.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

Significant Accounting Policies (Continued)

10. Additional information

(Share compensation plan for employees)

Effective from the year ended March 31, 2023, the Company has entered into a share compensation plan for employees (the "Plan") of its consolidated subsidiaries MSI, ADI, Mitsui Direct, MSAL, and MSPL (the "Participating Companies").

(i) Overview of the transaction

Pursuant to the Plan, shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company's shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of Company's shares from the stock market in a lump sum that are expected to be delivered, based on funds contributed by the Participating Companies through the Company.

(ii) Company's shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the year ended March 31, 2023 is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-based share compensation plan for overseas consolidated subsidiaries)

Certain overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, "the Plan") for employees and officers subject to certain conditions.

(i) Overview of the transaction

The Plan is a scheme to determine the number of shares to be granted based on the average performance during a certain period, and to deliver the Company's shares or pay the cash equivalent to the Company's shares converted at fair value.
To prepare for future deliveries under the Plan, a trust set up using the cash contributed by subsidiaries that implemented the Plan acquired the Company's shares from the stock market.

(ii) Shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net assets section at the carrying amount in the trust (excluding incidental expenses). The carrying amounts of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were ¥799 million and ¥1,660 million. The number of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were 213 thousand shares and 440 thousand shares, respectively.

(Application of the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System")

Effective from the year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

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Notes to Consolidated Balance Sheets

As of March 31, 2022 and March 31, 2023

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Accumulated depreciation	415,853	430,206
Accelerated depreciation	12,162	11,629

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2022 and March 31, 2023 were ¥12,162 million and ¥11,629 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Securities (Domestic stocks)	30,238	30,255
Securities (Foreign securities)	269,031	287,723
Securities (Other securities)	24,604	28,113
Total	323,874	346,092

Notes to Consolidated Balance Sheets (Continued)

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Bankrupt and quasi-bankrupt loans	75	5
Doubtful loans	121	722
Loans overdue for three months or more	204	99
Restructured loans	1,024	301
Total	1,425	1,128

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the "Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc." (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of "risk-monitoring loans" based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

Notes to Consolidated Balance Sheets (Continued)

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Assets pledged as collateral:		
Cash, deposits and savings	19,662	30,360
Money trusts	2,521	2,750
Securities	748,974	775,768
Total	771,158	808,879

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in Other liabilities are as follows:

(in ¥ million)

March 31, 2022	March 31, 2023
227,342	204,822

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2022	March 31, 2023
754,059	699,408

6. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

(in ¥ million)

March 31, 2022	March 31, 2023
1,888,006	1,569,434

7. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥64,113 million and ¥29,682 million, respectively in a negative liability position as of March 31, 2022 and March 31, 2023. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

8. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)

March 31, 2022	March 31, 2023
16,513	12,100

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies asset and liability management policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the risk management department is independent from the trading execution departments and the back-office departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

Notes to Consolidated Balance Sheets (Continued)

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2022

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	129,326	4,368	133,695
(b) Money trusts	-	1,652,272	386,862	2,039,135
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	-	39,752
Domestic stocks	8,165	-	-	8,165
Foreign securities	418,245	345,549	100,330	864,125
Others	11,639	1,868,003	-	1,879,642
Available-for-sale securities				
Domestic bonds	1,746,410	1,344,937	-	3,091,347
Domestic stocks	2,782,250	-	-	2,782,250
Foreign securities	1,091,583	2,351,167	223,560	3,666,310
Others	17,676	181,720	26,405	225,802
Derivative transactions (*1):				
Currency	122	20,887	-	21,010
Interest rate	74	21,196	-	21,271
Equity	-	2,021	-	2,021
Bond	4,185	-	-	4,185
Credit	-	848	-	848
Others	-	-	379	379
Total assets	6,115,239	7,922,797	741,906	14,779,944
Derivative transactions (*1):				
Currency	70	68,273	-	68,344
Interest rate	99	7,791	-	7,891
Equity	6,042	501	-	6,544
Bond	1,250	-	-	1,250
Credit	-	2,507	-	2,507
Others	-	-	696	696
Total liabilities	7,462	79,075	696	87,233

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥2,190 million as an asset and ¥47,239 million as a liability.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	116,562	3,091	119,654
(b) Money trusts	-	1,495,842	586,170	2,082,012
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	5,802	-	-	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	-	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	-	2,658,520
Domestic stocks	2,577,273	-	-	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions (*1):				
Currency	-	26,395	-	26,395
Interest rate	519	27,423	-	27,942
Equity	3,457	124	-	3,581
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions (*1):				
Currency	-	30,107	-	30,107
Interest rate	507	23,037	-	23,544
Equity	1,198	463	-	1,661
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	54,364	691	65,451

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥3,886 million as an asset and ¥9,716 million as a liability.

Notes to Consolidated Balance Sheets (Continued)

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2022

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	12,794	-	12,794	12,794	-
(c) Securities:						
Held-to-maturity securities						
Domestic bonds	1,228,416	126,907	-	1,355,323	1,220,261	135,061
Foreign securities	-	3,852	-	3,852	3,875	(22)
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,679,742	128,728	-	1,808,470	1,928,505	(120,034)
Foreign securities	19,822	745,950	-	765,773	762,307	3,466
Investments in associates	156,496	2,829	-	159,325	89,538	69,787
(d) Loans					985,242	
Bad debt reserve (*1)					(67)	
	-	291,971	698,840	990,811	985,174	5,637
Total assets	3,084,478	1,313,034	698,840	5,096,353	5,002,457	93,896
Bonds issued	-	683,612	101,319	784,931	782,902	2,029
Total liabilities	-	683,612	101,319	784,931	782,902	2,029

(*1) Bad debt reserve for loans is deducted from the carrying amount.

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Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(c) Securities:						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	-	1,293,571	1,221,808	71,763
Foreign securities	-	4,375	-	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	-	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	-	301,246	313,075	(11,828)
Investments in associates	136,984	4,128	-	141,113	86,630	54,482
(d) Loans					959,497	
Bad debt reserve (*1)					(769)	
	-	258,587	696,555	955,142	958,728	(3,585)
Total assets	2,858,408	819,977	696,555	4,374,941	4,555,574	(180,633)
Bonds issued	-	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	-	605,478	96,280	701,759	714,743	(12,983)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled in a short period of time.
With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

Notes to Consolidated Balance Sheets (Continued)

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2022

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value (*3)(*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	5,927	0	(113)	(1,445)	-	4,368	-
Money trusts	71,571	29,494	7,125	278,672	-	386,862	26,849
Securities:							
Trading securities	75,527	8,886	8,340	7,575	-	100,330	4,946
Available-for-sale securities	171,669	8,632	76,117	(5,453)	(1,000)	249,966	-
Total assets	324,695	47,014	91,469	279,347	(1,000)	741,527	31,795
Derivative transactions (*5)	(789)	1,064	-	(591)	-	(316)	183

(*1) Mainly included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments".

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.

(*5) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Money trusts	386,862	38,063	4,887	156,356	-	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	-
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions (*4)	(316)	1,009	-	(580)	-	112	752

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments".

(*3) Includes increase due to business combination.

(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

Notes to Consolidated Balance Sheets (Continued)

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022 and March 31, 2023, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Stocks and other securities without market prices (*1)(*3)	338,763	358,089
Investments in partnerships etc. (*2)(*4)	58,671	71,315
Total	397,435	429,405

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2022 and March 31, 2023 were ¥3,552 million and ¥8,237 million, respectively.

(*4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2022 and March 31, 2023 were ¥0 million and ¥4 million, respectively.

Notes to Consolidated Balance Sheets (Continued)

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2022

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,318,829	37,323	-	850
Monetary claims bought	142,125	-	-	4,180
Securities:				
Held-to-maturity securities				
Government bonds	-	100,200	136,900	838,900
Corporate bonds	-	23,502	9,600	81,300
Foreign securities	-	1,174	1,579	1,336
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,786,200
Municipal bonds	-	-	-	9,000
Corporate bonds	1,100	3,700	4,650	110,300
Foreign securities	26,554	455,767	209,491	66,670
Available-for-sale securities with fixed maturities				
Government bonds	36,380	321,650	312,940	924,784
Municipal bonds	10,335	57,012	82,504	67,120
Corporate bonds	139,309	503,822	285,034	169,065
Foreign securities	131,134	924,515	949,849	311,014
Loans (*)	136,810	543,874	149,147	90,227
Total	2,942,580	2,972,541	2,141,697	4,460,949

(*) The amounts in the above table do not include ¥196 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥64,966 million of loans without fixed maturities.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Balance Sheets (Continued)

March 31, 2023

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,738,594	32,121	-	1,250
Monetary claims bought	134,678	4,750	-	2,976
Securities:				
Held-to-maturity securities				
Government bonds	3,400	116,500	188,500	770,600
Corporate bonds	500	27,502	31,300	55,100
Foreign securities	-	1,232	1,657	1,402
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,807,300
Municipal bonds	-	-	-	9,000
Corporate bonds	3,100	5,050	1,200	110,800
Foreign securities	6,589	91,159	186,015	41,437
Available-for-sale securities with fixed maturities				
Government bonds	57,290	231,770	308,640	714,724
Municipal bonds	9,210	82,504	58,476	47,471
Corporate bonds	119,995	543,542	241,030	168,090
Foreign securities	196,755	1,160,114	1,245,731	391,244
Loans (*)	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

(*) The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥65,437 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

March 31, 2022

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	22,000	-	100,000	-	150,000	410,000
Total	22,000	-	100,000	-	150,000	410,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

March 31, 2023

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	100,000	-	153,840	-	360,000
Total	-	100,000	-	153,840	-	360,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2022	March 31, 2023
Carrying amount	76,237	76,893
Fair value	143,572	132,640

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

The Company's consolidated subsidiary, MSI, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S., and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company

Name of the acquired company:	Transverse Insurance Group, LLC
Description of the business:	Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base.

(iii) Date of business combination

January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

The Company's consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized

US$138 million

(ii) Reason for recognition

The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period

Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	(in US$ million)
Total assets	974
(of which, policy liabilities)	473
(of which, intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration

The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed

In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

12. The amounts of net assets per share are as follows:

	March 31, 2022	March 31, 2023
Net assets per share (in ¥)	5,955.21	5,633.94
Stock acquisition rights deducted from net assets (in ¥ million)	762	558
Non-controlling interests deducted from net assets (in ¥ million)	43,099	45,671
Outstanding common stock (in thousands of shares)	547,232	534,268

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Income

For the years ended March 31, 2022 and March 31, 2023

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Premium income	1,356,791	1,743,707
Surrender benefits and ceding reinsurance premiums paid	(836,753)	(1,290,128)
Life insurance premiums	520,037	453,578

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(in ¥ million)

For the year ended March 31, 2022	For the year ended March 31, 2023
5,761	6,210

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2022	For the year ended March 31, 2023
178,533	(13,676)

4. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Commission expenses	717,494	772,616
Salaries	303,684	306,745

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

Notes to Consolidated Statements of Income (Continued)

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2022

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	2 properties, including a building for rent in Tokyo	1	Buildings	1
Idle real estate and real estate for sale	Land and buildings and other	16 properties, including an office building in Ishikawa	2,683	Land Buildings Other	618 1,938 125

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the determination of demolition or other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2023

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings and other	15 properties, including a training center in Kanagawa	1,800	Land Buildings Other	1,132 668 0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to a decline in real estate prices and the disposal in the near future, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses".

The recoverable amounts of assets to be disposed represent their net sales value, which are

determined based on the appraisal value provided by qualified appraisers.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of ¥4,721 million in relation to the outside career change support program in MSI and additional retirement benefits of ¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program in MSI.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Basic net income attributable to owners of the parent per share (in ¥)	474.52	299.80
Diluted net income attributable to owners of the parent per share (in ¥)	474.32	299.70

(Note)
The basis of calculation is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income attributable to owners of the parent (in ¥ million)	262,799	161,530
Average outstanding common stock during the year (in thousands of shares)	553,816	538,791
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (in thousands of shares)	235	173

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2022 and March 31, 2023

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2022	For the year ended March 31, 2023
	(in ¥ million)	
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	9,316	(357,047)
Reclassification adjustments	(97,290)	(113,426)
Before income tax effect adjustments	(87,974)	(470,474)
Income tax effects	25,545	123,367
Net unrealized gains/(losses) on securities	(62,428)	(347,106)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(12,451)	(25,474)
Reclassification adjustments	(8,464)	(4,040)
Before income tax effect adjustments	(20,916)	(29,514)
Income tax effects	5,506	8,152
Net deferred gains/(losses) on hedges	(15,409)	(21,362)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	109,422	129,610
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(1,556)	(13,382)
Reclassification adjustments	(1,794)	(2,107)
Before income tax effect adjustments	(3,351)	(15,490)
Income tax effects	1,089	4,447
Actuarial gains/(losses) on retirement benefits	(2,261)	(11,042)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	22,196	3,032
Reclassification adjustments	(6,996)	930
Share of other comprehensive income/(loss) of equity method investments	15,199	3,962
Total other comprehensive income	44,521	(245,938)

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2022 and March 31, 2023

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,473	159	-	593,632
Total	593,473	159	-	593,632
Treasury stock:				
Common stock	35,263	11,215	78	46,400
Total	35,263	11,215	78	46,400

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 159 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the end of the year includes 213 thousand Company's shares held in the trust established under the share compensation plan.
3. The increase in the number of treasury common stock during the year was 11,215 thousand shares, which is due to open market repurchases of 10,988 thousand shares, purchases by the trust established under the share compensation plan of 213 thousand shares, and repurchases of 13 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 78 thousand shares, which is due to exercise of stock acquisition rights of 77 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	762
Total		762

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 28, 2021	Common stock	44,656	80	March 31, 2021	June 29, 2021
Board meeting held on November 19, 2021	Common stock	45,712	82.5	September 30, 2021	December 6, 2021

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 27, 2022	Common stock	53,375	Retained earnings	97.5	March 31, 2022	June 28, 2022

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends resolved at the General shareholders' meeting to be held on June 27, 2022 includes dividends of ¥20 million for the Company's shares held in trust accounts by overseas consolidated subsidiaries that have the performance-based share compensation plan.

Notes to Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock:				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 134 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The decrease in the total number of common stock issued and outstanding during the year was 57,800 thousand shares, as a result of the cancellation of treasury stock.
3. The number of treasury common stock at the beginning and the end of the year includes 213 thousand and 1,430 thousand Company's shares held in the trust established under the share compensation plan.
4. The increase in the number of treasury common stock during the year was 13,159 thousand shares, which is due to open market repurchases of 11,930 thousand shares, purchases by the trust established under the share compensation plan of 1,216 thousand shares, and repurchases of 12 thousand fractional shares.
5. The decrease in the number of treasury common stock during the year was 57,862 thousand shares, which is due to the cancellation of treasury stock of 57,800 thousand shares, exercise of stock acquisition rights of 61 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 27, 2022	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
Board meeting held on November 18, 2022	Common stock	53,570	100	September 30, 2022	December 5, 2022

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 27, 2022 General Shareholders' Meeting includes dividends of 20 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 18, 2022 Board meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 26, 2023	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2022 and March 31, 2023

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash, deposits and savings	2,357,036	2,771,981
Monetary claims bought	146,489	142,976
Securities	16,959,321	16,149,338
Time deposits exceeding three months and deposits pledged as collateral	(220,906)	(273,246)
Monetary claims bought other than cash equivalents	(52,699)	(49,408)
Securities other than cash equivalents	(16,933,025)	(16,095,209)
Cash and cash equivalents	2,256,216	2,646,431

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

(in ¥ million)

Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Consolidated Financial Statements
For the years ended March 31, 2023 and March 31, 2024

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2023 and 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2024, outstanding claims of ¥ 2,884,811 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts of its consolidated subsidiaries held under the domestic non-life insurance business operated by Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI"), under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG").	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, ADI, AUL and AAG. In this

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As described in Note 7, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have incurred or are deemed to have incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have incurred but not reported as of the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involve a high degree of uncertainty, because of the above characteristics in estimating ultimate losses. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate. **(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on the historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, ADI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and ● For MSI, ADI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

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Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as of March 31, 2024, goodwill of ¥141,446 million was recognized. In addition, the amount representing goodwill of ¥34,052 million related to equity method associates was included in securities. As described in Note 7, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve that business plan is considered a significant deterioration of its business environment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired included the following: **(1) Internal control assessment** We assessed the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there is any indication of impairment , particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been recognized, has deteriorated, included the following: ● We inspected the materials of management meetings and inquired of management to understand the business environment for each business, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● For businesses with a significant amount of the asset group including goodwill, if they underperformed compared to the business plans used as the basis for their valuation at the time of acquisition, we analyzed the causes of variances, and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered a significant deterioration of their business environment.

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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in

accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to MS&AD Insurance Group Holdings, Inc. and its subsidiaries for the current year are 2,269 million yen and 320 million yen, respectively. Such fees for the previous year are 1,980 million yen and 222 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Significant Accounting Policies in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

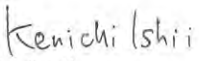
We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Masako Kanno
Designated Engagement Partner
Certified Public Accountant



Fumito Hirose
Designated Engagement Partner
Certified Public Accountant



Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 24, 2024

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2023 and March 31, 2024

	2023	2024	2024
	(in ¥ million)		(in US$ million)
Assets			
Assets			
Cash, deposits and savings	¥ 2,771,981	2,911,347	$ 19,280
Monetary claims bought	142,976	184,200	1,220
Money trusts	2,082,012	2,420,170	16,028
Securities	16,144,021	18,166,668	120,309
Loans	959,478	970,148	6,425
Tangible fixed assets:	476,711	465,661	3,084
Land	220,903	216,914	1,437
Buildings	192,968	186,265	1,234
Lease assets	28,961	29,453	195
Construction in progress	1,707	2,556	17
Other tangible fixed assets	32,169	30,472	202
Intangible fixed assets:	496,124	490,510	3,248
Software	134,958	165,010	1,093
Goodwill	143,247	141,446	937
Lease assets	213	188	1
Other intangible fixed assets	217,704	183,863	1,218
Other assets	1,116,656	1,178,311	7,803
Assets for retirement benefits	36,372	100,653	667
Deferred tax assets	102,114	59,388	393
Customers' liabilities under acceptances and guarantees	27,524	22,848	151
Bad debt reserve	(5,990)	(9,701)	(64)
Total assets	¥ 24,349,984	26,960,207	$ 178,544

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

	2023	2024	2024
	(in ¥ million)		(in US$ million)
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥ 18,357,164	19,198,037	$ 127,139
Outstanding claims	2,590,000	2,884,811	19,105
Underwriting reserves	15,767,164	16,313,226	108,035
Bonds issued	714,743	715,045	4,735
Other liabilities	1,628,137	1,733,681	11,481
Liabilities for pension and retirement benefits	141,137	138,027	914
Reserve for retirement benefits for officers	133	88	1
Accrued bonuses for employees	28,444	34,189	226
Reserve for share delivery	1,009	2,018	13
Reserves under the special laws:	277,998	231,871	1,536
Reserve for price fluctuation	277,998	231,871	1,536
Deferred tax liabilities	34,190	370,837	2,456
Acceptances and guarantees	27,524	22,848	151
Total liabilities	21,210,482	22,446,645	148,653
Net Assets			
Shareholders' equity:			
Common stock	100,808	101,076	669
Capital surplus	345,144	344,785	2,283
Retained earnings	1,383,907	1,634,444	10,824
Treasury stock	(6,662)	(36,841)	(244)
Total shareholders' equity	1,823,199	2,043,464	13,533
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on securities	1,216,563	2,237,147	14,816
Net deferred gains/(losses) on hedges	(21,996)	(48,402)	(321)
Foreign currency translation adjustments	80,611	222,849	1,476
Accumulated actuarial gains/(losses) on retirement benefits	(9,448)	32,551	216
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries	2,632	(20,818)	(138)
Total accumulated other comprehensive income	1,268,362	2,423,327	16,049
Stock acquisition rights	558	391	3
Non-controlling interests	47,381	46,378	307
Total net assets	3,139,501	4,513,562	29,891
Total liabilities and net assets	¥ 24,349,984	26,960,207	$ 178,544

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2023 and March 31, 2024

	2023	2024	2024
	(in ¥ million)		(in US$ million)
Ordinary income and expenses			
Ordinary income:	¥ 5,250,794	6,572,889	$ 43,529
Underwriting income:	4,486,045	5,107,033	33,821
Net premiums written	3,933,235	4,261,736	28,223
Deposit premiums from policyholders	41,359	31,658	210
Investment income on deposit premiums from policyholders	35,591	36,836	244
Life insurance premiums	458,430	735,249	4,869
Other underwriting income	17,428	41,551	275
Investment income:	743,994	1,417,724	9,389
Interest and dividends income	345,468	427,085	2,828
Investment gains on money trusts	191,350	314,111	2,080
Investment gains on trading securities	-	59,170	392
Gains on sales of securities	194,230	228,739	1,515
Gains on redemption of securities	2,355	4,875	32
Gains on derivative transactions	44,502	-	-
Investment gains on separate accounts	-	218,611	1,448
Other investment income	1,678	201,968	1,338
Transfer of investment income on deposit premiums from policyholders	(35,591)	(36,836)	(244)
Other ordinary income:	20,754	48,130	319
Gains on equity method investments	-	18,759	124
Other ordinary income	20,754	29,371	195
Ordinary expenses:	4,958,531	6,156,448	40,771
Underwriting expenses:	4,007,836	5,107,358	33,824
Net claims paid	2,242,501	2,291,182	15,173
Loss adjustment expenses	208,855	226,831	1,502
Commissions and collection expenses	773,675	848,875	5,622
Maturity refunds to policyholders	165,278	151,929	1,006
Dividends to policyholders	51	51	0
Life insurance claims	530,822	483,054	3,199
Provision for outstanding claims	63,273	365,586	2,421
Provision for underwriting reserves	12,466	734,752	4,866
Other underwriting expenses	10,911	5,093	34

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

	2023 (in ¥ million)	2024 (in ¥ million)	2024 (in US$ million)
Investment expenses:	¥ 195,669	215,527	$ 1,427
Investment losses on money trusts	28,438	64,443	427
Investment losses on trading securities	19,631	-	-
Losses on sales of securities	65,613	75,703	501
Impairment losses on securities	23,208	3,217	21
Losses on redemption of securities	360	40	0
Losses on derivative transactions	-	58,450	387
Investment losses on separate accounts	32,700	-	-
Other investment expenses	25,716	13,671	91
Operating expenses and general and administrative expenses	728,890	797,988	5,285
Other ordinary expenses:	26,134	35,574	236
Interest expense	10,383	10,453	69
Provision for bad debt reserve	1,340	946	6
Losses on bad debts	408	606	4
Losses on equity method investments	2,898	-	-
Other ordinary expenses	11,103	23,567	156
Ordinary profit	292,262	416,440	2,758
Extraordinary income and losses			
Extraordinary income:	34,615	63,598	421
Gains on sales of fixed assets	34,615	17,472	116
Provision for reserves under the special laws:	-	46,126	305
Provision for reserve for price fluctuation	-	46,126	305
Extraordinary losses:	30,271	17,775	118
Losses on sales of fixed assets	10,216	5,935	39
Impairment losses on fixed assets	1,801	11,839	78
Provision for reserves under the special laws:	11,616	-	-
Provision for reserve for price fluctuation	11,616	-	-
Other extraordinary losses	6,637	-	-
Income before income taxes	296,605	462,263	3,061
Income taxes – current	35,733	97,374	645
Income taxes – deferred	46,281	(7,930)	(53)
Total income taxes	82,014	89,443	592
Net income	214,591	372,820	2,469
Net income attributable to non-controlling interests	3,585	3,553	24
Net income attributable to owners of the parent	¥ 211,006	369,266	$ 2,445

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and March 31, 2024

		2023	2024		2024
		(in ¥ million)			(in US$ million)
Net income	¥	214,591	372,820	$	2,469
Other comprehensive income:					
Net unrealized gains/(losses) on securities		(347,106)	992,341		6,572
Net deferred gains/(losses) on hedges		(21,362)	(28,172)		(187)
Foreign currency translation adjustments		130,569	127,688		846
Actuarial gains/(losses) on retirement benefits		(11,042)	41,988		278
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.		9,612	(3,176)		(21)
Share of other comprehensive income/(loss) of equity method investments		(995)	24,207		160
Total other comprehensive income		(240,325)	1,154,876		7,648
Total comprehensive income	¥	(25,734)	1,527,696	$	10,117
Allocation:					
Comprehensive income attributable to owners of the parent	¥	(31,949)	1,521,241	$	10,074
Comprehensive income attributable to non-controlling interests		6,214	6,455		43

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and March 31, 2024

For the year ended March 31, 2023

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,534	553,680	1,251,280	(159,850)	1,745,644
Cumulative effects of changes in accounting policies			28,503		28,503
Restated balance	100,534	553,680	1,279,783	(159,850)	1,774,148
Changes for the year:					
Issuance of new stock	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			211,006		211,006
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	-
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling interests		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	104,124	153,187	49,051
Ending balance	¥ 100,808	345,144	1,383,907	(6,662)	1,823,199

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income					
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income.
Beginning balance	¥ 1,565,167	(998)	(52,492)	1,566	-	1,513,242
Cumulative effects of changes in accounting policies					(1,924)	(1,924)
Restated balance	1,565,167	(998)	(52,492)	1,566	(1,924)	1,511,318
Changes for the year:						
Issuance of new stock						
Dividends paid						
Net income attributable to owners of the parent						
Repurchase of treasury stock						
Disposal of treasury stock						
Cancellation of treasury stock						
Changes in equity resulting from increase in capital of consolidated subsidiaries						
Changes in equity resulting from transactions with non-controlling interests						
Net changes of items other than shareholders' equity	(348,603)	(20,997)	133,103	(11,015)	4,557	(242,955)
Total changes for the year	(348,603)	(20,997)	133,103	(11,015)	4,557	(248,955)
Ending balance	¥ 1,216,563	(21,996)	80,611	(9,448)	2,632	1,268,362

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	¥ 762	43,099	3,302,749
Cumulative effects of changes in accounting policies		1,460	28,039
Restated balance	762	44,559	3,330,789
Changes for the year:			
Issuance of new stock			548
Dividends paid			(106,881)
Net income attributable to owners of the parent			211,006
Repurchase of treasury stock			(54,946)
Disposal of treasury stock			205
Cancellation of treasury stock			-
Changes in equity resulting from increase in capital of consolidated subsidiaries			(30)
Changes in equity resulting from transactions with non-controlling interests			(850)
Net changes of items other than shareholders' equity	(203)	2,821	(240,338)
Total changes for the year	(203)	2,821	(191,287)
Ending balance	¥ 558	47,381	3,159,501

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2024

(in ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥ 100,808	345,144	1,383,907	(6,662)	1,823,199
Cumulative effects of changes in accounting policies			(1,448)		(1,448)
Restated balance	100,808	345,144	1,382,459	(6,662)	1,821,750
Changes for the year:					
Issuance of new stock	267	267			534
Dividends paid			(117,280)		(117,280)
Net income attributable to owners of the parent			369,266		369,266
Repurchase of treasury stock				(30,375)	(30,375)
Disposal of treasury stock		(26)		196	169
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)			(17)
Changes in equity resulting from transactions with non-controlling interests		(582)			(582)
Net changes of items other than shareholders' equity					
Total changes for the year	267	(359)	251,985	(30,179)	221,713
Ending balance	¥ 101,076	344,785	1,634,444	(36,841)	2,043,464

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income								
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	¥ 1,216,563	(21,996)	80,611	(9,448)	2,632	1,268,362	558	47,381	3,139,501
Cumulative effects of changes in accounting policies	2,961					2,961			1,513
Restated balance	1,219,525	(21,996)	80,611	(9,448)	2,632	1,271,324	558	47,381	3,141,015
Changes for the year:									
Issuance of new stock									534
Dividends paid									(117,280)
Net income attributable to owners of the parent									369,266
Repurchase of treasury stock									(30,375)
Disposal of treasury stock									169
Changes in equity resulting from increase in capital of consolidated subsidiaries									(17)
Changes in equity resulting from transactions with non-controlling interests									(582)
Net changes of items other than shareholders' equity	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,150,833
Total changes for the year	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,372,547
Ending balance	¥ 2,237,147	(48,402)	222,849	32,551	(20,818)	2,423,327	391	46,378	4,513,562

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2024

(in US$ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$ 668	2,286	9,165	(44)	12,074
Cumulative effects of changes in accounting policies			(10)		(10)
Restated balance	668	2,286	9,155	(44)	12,065
Changes for the year:					
Issuance of new stock	2	2			4
Dividends paid			(777)		(777)
Net income attributable to owners of the parent			2,445		2,445
Repurchase of treasury stock				(201)	(201)
Disposal of treasury stock		(0)		1	1
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling interests		(4)			(4)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(2)	1,669	(200)	1,468
Ending balance	$ 669	2,283	10,824	(244)	13,533

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	$ 8,057	(146)	534	(63)	17	8,400	4	314	20,791
Cumulative effects of changes in accounting policies	20					20			10
Restated balance	8,076	(146)	534	(63)	17	8,419	4	314	20,801
Changes for the year:									
Issuance of new stock									4
Dividends paid									(777)
Net income attributable to owners of the parent									2,445
Repurchase of treasury stock									(201)
Disposal of treasury stock									1
Changes in equity resulting from increase in capital of consolidated subsidiaries									(0)
Changes in equity resulting from transactions with non-controlling interests									(4)
Net changes of items other than shareholders' equity	6,739	(175)	942	278	(155)	7,629	(1)	(7)	7,621
Total changes for the year	6,739	(175)	942	278	(155)	7,629	(1)	(7)	9,090
Ending balance	$ 14,816	(321)	1,476	216	(138)	16,049	3	307	29,891

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and March 31, 2024

	2023	2024	2024
	(in ¥ million)		(in US$ million)
I. Cash flows from operating activities:			
Income before income taxes	¥ 296,605	462,263	$ 3,061
Adjustments for:			
Depreciation	93,105	103,192	683
Impairment losses on fixed assets	1,801	11,839	78
Amortization of goodwill	13,888	17,827	118
Increase/(decrease) in outstanding claims	86,373	187,909	1,244
Increase/(decrease) in underwriting reserves	(105,799)	524,218	3,472
Increase/(decrease) in bad debt reserve	(1,007)	3,368	22
Increase/(decrease) in reserve for retirement benefits for officers	(42)	(45)	(0)
Increase/(decrease) in accrued bonuses for employees	(2,818)	4,687	31
Increase/(decrease) in reserve for share delivery	1,009	1,009	7
Decrease/(increase) in assets for retirement benefits	(19,911)	(7,455)	(49)
Increase/(decrease) in liabilities for pension and retirement benefits	3,232	795	5
Increase/(decrease) in reserve for price fluctuation	11,616	(46,126)	(305)
Interest and dividends income	(345,468)	(427,085)	(2,828)
Losses/(gains) on money trusts	(162,912)	(249,668)	(1,653)
Losses/(gains) on securities	(87,771)	(213,823)	(1,416)
Losses/(gains) on derivative transactions	(44,502)	58,450	387
Investment losses/(gains) on separate accounts	32,700	(218,611)	(1,448)
Interest expense	10,383	10,453	69
Foreign exchange losses/(gains)	(28,571)	(200,412)	(1,327)
Losses/(gains) on disposal of tangible fixed assets	(30,006)	(13,461)	(89)
Losses/(gains) on equity method investments	2,898	(18,759)	(124)
Decrease/(increase) in other assets	(10,993)	(33,533)	(222)
Increase/(decrease) in other liabilities	62,085	48,001	318
Other, net	54,428	46,209	306
Subtotal	(169,676)	51,246	339
Interest and dividends received	447,284	517,116	3,425
Interest paid	(10,449)	(10,449)	(69)
Income taxes refunded/(paid)	(73,004)	(8,446)	(56)
Net cash provided by operating activities (a)	194,153	549,466	3,639

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2023	2024	2024
	(in ¥ million)		(in US$ million)
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	¥ (37,643)	(97,929)	$ (649)
Purchase of monetary claims bought	(4,812)	(13,670)	(91)
Proceeds from sales and redemption of monetary claims bought	12,135	6,208	41
Purchase of money trusts	(487,409)	(581,487)	(3,851)
Proceeds from sales of money trusts	512,110	478,643	3,170
Purchase of securities	(3,523,042)	(3,916,860)	(25,939)
Proceeds from sales and redemption of securities	4,184,931	4,005,148	26,524
Investment in loans	(211,739)	(219,790)	(1,456)
Collection of loans	234,847	235,058	1,557
Net increase/(decrease) in payables under securities lending transactions	10,125	(1,655)	(11)
Other, net	(128,777)	(107,403)	(711)
Subtotal (b)	560,726	(213,736)	(1,415)
(a + b)	754,879	335,730	2,223
Acquisition of tangible fixed assets	(24,625)	(22,877)	(152)
Proceeds from sales of tangible fixed assets	48,588	23,286	154
Acquisition of intangible fixed assets	(57,007)	(62,063)	(411)
Acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(45,002)	-	-
Other, net	(1,725)	(1,433)	(9)
Net cash provided by/(used in) investing activities	480,953	(276,825)	(1,833)

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	2023	2024	2024
	(in ¥ million)		(in US$ million)
III. Cash flows from financing activities:			
Repayments of borrowings	(98,381)	(100,000)	(662)
Redemption of bonds	(72,000)	-	-
Net increase/(decrease) in payables under repurchase agreements	(22,519)	30,657	203
Net increase/(decrease) in payables under securities lending transactions	53,229	2,279	15
Repurchase of treasury stock	(55,745)	(30,375)	(201)
Dividends paid to shareholders	(106,753)	(117,133)	(776)
Dividends paid to non-controlling interests	(2,284)	(3,535)	(23)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(2,471)	(4,385)	(29)
Other, net	(7,575)	(9,057)	(60)
Net cash used in financing activities	(314,502)	(231,549)	(1,533)
IV. Effect of exchange rate changes on cash and cash equivalents	29,610	46,236	306
V. Net increase/(decrease) in cash and cash equivalents	390,215	87,328	578
VI. Cash and cash equivalents at beginning of year	2,256,216	2,646,431	17,526
VII. Cash and cash equivalents at end of year	¥ 2,646,431	2,733,760	$ 18,104

See accompanying notes to consolidated financial statements.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Accounting Policies

For the years ended March 31, 2023 and March 31, 2024

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2024 have been translated into US dollar at the rate of ¥151=US$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2024. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

103 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")
MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE

MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Launch Underwriters, LLC and two other companies have been included in the scope of consolidation from the current fiscal year as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

MSIG Insurance (Lao) Co., Ltd. has been excluded from the scope of consolidation from the current fiscal year as it was merged with Sokxay Insurance Sole Company Limited.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.
MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Sokxay Insurance Sole Company Limited has been included in the scope of application of the equity method from the current fiscal year as it was merged with MSIG Insurance (Lao) Co., Ltd. and became an associate company (current company name: MSIG Sokxay Insurance Co., Ltd.).

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Reiwa Insurance Company, Ltd.), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 95 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry” (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency, as well as applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these subgroups were reclassified as available-for-sale securities. This was mainly due to the

improvement in ALM (asset and liability management) efficiency in line with the decrease in the balance of underwriting reserves for these subgroups. As a result of this change, securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512 million yen at the time of transfer on September 30, 2022.

Effective from the year ended March 31, 2024, MSPL newly established the subgroups of individual insurance and individual annuities denominated in US dollars, with the aim of improving the investment method and ALM (asset and liability management) in accordance with the investment environment. There is no effect of this change on consolidated financial statements.

(v) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

(vi) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to

bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for share delivery

To provide for the delivery of the Company’s shares in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the year-end.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are

accounted for under the deferred hedge method. Gains and losses on certain currency option contracts are accounted for under the fair value hedge method, and gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)
Among the above hedging relationships, the exceptional treatment prescribed in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force ("PITF") No. 40, March 17, 2022) is applied to all hedge relationships included in the scope of application of PITF No. 40. The details of the hedging relationships to which PITF No. 40 is applied are as follows:

Hedge accounting method:	Deferred hedge accounting
Hedging instruments:	Interest rate swaps
Hedged items:	Floating rate bonds
Type of hedging transaction:	Transaction to fix cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheet of the Company as of March 31, 2023 and March 31, 2024, goodwill of ¥143,247 million and ¥141,446 million were recognized, respectively. In addition, goodwill of ¥35,384 million and ¥34,052 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with “Accounting Standard for Impairment of Fixed Assets” (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively “the Group”) determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future

cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

During the fiscal year ended March 31 2023, An indication of impairment was identified for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and Intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheet of the Company as of March 31, 2023 and March 31, 2024, outstanding claims of ¥2,590,000 million and ¥2,884,811 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations. For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations,

as well as inflation and changes in foreign exchange rates.

8. Change in accounting policy

(Application of IFRS 9 "Financial Instruments")

From the beginning of the year ended March 31, 2024, IFRS 9 “Financial Instruments” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company changed classification and measurement of financial instruments.

In accordance with the transitional measures of IFRS 9, cumulative effects of the adoption were adjusted on the beginning balance of Retained earnings and Accumulated other comprehensive income at the beginning of the year ended March 31, 2024.

As a result, the beginning balance of Retained earnings decreased by ¥1,448 million while Net unrealized gains/(losses) on securities increased by ¥2,961 million. In addition, Ordinary income and Income before income taxes increased by ¥7,369 million.

(Application of IFRS 17 "Insurance Contracts")

From the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company adjusted Policy liabilities to reflect the time value of money, financial risks of the cash flows that arise from insurance contracts, and the effect of uncertainty in the cash flows that arise from insurance contracts.

The change in accounting policy has been applied retrospectively to the consolidated financial statements for the year ended March 31, 2023, and related effects were reflected in the following items:

Ordinary income and income before income taxes for the previous fiscal year increased by ¥61,149 million mainly due to a decrease in outstanding claims of ¥62,212 million.

The effects of the accounting policy change on the previous year’s accounts also include a decrease in securities (investments in associates) of ¥5,316 million, a decrease in other assets of ¥627,121 million, a decrease in deferred tax assets of ¥20,707 million, a decrease in policy liabilities of ¥512,434 million, a decrease in other liabilities of ¥224,255 million, and an increase in deferred tax liabilities of ¥3,012 million.

As the cumulative effects of the adoption were adjusted to the net assets for the previous fiscal year, beginning balance of retained earnings increased by ¥28,503 million, non-controlling interests increased by ¥1,460 million, and accumulated other comprehensive income (net unrealized gains/(losses) on policy liabilities for foreign subsidiaries) decreased by ¥1,924 million. The effect on per share information is presented in the relevant section.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

10. Additional information

(Share compensation plan for employees)

Effective from the year ended March 31, 2023, the Company has entered into a share compensation plan for employees (the "Plan") of its consolidated subsidiaries MSI, ADI, Mitsui Direct, MSAL, and MSPL (the "Participating Companies").

(i) Overview of the transaction

Pursuant to the Plan, shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company's shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of Company's shares from the stock market in a lump sum that are expected to be delivered, based on funds contributed by the Participating Companies through the Company.

(ii) Company's shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the year ended March 31, 2023 and March 31, 2024 were ¥4,034 million and ¥4,034 million, respectively. The number of shares of the treasury stock as of March 31, 2023 and March 31, 2024 were 990 thousand shares and 990 thousand shares, respectively.

(Performance-based share compensation plan for overseas consolidated subsidiaries)

Certain overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, "the Plan") for employees and officers subject to certain conditions.

(i) Overview of the transaction

The Plan is a scheme to determine the number of shares to be granted based on the average performance during a certain period, and to deliver the Company's shares or pay the cash equivalent to the Company's shares converted at fair value.
To prepare for future deliveries under the Plan, a trust set up using the cash contributed by subsidiaries that implemented the Plan acquired the Company's shares from the stock market.

(ii) Shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net assets section at the carrying amount in the trust (excluding incidental expenses). The carrying amounts of shares of the treasury stock as of March 31, 2023 and March 31, 2024 were ¥1,660 million and ¥1,950 million. The number of shares of the treasury stock as of March 31, 2023 and March 31, 2024 were 440 thousand shares and 562 thousand shares, respectively.

(Application of the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System")

Effective from the year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

MS&AD INSURANCE GROUP HOLDINGS, INC.
AND ITS CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Balance Sheets

As of March 31, 2023 and March 31, 2024

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Accumulated depreciation	430,206	442,279
Accelerated depreciation	11,629	11,515

(Note) As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2023 and March 31, 2024 were ¥11,629 million and ¥11,515 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	30,255	41,550
Securities (Foreign securities)	282,407	331,389
Securities (Other securities)	28,113	31,090
Total	340,776	404,030

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	5	35
Doubtful loans	722	37
Loans overdue for three months or more	99	96
Restructured loans	301	163
Total	1,128	332

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

4. The amounts of assets pledged as collateral are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Assets pledged as collateral:		
Cash, deposits and savings	30,360	51,705
Money trusts	2,750	3,119
Securities	775,768	821,980
Total	808,879	876,805

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
The amounts of those repurchase agreements included in other liabilities are as follows:

(in ¥ million)

March 31, 2023	March 31, 2024
204,822	235,480

5. The amounts of securities loaned under securities lending agreements are as follows:

(in ¥ million)

March 31, 2023	March 31, 2024
699,408	753,146

6. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

(in ¥ million)

March 31, 2023	March 31, 2024
1,569,434	1,499,828

7. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥29,682 million and ¥41,148 million, respectively in a negative liability position as of March 31, 2023 and March 31, 2024. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

8. The unutilized balances of commitment lines to third parties are as follows:

(in ¥ million)

March 31, 2023	March 31, 2024
12,100	11,201

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies ALM (asset and liability management) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the risk management department is independent from the trading execution departments and the back-office departments, and maintains a structure that enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

Notes to Consolidated Balance Sheets (Continued)

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2023

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	116,562	3,091	119,654
(b) Money trusts	-	1,495,842	586,170	2,082,012
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	5,802	-	-	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	-	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	-	2,658,520
Domestic stocks	2,577,273	-	-	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions (*1):				
Currency	-	26,395	-	26,395
Interest rate	519	27,423	-	27,942
Equity	3,457	124	-	3,581
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions (*1):				
Currency	-	30,107	-	30,107
Interest rate	507	23,037	-	23,544
Equity	1,198	463	-	1,661
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	54,364	691	65,451

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥3,886 million as an asset and ¥9,716 million as a liability.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2024

(in ¥ million)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	-	165,289	2,121	167,411
(b) Money trusts	-	1,647,700	772,469	2,420,170
(c) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	-	25,207
Domestic stocks	22	-	-	22
Foreign securities	413,060	352,793	127,916	893,769
Others	12,596	1,486,789	-	1,499,385
Available-for-sale securities				
Domestic bonds	1,378,009	1,201,047	-	2,579,056
Domestic stocks	3,607,415	-	-	3,607,415
Foreign securities	1,122,627	3,464,588	395,608	4,982,823
Others	59,467	170,142	17,255	246,865
Derivative transactions (*1):				
Currency	-	13,445	-	13,445
Interest rate	103	24,248	277	24,629
Equity	132	191	-	324
Bond	6,807	-	-	6,807
Credit	-	533	842	1,376
Others	-	-	686	686
Total assets	6,623,676	8,528,541	1,317,177	16,469,396
Derivative transactions (*1):				
Currency	-	42,287	-	42,287
Interest rate	99	28,428	266	28,793
Equity	2,842	1,257	-	4,100
Bond	4,474	-	-	4,474
Credit	-	2,556	842	3,398
Others	-	-	752	752
Total liabilities	7,416	74,529	1,861	83,807

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥671 million as an asset and ¥23,043 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2023

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	-	1,293,571	1,221,808	71,763
Foreign securities	-	4,375	-	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	-	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	-	301,246	313,075	(11,828)
Investments in associates	136,984	4,128	-	141,113	83,257	57,855
(c) Loans					959,478	
Bad debt reserve (*1)					(769)	
	-	258,587	696,535	955,123	958,709	(3,585)
Total assets	2,858,408	819,977	696,535	4,374,922	4,552,182	(177,260)
Bonds issued	-	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	-	605,478	96,280	701,759	714,743	(12,983)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

March 31, 2024

(in ¥ million)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	16,788	-	16,788	16,788	-
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,230,059	119,546	-	1,349,606	1,349,827	(221)
Foreign securities	-	4,735	-	4,735	4,593	142
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,367,117	109,727	-	1,476,845	1,960,400	(483,555)
Foreign securities	18,013	397,440	-	415,453	424,145	(8,691)
Investments in associates	210,799	5,020	-	215,820	88,303	127,516
(c) Loans					970,148	
Bad debt reserve (*1)					(343)	
	-	264,403	698,624	963,028	969,804	(6,776)
Total assets	2,825,990	917,663	698,624	4,442,277	4,813,864	(371,586)
Bonds issued	-	612,824	98,288	711,112	715,045	(3,932)
Total liabilities	-	612,824	98,288	711,112	715,045	(3,932)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

Notes to Consolidated Balance Sheets (Continued)

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial papers (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value since they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value.
These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.
Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.
With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

Notes to Consolidated Balance Sheets (Continued)

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

March 31, 2023

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Money trusts	386,862	38,063	4,887	156,356	-	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	-
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions (*4)	(316)	1,009	-	(580)	-	112	752

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.

(*3) Includes increase due to business combination.

(*4) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

March 31, 2024

(in ¥ million)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Transfer from Level 3 to Level 2 (*3) (*5)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	3,091	0	(47)	(922)	-	-	2,121	-
Money trusts	586,170	81,466	21,951	82,882	-	-	772,469	43,781
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	-	-	127,916	10,077
Available-for-sale securities	306,582	8,054	49,856	49,714	1,000	(2,344)	412,863	-
Total assets	1,018,465	83,603	83,468	131,177	1,000	(2,344)	1,315,371	53,859
Derivative transactions (*6)	112	1,042	0	(1,209)	-	-	(55)	260

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments”.

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 2 to Level 3 due to that observable inputs for domestic corporate bonds are no longer available.

(*5) Transfer from Level 3 to Level 2 due to that observable inputs for domestic and foreign corporate bonds became available.

(*6) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using

quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2023 and March 31, 2024, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Stocks and other securities without market prices (*1)(*3)	356,146	417,651
Investments in partnerships etc. (*2)(*4)	71,315	87,201
Total	427,462	504,852

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥8,237 million and ¥1,569 million, respectively.

(*4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2023 and March 31, 2024 were ¥4 million and ¥405 million, respectively.

Notes to Consolidated Balance Sheets (Continued)

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2023

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,738,594	32,121	-	1,250
Monetary claims bought	134,678	4,750	-	2,976
Securities:				
Held-to-maturity securities				
Government bonds	3,400	116,500	188,500	770,600
Corporate bonds	500	27,502	31,300	55,100
Foreign securities	-	1,232	1,657	1,402
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,807,300
Municipal bonds	-	-	-	9,000
Corporate bonds	3,100	5,050	1,200	110,800
Foreign securities	6,589	91,159	186,015	41,437
Available-for-sale securities with fixed maturities				
Government bonds	57,290	231,770	308,640	714,724
Municipal bonds	9,210	82,504	58,476	47,471
Corporate bonds	119,995	543,542	241,030	168,090
Foreign securities	196,755	1,160,114	1,245,731	391,244
Loans (*)	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

(*) The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥65,417 million of loans without fixed maturities.

March 31, 2024

(in ¥ million)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,872,161	39,162	-	1
Monetary claims bought	182,082	-	-	2,053
Securities:				
Held-to-maturity securities				
Government bonds	24,700	104,600	247,200	843,780
Corporate bonds	23,002	9,600	48,800	32,500
Foreign securities	1,334	874	2,438	-
Debt securities earmarked for underwriting reserves				
Government bonds	-	-	-	1,825,000
Municipal bonds	-	-	-	9,000
Corporate bonds	-	5,250	1,000	110,800
Foreign securities	-	55,874	327,365	92,769
Available-for-sale securities with fixed maturities				
Government bonds	58,700	217,445	447,885	640,014
Municipal bonds	4,757	89,528	39,175	35,286
Corporate bonds	153,622	497,295	233,797	162,076
Foreign securities	204,253	1,110,751	1,474,351	820,800
Loans (*)	170,007	546,881	107,657	79,577
Total	3,694,621	2,677,262	2,929,670	4,653,658

(*) The amounts in the above table do not include ¥73 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥65,936 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

March 31, 2023

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	-	100,000	-	153,840	-	360,000
Total	-	100,000	-	153,840	-	360,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

March 31, 2024

(in ¥ million)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued(*)	100,000	-	154,142	-	-	360,000
Total	100,000	-	154,142	-	-	360,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

(in ¥ million)

	March 31, 2023	March 31, 2024
Carrying amount	76,893	75,957
Fair value	132,640	130,148

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

The Company's consolidated subsidiary, MSI, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S. and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company

Name of the acquired company:	Transverse Insurance Group, LLC
Description of the business:	Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base.

(iii) Date of business combination

January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

The Company's consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US$399 million
Acquisition cost		US$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized

US$138 million

(ii) Reason for recognition

The amount invested exceeded the net amount of assets acquired and liabilities assumed.

(iii) Amortization method and period

Amortized on a straight-line basis over a period of ten (10) years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	(in US$ million)
Total assets	974
(of which, policy liabilities)	473
(of which, Intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

(7) Amount of acquisition cost allocated to Intangible fixed assets other than goodwill and its

breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US$240 million
Amortization period: 10 years

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration

The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed

In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

(Additional Information)

On December 28, 2017, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), a consolidated subsidiary of the Company, acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company’s insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the current fiscal year, the consideration is additionally recognized as acquisition cost and goodwill is additionally recognized. Goodwill that is additionally recognized is calculated on the assumption that it was recognized at the date of the business combination.

(1) Acquisition cost additionally recognized: ¥12,171 million

(2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:

Amount of goodwill additionally recognized: ¥12,171 million
Amount of amortization: ¥3,428 million
Amortization method and period: Amortized on a straight-line basis over a period of twenty (20) years

Notes to Consolidated Balance Sheets (Continued)

12. The amounts of net assets per share are as follows:

	March 31, 2023	March 31, 2024
Net assets per share (in ¥)	1,928.84	2,817.00
Stock acquisition rights deducted from net assets (in ¥ million)	558	391
Non-controlling interests deducted from net assets (in ¥ million)	47,381	46,378
Outstanding common stock (in thousands of shares)	1,602,806	1,585,651

(Notes)

1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2024.
2. As stated in the “Change in accounting policy”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, net assets per share as of March 31, 2023 has increased by 50.86 yen as compared to the amount prior to the retrospective application, which is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

13. Events that occurred after the end of the current fiscal year and that will significantly affect financial position and results of operation for the following fiscal year and thereafter are as follows:

(Stock split)

In accordance with the resolution at the Board of Directors' meeting held on February 29, 2024, the Company conducted a stock split and partial amendments to the Articles of Incorporation associated with the stock split as of the effective date of April 1, 2024.

(1) Purpose of the stock split
By lowering the stock price per investment unit, the Company aims to create a more investor-friendly environment and expand the investor base.

(2) Outline of the stock split

(i) Method of the stock split

Each share of common stock owned by the shareholders recorded in the final register of shareholders as of the record date of March 31, 2024 is split into three shares.

(ii) Increase in the number of shares due to the stock split.

Total number of issued shares before the stock split: 536,071,400 shares
Number of shares to be increased by the stock split: 1,072,142,800 shares
Total number of issued shares after the stock split: 1,608,214,200 shares
Total number of authorized shares after the stock split: 2,700,000,000 shares

(iii) Schedule of the stock split

Public notice of record date: March 15, 2024
Record date: March 31, 2024
Effective date: April 1, 2024

(3) Effect on per share information

The effect on per share information is presented in the relevant section.

(4) Partial amendments to the Articles of Incorporation associated with the stock split.

(i) Reason of the amendments
In line with the stock split, the Company has partially amended its Articles of Incorporation with an effective date of April 1, 2024, pursuant to Article 184, Paragraph 2 of the Companies Act.

(ii) Details of the amendments to the Articles of Incorporation

(Amendments are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be nine hundred million (900,000,000) shares.	(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be two thousand and seven hundred million (2,700,000,000) shares.

14. Amounts less than one million yen have been rounded down.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Income

For the years ended March 31, 2023 and March 31, 2024

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Premium income	1,727,314	1,850,145
Surrender benefits and ceding reinsurance premiums paid	(1,268,883)	(1,114,895)
Life insurance premiums	453,430	735,249

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(in ¥ million)

For the year ended March 31, 2023	For the year ended March 31, 2024
6,210	12,998

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(in ¥ million)

For the year ended March 31, 2023	For the year ended March 31, 2024
(13,676)	192,977

4. Major components of business expenses are as follows:

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Commission expenses	772,616	806,516
Salaries	306,745	320,956

(Note) Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

Notes to Consolidated Statements of Income (Continued)

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2023

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings and other	15 properties, including a training center in Kanagawa	1,800	Land Buildings Other	1,132 668 0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to a decline in real estate prices and the disposal in the near future, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under “Extraordinary losses”.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2024

(in ¥ million)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	3 properties, including an Office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an Office in Okayama	3,512	Land Buildings	1,264 2,248
—	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
—	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers.	5,730	Goodwill Other intangible fixed assets	3,967 1,762

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of investment properties, idle real estate and real estate for sale were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under “Extraordinary losses”.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under “Extraordinary losses”.

For goodwill related to the MGA business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses". The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program in MSI.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Basic net income attributable to owners of the parent per share (in ¥)	130.54	231.83
Diluted net income attributable to owners of the parent per share (in ¥)	130.50	231.77

(Note)

1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2024.

2. The basis of calculation is as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net income attributable to owners of the parent (in ¥ million)	211,006	369,266
Average outstanding common stock during the year (in thousands of shares)	1,616,373	1,592,825
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (in thousands of shares)	520	364

3. As stated in the “Change in accounting policy”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, basic net income attributable to owners of the parent per share for the previous period has increased by 30.61 yen, and diluted net income attributable to owners of the parent per share for the previous period has increased by 30.60 yen, as compared to the amount prior to the retrospective application, which are calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and March 31, 2024

1. Reclassification adjustments and income tax effects of other comprehensive income

	For the year ended March 31, 2023 (in ¥ million)	For the year ended March 31, 2024 (in ¥ million)
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(357,047)	1,528,671
Reclassification adjustments	(113,426)	(165,380)
Before income tax effect adjustments	(470,474)	1,363,290
Income tax effects	123,367	(370,949)
Net unrealized gains/(losses) on securities	(347,106)	992,341
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(25,474)	(38,535)
Reclassification adjustments	(4,040)	57
Before income tax effect adjustments	(29,514)	(38,477)
Income tax effects	8,152	10,304
Net deferred gains/(losses) on hedges	(21,362)	(28,172)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	130,569	127,716
Reclassification adjustments	-	(28)
Foreign currency translation adjustments	130,569	127,688
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(13,382)	59,050
Reclassification adjustments	(2,107)	247
Before income tax effect adjustments	(15,490)	59,298
Income tax effects	4,447	(17,309)
Actuarial gains/(losses) on retirement benefits	(11,042)	41,988
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains/(losses) arising during the period	12,750	(4,182)
Before income tax effect adjustments	12,750	(4,182)
Income tax effects	(3,137)	1,005
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,612	(3,176)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(1,753)	29,943
Reclassification adjustments	758	(5,736)
Share of other comprehensive income/(loss) of equity method investments	(995)	24,207
Total other comprehensive income	(240,325)	1,154,876

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and March 31, 2024

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock:				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

(Notes)

1. The increase in the total number of common stock issued and outstanding during the year was 134 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The decrease in the total number of common stock issued and outstanding during the year was 57,800 thousand shares, as a result of the cancellation of treasury stock.
3. The number of treasury common stock at the beginning and the end of the year includes 213 thousand and 1,430 thousand Company's shares held in the trust established under the share compensation plan.
4. The increase in the number of treasury common stock during the year was 13,159 thousand shares, which is due to open market repurchases of 11,930 thousand shares, purchases by the trust established under the share compensation plan of 1,216 thousand shares, and repurchases of 12 thousand fractional shares.
5. The decrease in the number of treasury common stock during the year was 57,862 thousand shares, which is due to the cancellation of treasury stock of 57,800 thousand shares, exercise of stock acquisition rights of 61 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 27, 2022	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
Board meeting held on November 18, 2022	Common stock	53,570	100	September 30, 2022	December 5, 2022

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 27, 2022 General Shareholders' Meeting includes dividends of 20 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 18, 2022 Board meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 26, 2023	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

Notes to Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	535,967	104	-	536,071
Total	535,967	104	-	536,071
Treasury stock:				
Common stock	1,698	5,969	147	7,521
Total	1,698	5,969	147	7,521

(Notes)
1. The increase in the total number of common stock issued and outstanding during the year was 104 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the beginning and the end of the year includes 1,430 thousand and 1,552 thousand Company's shares held in the trust established under the share compensation plan.
3. The increase in the number of treasury common stock during the year was 5,969 thousand shares, which is due to open market repurchases of 5,736 thousand shares, purchases by the trust established under the share compensation plan of 218 thousand shares, and repurchases of 15 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 147 thousand shares, which is due to the cancellation of treasury stock of 96 thousand shares, exercise of stock acquisition rights of 50 thousand shares, and sales of 0 thousand fractional shares.
5. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

2. Stock acquisition rights

(in ¥ million)

Category	Breakdown	Ending Balance
Filer	Stock acquisition rights as stock options	391
Total		391

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Dividends per share (in ¥)	Date of Record	Effective date
General shareholders' meeting held on June 26, 2023	Common stock	53,569	100	March 31, 2023	June 27, 2023
Board meeting held on November 17, 2023	Common stock	63,832	120	September 30, 2023	December 4, 2023

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 17, 2023 Board meeting includes dividends of 196 million yen for the Company's shares held in the trust established under the share compensation plan.
4. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of shares	Aggregate amount of dividends (in ¥ million)	Source of dividends	Dividends per share (in ¥)	Date of record	Effective date
General shareholders' meeting to be held on June 24, 2024	Common stock	79,515	Retained earnings	150	March 31, 2024	June 25, 2024

(Notes)
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 24, 2024 General Shareholders' Meeting includes dividends of 232 million yen for the Company's shares held in the trust established under the share compensation plan.
3. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

MS&AD INSURANCE GROUP HOLDINGS, INC.
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Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and March 31, 2024

1. Reconciliation of balance sheet items to cash and cash equivalents

(in ¥ million)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Cash, deposits and savings	2,771,981	2,911,347
Monetary claims bought	142,976	184,200
Securities	16,144,021	18,166,668
Time deposits exceeding three months and deposits pledged as collateral	(273,246)	(394,708)
Monetary claims bought other than cash equivalents	(49,408)	(63,215)
Securities other than cash equivalents	(16,089,893)	(18,070,531)
Cash and cash equivalents	2,646,431	2,733,760

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

(in ¥ million)

Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
Total Assets	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

Exhibit G

Quarterly Consolidated Financial Statements of MS&AD Holdings

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2024	June 30, 2024
Assets		
Cash, deposits and savings	2,911,347	2,577,065
Monetary claims bought	184,200	163,595
Money trusts	2,420,170	2,589,781
Investments in securities	18,166,668	18,476,676
Loans	970,148	999,605
Tangible fixed assets	465,661	463,027
Intangible fixed assets	490,510	492,820
Other assets	1,178,311	1,230,310
Assets for retirement benefits	100,653	102,389
Deferred tax assets	59,388	61,065
Customers' liabilities under acceptances and guarantees	22,848	22,919
Bad debt reserve	(9,701)	(11,027)
Total assets	26,960,207	27,168,229
Liabilities		
Policy liabilities:	19,198,037	19,513,261
Outstanding claims	2,884,811	3,025,995
Underwriting reserves	16,313,226	16,487,266
Bonds issued	715,045	715,335
Other liabilities	1,733,681	1,600,765
Liabilities for pension and retirement benefits	138,027	140,044
Reserve for retirement benefits for officers	88	69
Accrued bonuses for employees	34,189	16,967
Reserve for stock payments	2,018	2,271
Reserves under the special laws:	231,871	262,376
Reserve for price fluctuation	231,871	262,376
Deferred tax liabilities	370,837	314,565
Acceptances and guarantees	22,848	22,919
Total liabilities	22,446,645	22,588,576
Net assets		
Shareholders' equity:		
Common stock	101,076	101,076
Capital surplus	344,785	344,698
Retained earnings	1,634,444	1,759,199
Treasury stock	(36,841)	(37,325)
Total shareholders' equity	2,043,464	2,167,649
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	2,237,147	2,103,014
Net deferred gains/(losses) on hedges	(48,402)	(48,409)
Foreign currency translation adjustments	222,849	322,832
Accumulated actuarial gains/(losses) on retirement benefits	32,551	31,485
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	(20,818)	(45,955)
Total accumulated other comprehensive income	2,423,327	2,362,968
Stock acquisition rights	391	326
Non-controlling interests	46,378	48,709
Total net assets	4,513,562	4,579,653
Total liabilities and net assets	26,960,207	27,168,229

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary income:	1,975,937	1,937,162
Underwriting income:	1,389,233	1,302,462
Net premiums written	1,136,235	1,296,297
Deposit premiums from policyholders	10,479	7,311
Investment income on deposit premiums from policyholders	8,636	8,607
Life insurance premiums	214,448	(31,075)
Investment income:	576,090	617,699
Interest and dividends income	117,374	152,161
Investment gains on money trusts	164,931	201,068
Investment gains on trading securities	14,577	15,758
Gains on sales of securities	38,098	96,337
Investment gains on separate accounts	105,295	23,263
Transfer of investment income on deposit premiums from policyholders	(8,636)	(8,607)
Other ordinary income	10,612	17,000
Ordinary expenses:	1,820,482	1,638,537
Underwriting expenses:	1,569,571	1,336,856
Net claims paid	532,677	586,673
Loss adjustment expenses	56,907	56,348
Commissions and collection expenses	204,189	230,483
Maturity refunds to policyholders	32,497	32,224
Life insurance claims	127,016	29,745
Provision for outstanding claims	77,377	93,242
Provision for underwriting reserves	537,757	306,781
Investment expenses:	48,323	80,092
Investment losses on money trusts	25,979	40,311
Losses on sales of securities	5,093	18,879
Impairment losses on securities	1,212	771
Operating expenses and general and administrative expenses	191,472	208,957
Other ordinary expenses:	11,115	12,631
Interest expense	2,442	2,849
Ordinary profit	155,454	298,624
Extraordinary income:	78	3,999
Gains on sales of fixed assets	78	891
Gains on change in equity	—	3,108
Extraordinary losses:	5,104	31,702
Losses on sales of fixed assets	1,295	341
Impairment losses on fixed assets	762	855
Provision for reserves under the special laws:	3,045	30,505
Provision for reserve for price fluctuation	3,045	30,505
Income before income taxes	150,429	270,921
Income taxes	38,148	65,273
Net income	112,280	205,648
Net income attributable to non-controlling interests	662	1,377
Net income attributable to owners of the parent	111,617	204,270

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	112,280	205,648
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	377,241	(157,937)
Net deferred gains/(losses) on hedges	(20,882)	(693)
Foreign currency translation adjustments	37,115	89,029
Accumulated actuarial gains/(losses) on retirement benefits	48	(1,072)
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	1,274	2,343
Share of other comprehensive income of equity method investments	15,759	9,719
Total other comprehensive income	410,557	(58,609)
Total comprehensive income	522,837	147,038
Allocation:		
Comprehensive income attributable to owners of the parent	521,046	143,910
Comprehensive income attributable to non-controlling interests	1,791	3,128

(2) Summary of Business Results of Main Consolidated Subsidiaries

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

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2024	June 30, 2024
(Assets)		
Cash, deposits and savings	**569,609**	**383,061**
Monetary claims bought	**2,121**	**1,948**
Money trusts	**570**	**4,727**
Investments in securities	**6,266,431**	**6,067,233**
Loans	**390,765**	**391,798**
Tangible fixed assets	**194,157**	**192,029**
Intangible fixed assets	**72,398**	**68,896**
Other assets	**328,585**	**331,914**
Prepaid pension expenses	**26,931**	**28,877**
Customers' liabilities under acceptances and guarantees	**14,988**	**15,155**
Bad debt reserve	**(2,172)**	**(2,143)**
Total assets	**7,864,388**	**7,483,499**
(Liabilities)		
Policy liabilities:	**3,711,583**	**3,674,211**
Outstanding claims	844,260	861,513
Underwriting reserves	2,867,322	2,812,698
Bonds issued	**580,902**	**580,902**
Other liabilities:	**385,103**	**312,647**
Income taxes payable	41,848	33,383
Lease obligations	60	0
Asset retirement obligations	3,841	3,851
Other liabilities	339,352	275,411
Reserve for pension and retirement benefits	**85,013**	**85,534**
Reserve for retirement benefits for officers	**86**	**68**
Accrued bonuses for employees	**9,657**	**164**
Reserve for stock payments	**956**	**1,076**
Reserves under the special laws:	**35,971**	**37,074**
Reserve for price fluctuation	35,971	37,074
Deferred tax liabilities	**358,401**	**303,709**
Acceptances and guarantees	**14,988**	**15,155**
Total liabilities	**5,182,665**	**5,010,545**
(Net assets)		
Common stock	**139,595**	**139,595**
Capital surplus	**93,107**	**93,107**
Retained earnings	**777,866**	**710,433**
Total shareholders' equity	**1,010,569**	**943,136**
Net unrealized gains/(losses) on investments in securities	**1,661,847**	**1,521,726**
Net deferred gains/(losses) on hedges	**9,305**	**8,090**
Total valuation and translation adjustments	**1,671,152**	**1,529,816**
Total net assets	**2,681,722**	**2,472,953**
Total liabilities and net assets	**7,864,388**	**7,483,499**

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary income:	**516,540**	**615,454**
Underwriting income:	**443,059**	**467,988**
Net premiums written	395,891	401,074
Deposit premiums from policyholders	7,596	5,374
Investment income on deposit premiums from policyholders	6,087	5,865
Reversal of underwriting reserves	31,674	54,623
Investment income:	**71,737**	**146,170**
Interest and dividends income	53,033	61,166
Investment gains on money trusts	39	157
Gains on sales of securities	14,156	82,756
Transfer of investment income on deposit premiums from policyholders	(6,087)	(5,865)
Other ordinary income	**1,743**	**1,294**
Ordinary expenses:	**427,121**	**458,807**
Underwriting expenses:	**363,733**	**388,501**
Net claims paid	214,920	245,353
Loss adjustment expenses	26,991	27,576
Commissions and collection expenses	75,387	76,093
Maturity refunds to policyholders	22,165	22,058
Provision for outstanding claims	24,119	17,252
Investment expenses:	**2,067**	**6,627**
Losses on sales of securities	751	6,135
Impairment losses on securities	946	0
Operating expenses and general and administrative expenses	**60,091**	**62,490**
Other ordinary expenses:	**1,230**	**1,187**
Interest expense	1,210	1,161
Ordinary profit	**89,418**	**156,646**
Extraordinary income	**15**	**20**
Extraordinary losses	**1,442**	**1,230**
Income before income taxes	**87,991**	**155,435**
Income taxes	**18,683**	**36,823**
Net income	**69,307**	**118,611**

Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2024	September 30, 2024
Assets		
Cash, deposits and savings	2,911,347	2,471,422
Call loans	-	20,000
Receivables under resale agreements	-	62,989
Monetary claims bought	184,200	325,317
Money trusts	2,420,170	2,494,953
Investments in securities	18,166,668	17,735,219
Loans	970,148	964,282
Tangible fixed assets	465,661	462,441
Intangible fixed assets	490,510	497,226
Other assets	1,178,311	1,286,118
Assets for retirement benefits	100,653	104,176
Deferred tax assets	59,388	60,256
Customers' liabilities under acceptances and guarantees	22,848	21,978
Bad debt reserve	(9,701)	(10,319)
Total assets	26,960,207	26,496,062
Liabilities		
Policy liabilities:	19,198,037	19,351,760
Outstanding claims	2,884,811	3,132,219
Underwriting reserves	16,313,226	16,219,541
Bonds issued	715,045	590,628
Other liabilities	1,733,681	1,585,610
Liabilities for pension and retirement benefits	138,027	142,638
Reserve for retirement benefits for officers	88	69
Accrued bonuses for employees	34,189	30,036
Reserve for stock payments	2,018	414
Provision for loss related to the Antimonopoly Act	-	1,391
Reserves under the special laws:	231,871	277,209
Reserve for price fluctuation	231,871	277,209
Deferred tax liabilities	370,837	136,582
Acceptances and guarantees	22,848	21,978
Total liabilities	22,446,645	22,138,320
Net assets		
Shareholders' equity:		
Common stock	101,076	101,367
Capital surplus	344,785	344,956
Retained earnings	1,634,444	2,014,001
Treasury stock	(36,841)	(209,380)
Total shareholders' equity	2,043,464	2,250,944
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	2,237,147	1,653,264
Net deferred gains/(losses) on hedges	(48,402)	(6,517)
Foreign currency translation adjustments	222,849	437,503
Accumulated actuarial gains/(losses) on retirement benefits	32,551	30,505
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	(20,818)	(56,940)
Total accumulated other comprehensive income	2,423,327	2,057,815
Stock acquisition rights	391	266
Non-controlling interests	46,378	48,715
Total net assets	4,513,562	4,357,741
Total liabilities and net assets	26,960,207	26,496,062

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Ordinary income:	3,628,542	3,447,807
Underwriting income:	2,809,632	2,747,269
Net premiums written	2,270,021	2,539,595
Deposit premiums from policyholders	18,219	15,542
Investment income on deposit premiums from policyholders	17,031	16,956
Life insurance premiums	476,012	162,814
Investment income:	791,849	670,129
Interest and dividends income	193,418	243,691
Investment gains on money trusts	243,959	38,067
Investment gains on trading securities	21,934	17,130
Gains on sales of securities	84,342	380,976
Investment gains on separate accounts	80,670	-
Transfer of investment income on deposit premiums from policyholders	(17,031)	(16,956)
Other ordinary income	27,060	30,408
Ordinary expenses:	3,497,129	2,817,004
Underwriting expenses:	2,982,943	2,178,184
Net claims paid	1,085,949	1,187,196
Loss adjustment expenses	108,968	115,584
Commissions and collection expenses	420,589	469,603
Maturity refunds to policyholders	69,404	66,972
Life insurance claims	269,892	169,739
Provision for outstanding claims	221,512	153,637
Provision for underwriting reserves	803,722	11,955
Investment expenses:	117,648	204,526
Investment losses on money trusts	67,081	62,280
Losses on sales of securities	15,219	34,978
Impairment losses on securities	2,043	982
Losses on derivative transactions	27,569	30,165
Investment losses on separate accounts	-	5,198
Operating expenses and general and administrative expenses	378,779	408,892
Other ordinary expenses:	17,757	25,400
Interest expense	5,289	5,771
Ordinary profit	131,413	630,802
Extraordinary income:	133	4,253
Gains on sales of fixed assets	133	1,145
Gains on change in equity	-	3,108
Extraordinary losses:	11,192	49,924
Losses on sales of fixed assets	2,378	1,145
Impairment losses on fixed assets	2,666	3,441
Provision for reserves under the special laws:	6,146	45,337
Provision for reserve for price fluctuation	6,146	45,337
Income before income taxes	120,354	585,131
Income taxes - current	34,963	124,359
Income taxes - deferred	(3,850)	(926)
Total income taxes	31,113	123,433
Net income	89,241	461,697
Net income attributable to non-controlling interests	1,729	2,710
Net income attributable to owners of the parent	87,511	458,987

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	89,241	461,697
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	341,204	(632,089)
Net deferred gains/(losses) on hedges	(52,148)	40,764
Foreign currency translation adjustments	159,891	200,691
Accumulated actuarial gains/(losses) on retirement benefits	156	(2,053)
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	(615)	2,781
Share of other comprehensive income of equity method investments	26,861	28,488
Total other comprehensive income	475,349	(361,417)
Total comprehensive income	564,591	100,280
Allocation:		
Comprehensive income attributable to owners of the parent	558,613	93,475
Comprehensive income attributable to non-controlling interests	5,977	6,805

3. Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,808	345,144	1,383,907	(6,662)	1,823,199
Cumulative effect of changing accounting policies			(1,448)		(1,448)
Beginning balance (adjusted)	100,808	345,144	1,382,459	(6,662)	1,821,750
Changes for the six months:					
Issuance of new shares	267	267			534
Dividends paid			(53,525)		(53,525)
Net income attributable to owners of the parent			87,511		87,511
Repurchase of treasury stock				(20,976)	(20,976)
Disposal of treasury stock		(26)		195	168
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)			(17)
Changes in equity resulting from transactions with non-controlling shareholders		11			11
Net changes of items other than shareholders' equity					
Total changes for the six months	267	234	33,985	(20,780)	13,706
Ending balance	101,076	345,378	1,416,445	(27,443)	1,835,456

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	1,216,563	(21,996)	80,611	(9,448)	2,632	1,268,362	558	47,381	3,139,501
Cumulative effect of changing accounting policies	2,961					2,961			1,513
Beginning balance (adjusted)	1,219,525	(21,996)	80,611	(9,448)	2,632	1,271,324	558	47,381	3,141,015
Changes for the six months:									
Issuance of new shares									534
Dividends paid									(53,525)
Net income attributable to owners of the parent									87,511
Repurchase of treasury stock									(20,976)
Disposal of treasury stock									168
Changes in equity resulting from increase in capital of consolidated subsidiaries									(17)
Changes in equity resulting from transactions with non-controlling shareholders									11
Net changes of items other than shareholders' equity	358,764	(51,287)	174,258	156	(10,761)	471,130	(167)	2,259	473,222
Total changes for the six months	358,764	(51,287)	174,258	156	(10,761)	471,130	(167)	2,259	486,929
Ending balance	1,578,290	(73,284)	254,869	(9,291)	(8,128)	1,742,454	391	49,641	3,627,944

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	101,076	344,785	1,634,444	(36,841)	2,043,464
Changes for the six months:					
Issuance of new shares	291	291			582
Dividends paid			(79,431)		(79,431)
Net income attributable to owners of the parent			458,987		458,987
Repurchase of treasury stock				(174,354)	(174,354)
Disposal of treasury stock		(67)		1,815	1,748
Changes in equity resulting from increase in capital of consolidated subsidiaries		(13)			(13)
Changes in equity resulting from transactions with non-controlling shareholders		(38)			(38)
Net changes of items other than shareholders' equity					
Total changes for the six months	291	171	379,556	(172,538)	207,480
Ending balance	101,367	344,956	2,014,001	(209,380)	2,250,944

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	2,237,147	(48,402)	222,849	32,551	(20,818)	2,423,327	391	46,378	4,513,562
Changes for the six months:									
Issuance of new shares									582
Dividends paid									(79,431)
Net income attributable to owners of the parent									458,987
Repurchase of treasury stock									(174,354)
Disposal of treasury stock									1,748
Changes in equity resulting from increase in capital of consolidated subsidiaries									(13)
Changes in equity resulting from transactions with non-controlling shareholders									(38)
Net changes of items other than shareholders' equity	(583,882)	41,884	214,653	(2,045)	(36,121)	(365,512)	(125)	2,337	(363,300)
Total changes for the six months	(583,882)	41,884	214,653	(2,045)	(36,121)	(365,512)	(125)	2,337	(155,820)
Ending balance	1,653,264	(6,517)	437,503	30,505	(56,940)	2,057,815	266	48,715	4,357,741

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, 2024	September 30, 2024
(Assets)		
Cash, deposits and savings	**569,609**	**446,264**
Call loans	**-**	**20,000**
Receivables under resale agreements	**-**	**62,989**
Monetary claims bought	**2,121**	**70,750**
Money trusts	**570**	**3,366**
Investments in securities	**6,266,431**	**5,393,095**
Loans	**390,765**	**367,865**
Tangible fixed assets	**194,157**	**192,072**
Intangible fixed assets	**72,398**	**67,511**
Other assets	**328,585**	**367,100**
Prepaid pension expenses	**26,931**	**30,830**
Customers' liabilities under acceptances and guarantees	**14,988**	**13,935**
Bad debt reserve	**(2,172)**	**(2,026)**
Total assets	**7,864,388**	**7,033,755**
(Liabilities)		
Policy liabilities:	**3,711,583**	**3,703,838**
Outstanding claims	844,260	858,244
Underwriting reserves	2,867,322	2,845,594
Bonds issued	**580,902**	**480,902**
Other liabilities:	**385,103**	**281,890**
Income taxes payable	41,848	43,905
Lease obligations	60	0
Asset retirement obligations	3,841	3,858
Other liabilities	339,352	234,126
Reserve for pension and retirement benefits	**85,013**	**86,559**
Reserve for retirement benefits for officers	**86**	**68**
Accrued bonuses for employees	**9,657**	**9,225**
Reserve for stock payments	**956**	**194**
Provision for loss related to the Antimonopoly Act	**-**	**885**
Reserves under the special laws:	**35,971**	**38,121**
Reserve for price fluctuation	35,971	38,121
Deferred tax liabilities	**358,401**	**144,953**
Acceptances and guarantees	**14,988**	**13,935**
Total liabilities	**5,182,665**	**4,760,574**
(Net assets)		
Common stock	**139,595**	**139,595**
Capital surplus	**93,107**	**93,107**
Retained earnings	**777,866**	**923,228**
Total shareholders' equity	**1,010,569**	**1,155,931**
Net unrealized gains/(losses) on investments in securities	**1,661,847**	**1,109,305**
Net deferred gains/(losses) on hedges	**9,305**	**7,944**
Total valuation and translation adjustments	**1,671,152**	**1,117,249**
Total net assets	**2,681,722**	**2,273,181**
Total liabilities and net assets	**7,864,388**	**7,033,755**

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2023	Six months ended September 30, 2024
Ordinary income:	**1,006,600**	**1,344,614**
Underwriting income:	**882,155**	**911,873**
Net premiums written	837,759	866,643
Deposit premiums from policyholders	13,159	11,924
Investment income on deposit premiums from policyholders	12,026	11,564
Reversal of underwriting reserves	16,887	21,727
Investment income:	**121,294**	**430,200**
Interest and dividends income	80,765	90,245
Investment gains on money trusts	50	-
Gains on sales of securities	38,237	343,258
Gains on derivative transactions	4,866	-
Transfer of investment income on deposit premiums from policyholders	(12,026)	(11,564)
Other ordinary income	**3,151**	**2,539**
Ordinary expenses:	**920,426**	**927,481**
Underwriting expenses:	**779,347**	**772,580**
Net claims paid	454,009	494,226
Loss adjustment expenses	55,232	55,441
Commissions and collection expenses	153,921	160,770
Maturity refunds to policyholders	47,706	47,314
Provision for outstanding claims	68,281	13,983
Investment expenses:	**23,281**	**34,785**
Investment losses on money trusts	-	1,203
Losses on sales of securities	2,096	7,550
Impairment losses on securities	18,631	9,059
Losses on derivative transactions	-	14,233
Operating expenses and general and administrative expenses	**115,309**	**116,512**
Other ordinary expenses:	**2,488**	**3,602**
Interest expense	2,433	2,328
Ordinary profit	**86,173**	**417,132**
Extraordinary income	**17**	**37**
Extraordinary losses	**2,735**	**2,467**
Income before income taxes	**83,456**	**414,702**
Income taxes - current	**22,401**	**82,404**
Income taxes - deferred	**(4,112)**	**891**
Total income taxes	**18,288**	**83,295**
Net income	**65,167**	**331,406**

Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2024	December 31, 2024
Assets		
Cash, deposits and savings	2,911,347	2,239,670
Call loans	-	50,000
Receivables under resale agreements	-	24,994
Monetary claims bought	184,200	359,274
Money trusts	2,420,170	2,633,892
Investments in securities	18,166,668	17,935,506
Loans	970,148	959,776
Tangible fixed assets	465,661	455,671
Intangible fixed assets	490,510	469,804
Other assets	1,178,311	1,208,271
Assets for retirement benefits	100,653	105,862
Deferred tax assets	59,388	54,996
Customers' liabilities under acceptances and guarantees	22,848	22,025
Bad debt reserve	(9,701)	(9,870)
Total assets	26,960,207	26,509,876
Liabilities		
Policy liabilities:	19,198,037	19,514,259
Outstanding claims	2,884,811	3,103,693
Underwriting reserves	16,313,226	16,410,565
Bonds issued	715,045	590,100
Other liabilities	1,733,681	1,571,041
Liabilities for pension and retirement benefits	138,027	144,213
Reserve for retirement benefits for officers	88	55
Accrued bonuses for employees	34,189	16,840
Reserve for stock payments	2,018	620
Reserves under the special laws:	231,871	241,644
Reserve for price fluctuation	231,871	241,644
Deferred tax liabilities	370,837	158,097
Acceptances and guarantees	22,848	22,025
Total liabilities	22,446,645	22,258,897
Net assets		
Shareholders' equity:		
Common stock	101,076	101,367
Capital surplus	344,785	345,130
Retained earnings	1,634,444	2,069,577
Treasury stock	(36,841)	(243,799)
Total shareholders' equity	2,043,464	2,272,275
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	2,237,147	1,746,235
Net deferred gains/(losses) on hedges	(48,402)	(53,423)
Foreign currency translation adjustments	222,849	263,003
Accumulated actuarial gains/(losses) on retirement benefits	32,551	29,697
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	(20,818)	(56,498)
Total accumulated other comprehensive income	2,423,327	1,929,014
Stock acquisition rights	391	266
Non-controlling interests	46,378	49,421
Total net assets	4,513,562	4,250,978
Total liabilities and net assets	26,960,207	26,509,876

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Ordinary income:	4,947,791	5,229,739
Underwriting income:	4,025,371	4,024,166
Net premiums written	3,230,476	3,571,285
Deposit premiums from policyholders	26,499	23,048
Investment income on deposit premiums from policyholders	25,306	25,112
Life insurance premiums	717,573	380,337
Investment income:	890,199	1,159,533
Interest and dividends income	317,577	384,145
Investment gains on money trusts	181,056	209,183
Investment gains on trading securities	25,839	53,787
Gains on sales of securities	133,422	444,807
Investment gains on separate accounts	127,922	17,970
Transfer of investment income on deposit premiums from policyholders	(25,306)	(25,112)
Other ordinary income	32,219	46,039
Gains on equity method investments	13,902	21,927
Ordinary expenses:	4,561,211	4,404,874
Underwriting expenses:	3,845,203	3,587,763
Net claims paid	1,688,505	1,845,456
Loss adjustment expenses	162,575	174,229
Commissions and collection expenses	633,779	671,886
Maturity refunds to policyholders	112,873	107,540
Life insurance claims	421,457	328,197
Provision for outstanding claims	240,861	238,550
Provision for underwriting reserves	581,056	218,700
Investment expenses:	109,502	166,769
Investment losses on money trusts	31,030	83,651
Losses on sales of securities	27,470	37,685
Impairment losses on securities	3,390	4,042
Losses on derivative transactions	40,117	28,220
Operating expenses and general and administrative expenses	577,611	614,520
Other ordinary expenses:	28,893	35,821
Interest expense	7,998	8,809
Ordinary profit	386,579	824,864
Extraordinary income:	1,158	4,550
Gains on sales of fixed assets	1,158	1,442
Gains on change in equity	-	3,108
Extraordinary losses:	11,632	15,569
Losses on sales of fixed assets	3,679	1,551
Impairment losses on fixed assets	2,753	4,245
Provision for reserves under the special laws:	5,199	9,772
Provision for reserve for price fluctuation	5,199	9,772
Income before income taxes	376,104	813,845
Income taxes	91,863	184,278
Net income	284,241	629,567
Net income attributable to non-controlling interests	2,645	3,499
Net income attributable to owners of the parent	281,596	626,067

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net income	284,241	629,567
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	431,053	(535,545)
Net deferred gains/(losses) on hedges	(7,645)	(5,612)
Foreign currency translation adjustments	189,231	36,430
Accumulated actuarial gains/(losses) on retirement benefits	211	(2,861)
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	692	(412)
Share of other comprehensive income of equity method investments	26,228	17,671
Total other comprehensive income	639,772	(490,330)
Total comprehensive income	924,014	139,236
Allocation:		
Comprehensive income attributable to owners of the parent	916,751	131,754
Comprehensive income attributable to non-controlling interests	7,262	7,482

(2) Summary of Business Results of Main Consolidated Subsidiaries

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

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2024	December 31, 2024
(Assets)		
Cash, deposits and savings	**569,609**	**238,174**
Call loans	**-**	**30,000**
Receivables under resale agreements	**-**	**24,994**
Monetary claims bought	**2,121**	**106,569**
Money trusts	**570**	**3,227**
Investments in securities	**6,266,431**	**5,631,653**
Loans	**390,765**	**365,834**
Tangible fixed assets	**194,157**	**189,989**
Intangible fixed assets	**72,398**	**65,614**
Other assets	**328,585**	**323,486**
Prepaid pension expenses	**26,931**	**32,782**
Customers' liabilities under acceptances and guarantees	**14,988**	**14,168**
Bad debt reserve	**(2,172)**	**(1,988)**
Total assets	**7,864,388**	**7,024,507**
(Liabilities)		
Policy liabilities:	**3,711,583**	**3,603,580**
Outstanding claims	844,260	858,962
Underwriting reserves	2,867,322	2,744,618
Bonds issued	**580,902**	**480,902**
Other liabilities:	**385,103**	**270,750**
Income taxes payable	41,848	50,015
Lease obligations	60	6
Asset retirement obligations	3,841	3,850
Other liabilities	339,352	216,877
Reserve for pension and retirement benefits	**85,013**	**87,497**
Reserve for retirement benefits for officers	**86**	**55**
Accrued bonuses for employees	**9,657**	**486**
Reserve for stock payments	**956**	**291**
Reserves under the special laws:	**35,971**	**39,271**
Reserve for price fluctuation	35,971	39,271
Deferred tax liabilities	**358,401**	**181,040**
Acceptances and guarantees	**14,988**	**14,168**
Total liabilities	**5,182,665**	**4,678,045**
(Net assets)		
Common stock	**139,595**	**139,595**
Capital surplus	**93,107**	**93,107**
Retained earnings	**777,866**	**900,948**
Total shareholders' equity	**1,010,569**	**1,133,651**
Net unrealized gains/(losses) on investments in securities	**1,661,847**	**1,206,251**
Net deferred gains/(losses) on hedges	**9,305**	**6,558**
Total valuation and translation adjustments	**1,671,152**	**1,212,810**
Total net assets	**2,681,722**	**2,346,461**
Total liabilities and net assets	**7,864,388**	**7,024,507**

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Ordinary income:	**1,547,576**	**1,926,780**
Underwriting income:	**1,364,624**	**1,408,546**
Net premiums written	1,206,496	1,249,242
Deposit premiums from policyholders	19,363	17,510
Investment income on deposit premiums from policyholders	17,874	17,180
Reversal of underwriting reserves	119,336	122,703
Investment income:	**178,995**	**514,436**
Interest and dividends income	121,828	133,301
Gains on sales of securities	65,632	383,318
Gains on derivative transactions	1,557	-
Transfer of investment income on deposit premiums from policyholders	(17,874)	(17,180)
Other ordinary income	**3,957**	**3,798**
Ordinary expenses:	**1,357,879**	**1,383,542**
Underwriting expenses:	**1,147,942**	**1,167,327**
Net claims paid	717,420	759,293
Loss adjustment expenses	81,528	82,414
Commissions and collection expenses	225,837	235,002
Maturity refunds to policyholders	77,948	75,577
Provision for outstanding claims	44,878	14,701
Investment expenses:	**25,935**	**35,289**
Investment losses on money trusts	55	1,341
Losses on sales of securities	3,533	8,087
Impairment losses on securities	19,517	11,804
Losses on derivative transactions	-	10,833
Operating expenses and general and administrative expenses	**178,383**	**176,079**
Other ordinary expenses:	**5,617**	**4,846**
Interest expense	3,647	3,487
Ordinary profit	**189,696**	**543,237**
Extraordinary income	**619**	**212**
Extraordinary losses	**4,144**	**3,774**
Income before income taxes	**186,171**	**539,676**
Income taxes	**43,097**	**114,245**
Net income	**143,073**	**425,430**

Exhibit H

Org Chart of Applicants (Before)

Pre-Acquisition Organizational Chart of Applicants

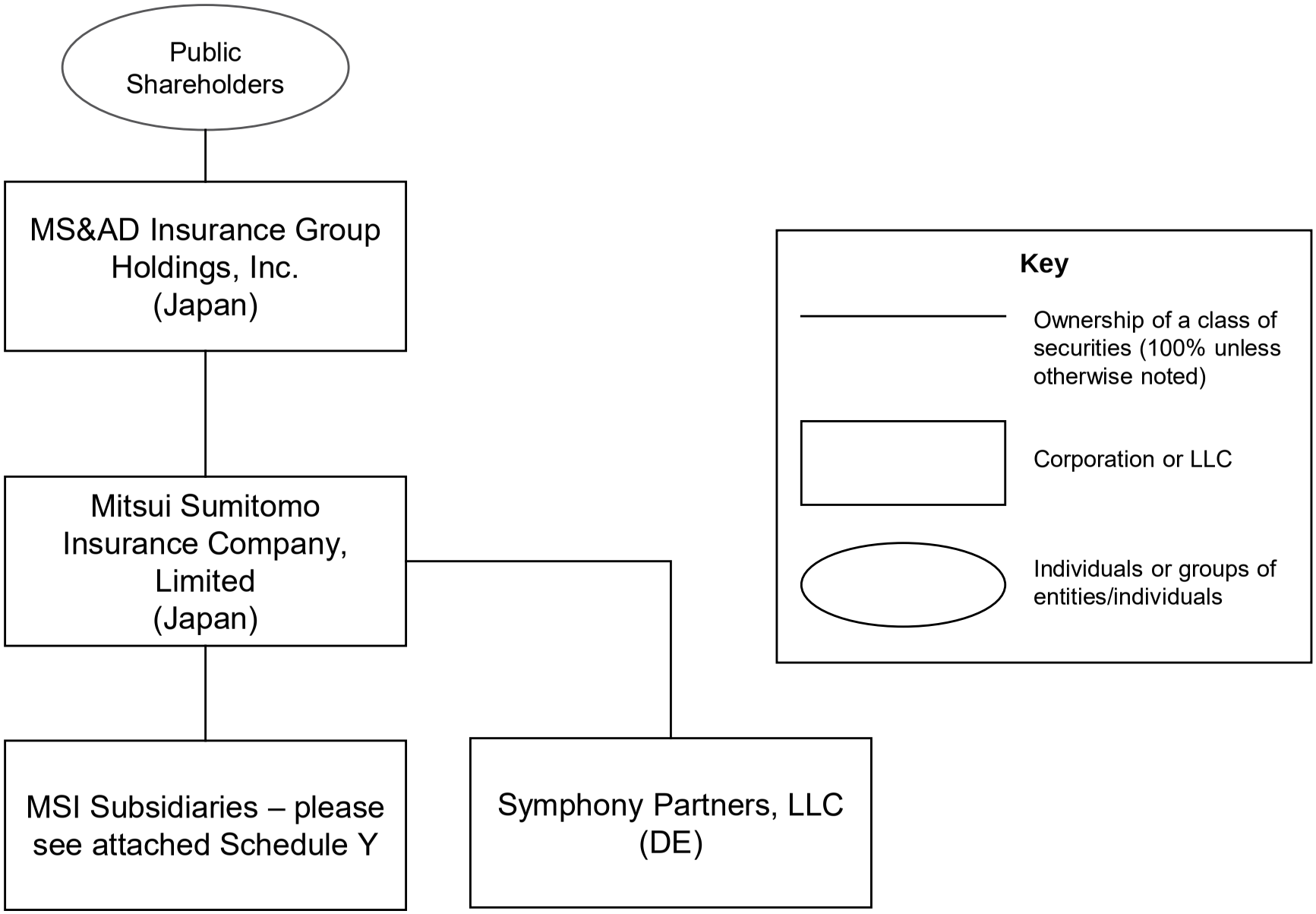
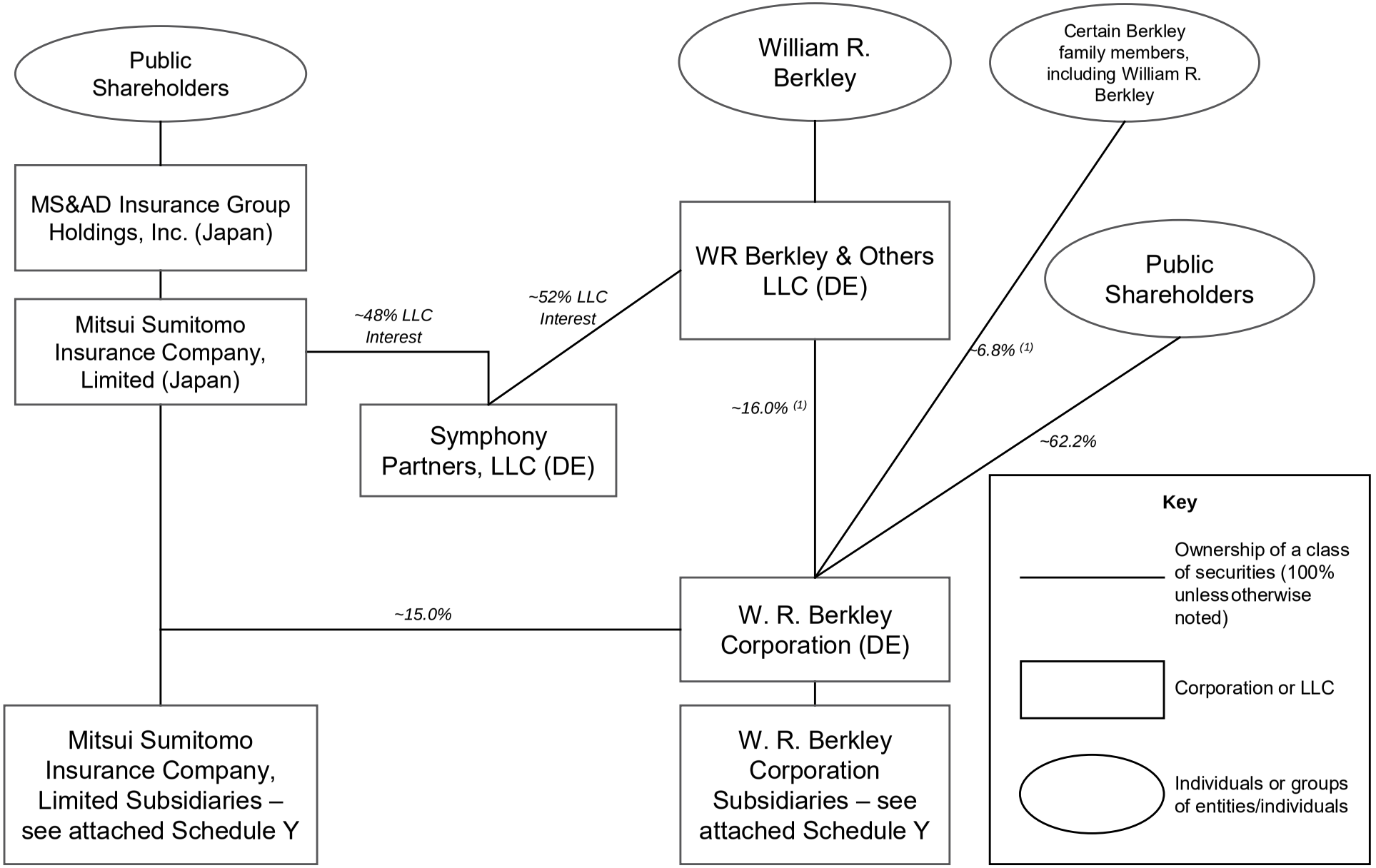


Exhibit I

Org Chart of Applicants and Berkley (After)

Post-Acquisition Organizational Chart of Applicants



(1) Percentage reflects permitted transfer of 3,553,486 shares from W. R. Berkley & Others LLC to certain Berkley family members including William R. Berkley outright.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Name of Company		Insurance Company	Percentage owned*	Domicile	NAIC Company Code	ID Number
MS&AD Insurance Group Holdings, Inc.		(Non Insurer)		Japan		
Mitsui Sumitomo Insurance Company, Limited		X	100.00%	Japan		13-1957438
MSIG Holdings (U.S.A.), Inc.		(Non Insurer)	100.00%	USA/NY		13-3493225
Mitsui Sumitomo Insurance USA Inc.		X	100.00%	USA/NY	22551	13-3467153
Mitsui Sumitomo Insurance Company of America		X	100.00%	USA/NY	20362	22-3818012
Mitsui Sumitomo Marine Management (U.S.A.), Inc.		(Non Insurer)	100.00%	USA/NY		13-3429270
Seven Hills Insurance Agency, LLC		(Non Insurer)	100.00%	USA/OH		31-1674188
MSIG Specialty Insurance USA Inc.		X	100.00%	USA/NY	34886	36-3985972
MSIG Insurance Services, Inc.		(Non Insurer)	100.00%	USA/DE		92-1107082
MS Distribution Holdings, Inc.		(Non Insurer)	100.00%	USA/DE		87-1744910
International Transportation & Marine Office, LLC		(Non Insurer)	100.00%	USA/AZ		82-4864335
International Transportation & Marine Agency, LLC		(Non Insurer)	100.00%	USA/AZ		86-1035277
Associated MG, LLC		(Non Insurer)	100.00%	USA/AZ		82-4894624
InQlusiv LLC		(Non Insurer)	14.99%	USA/WY		
MS Transverse Insurance Group, LLC		(Non Insurer)	100.00%	USA/DE		83-1153418
MS Transverse Specialty Insurance Company		X	100.00%	USA/TX	41807	22-2429452
MS Transverse Insurance Company		X	100.00%	USA/TX	21075	75-6015738
TRM Specialty Insurance Company		X	100.00%	USA/TX	38873	58-1806192
Transverse Insurance Services, LLC		(Non Insurer)	100.00%	USA/DE		83-1056522
MS Transverse Asset Management, LLC		(Non Insurer)	100.00%	USA/DE		86-1589032
Transverse Asset Services, LLC		(Non Insurer)	100.00%	USA/DE		86-1673810
Transverse Ventures GP, LLC		(Non Insurer)	37.50%	USA/DE		86-1638681
Transverse Ventures Fund, LP		(Non Insurer)	25.44%	USA/DE		86-1612818
Mitsui Sumitomo Insurance Venture Capital Company, Limited		(Non Insurer)	100.00%	Japan		
MSI C University-Ltd Venture Capital Fund	1% share	(Non Insurer)	100.00%	Japan		
MSIVC Campus 3 Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2008V Limited Investment Fund	10% share	(Non Insurer)	100.00%	Japan		
MSIVC Asia Fund 1 Investment Fund	4.55% share	(Non Insurer)	100.00%	Japan		
MSIVC Global Academic Seeds Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2012V Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2016V Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2018V Limited Investment Fund	8.33% share	(Non Insurer)	100.00%	Japan		
MS Digital Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MS Innovation Limited Investment Fund 2	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2020V Limited Investment Fund		(Non Insurer)	100.00%	Japan		
MSIVC2021V Limited Investment Fund		(Non Insurer)	100.00%	Japan		
MSIVC2023V Limited Investment Fund		(Non Insurer)	98.00%	Japan		
Mitsui Sumitomo Insurance Agency Service Company, Limited		(Non Insurer)	100.00%	Japan		
MSK Plus One Small Amount and Short Term Insurance Company, Limited		X	100.00%	Japan		
MSK Anshin Station Company, Limited		(Non Insurer)	100.00%	Japan		
AC Planning Company, Limited		(Non Insurer)	100.00%	Japan		
MSK Insurance Center Company, Limited		(Non Insurer)	100.00%	Japan		
Anshin Dial Co.,Ltd.	10.71% voting share	(Non Insurer)	100.00%	Japan		
Saigusa Company, Limited		(Non Insurer)	100.00%	Japan		
Japan Assist International Co., Ltd.	2.88% voting share	(Non Insurer)	100.00%	Japan		
MSI C University-Ltd Venture Capital Fund	99% share	(Non Insurer)	100.00%	Japan		
MSIVC Campus 3 Limited Investment Fund	90% share	(Non Insurer)	100.00%	Japan		
MSIVC Campus 3 Limited Investment Fund	5% share	(Non Insurer)	100.00%	Japan		
MSIVC2008V Limited Investment Fund	90% share	(Non Insurer)	100.00%	Japan		
MSIVC Asia Fund 1 Investment Fund	95.45% share	(Non Insurer)	100.00%	Japan		
MSIVC Global Academic Seeds Limited Investment Fund	95% share	(Non Insurer)	100.00%	Japan		
MSIVC2012V Limited Investment Fund	95% share	(Non Insurer)	100.00%	Japan		
MSIVC2016V Limited Investment Fund	95% share	(Non Insurer)	100.00%	Japan		
MSIVC2018V Limited Investment Fund	75% share	(Non Insurer)	100.00%	Japan		
MS Digital Limited Investment Fund	95% share	(Non Insurer)	100.00%	Japan		
MS Innovation Limited Investment Fund 2	95% share	(Non Insurer)	100.00%	Japan		
Japan Assist International Co., Ltd.	9.42% voting share	(Non Insurer)	100.00%	Japan		
Sumitomo Mitsui DS Asset Management Company, Limited		(Non Insurer)	15.00%	Japan		
InterRisk Consulting (Shanghai) Co.,Ltd	40% voting share	(Non Insurer)	100.00%	China		
MSIG Corporate Services (Europe) Limited		(Non Insurer)	100.00%	UK		
Mitsui Sumitomo Insurance Company (Europe) Limited		X	100.00%	UK		
Mitsui Sumitomo Seguros S/A.	99.98% voting share	X	100.00%	Brazil		
Mitsui Sumitomo Insurance Company Limited-Escritório de Representação no Brasil Ltda.		(Non Insurer)	100.00%	Brazil		
Mitsui Sumitomo Seguros S/A.	0.02% voting share	X	100.00%	Brazil		
MSIG Mingtai Insurance Co.,Ltd.		X	100.00%	Taiwan		
MSI GuaranteedWeather, LLC		(Non Insurer)	100.00%	USA/KS		20-8729056
SPAC Insurance (Bermuda) Limited		X	100.00%	Bermuda		AA-3190193
MSI GuaranteedWeather Trading Ltd.		(Non Insurer)	100.00%	Bermuda		
Vortex Insurance Agency, LLC		(Non Insurer)	100.00%	USA/KS		80-0284217
MSIG Asia Pte. Ltd.		(Non Insurer)	100.00%	Singapore		
MSIS PTE. LTD.		(Non Insurer)	100.00%	Singapore		
MSI Holding (Thailand) Company Limited	90.57% voting share	(Non Insurer)	49.00%	Thailand		
Calm Sea Service Company Limited	51.11% voting share	(Non Insurer)	73.40%	Thailand		
MSIG Service and Adjusting (Thailand) Company Limited	40% voting share	(Non Insurer)	59.61%	Thailand		
Calm Sea Service Company Limited	48.36% voting share	(Non Insurer)	73.40%	Thailand		
MSIG Service and Adjusting (Thailand) Company Limited	26.67% voting share	(Non Insurer)	59.61%	Thailand		
MBTS Broking Services Company Limited	8% voting share	(Non Insurer)	38.02%	Thailand		
MSIG Service and Adjusting (Thailand) Company Limited	33.33% voting share	(Non Insurer)	59.61%	Thailand		
InterRisk Asia (Thailand) Company Limited	34.23% voting share	(Non Insurer)	79.40%	Thailand		
Calm Sea Service Company Limited	0.53% voting share	(Non Insurer)	73.40%	Thailand		
MBTS Broking Services Company Limited	12% voting share	(Non Insurer)	38.02%	Thailand		
BPI/MS Insurance Corporation		X	48.49%	Philippine		

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Name of Company		Insurance Company	Percentage owned*	Domicile	NAIC Company Code	ID Number
MBTS Broking Services Company Limited	25% voting share	(Non Insurer)	38.02%	Thailand		
Serenity Health Partners Pte. Ltd.		(Non Insurer)	50.00%	Singapore		
PT. Asuransi MSIG Indonesia		X	80.00%	Indonesia		
MSIG Insurance (Singapore) Pte. Ltd.		X	100.00%	Singapore		
Ueang Mai Co., Ltd.		(Non Insurer)	48.99%	Thailand		
Yardhimar Company Limited	51% voting share	(Non Insurer)	73.98%	Thailand		
Yardhimar Company Limited	48.9999% voting share	(Non Insurer)	73.98%	Thailand		
MSIG Insurance (Thailand) Public Company Limited	37.42% voting share	X	76.69%	Thailand		
MSIG Insurance (Thailand) Public Company Limited	49% voting share	X	86.42%	Thailand		
MSIG Insurance (Hong Kong) Limited		x	100.00%	Hong Kong		
Mitsui Sumitomo Insurance (China) Company Limited		X	100.00%	China		
MSIG Insurance (Vietnam) Company Limited		X	100.00%	Vietnam		
MS First Capital Insurance Limited		X	99.98%	Singapore		
MS Financial Reinsurance Limited		X	100.00%	Bermuda		
MSIG Insurance Europe AG		X	100.00%	Germany		
MSIG German Services GmbH		(Non Insurer)	100.00%	Germany		
Leadenhall Capital Partners LLP		(Non Insurer)	80.00%	UK		
Leadenhall Capital Partners US LLC		(Non Insurer)	80.00%	USA/DE		
Leadenhalll Capital Partners US LP		(Non Insurer)	80.00%	USA/DE		35-2574505
Leadenhall Life II GP Limited		(Non Insurer)	80.00%	Cayman		
Leadenhall Capital Bermuda Limited		(Non Insurer)	80.00%	Bermuda		
MS Amlin Investments Limited		(Non Insurer)	100.00%	UK		
Leadenhall Capital Partners GP Limited		(Non Insurer)	100.00%	Cayman		
Leadenhall Life IV GP Limited		(Non Insurer)	100.00%	Cayman		
Leadenhall Insurance Finance GP Limited		(Non Insurer)	100.00%	Cayman		
Leadenhall Cat Bond GP Ltd.		(Non Insurer)	100.00%	Cayman		
Leadenhall Cat Bond Fund LP		(Non Insurer)	100.00%	Cayman		
Leadenhall Cat Bond Feeder Ltd.		(Non Insurer)	100.00%	Cayman		
MS Amlin Corporate Services Limited		(Non Insurer)	100.00%	UK		
MS Amlin Underwriting Limited		x	100.00%	UK		
Amlin UK Limited		(Non Insurer)	100.00%	UK		
MS Amlin Reinsurance Managers, Inc.		(Non Insurer)	100.00%	USA/NJ		99-0378132
MS Amlin (India) Private Limited	99.998% voting Share	(Non Insurer)	100.00%	India		
MS Amlin Corporate Member Limited		x	100.00%	UK		
SHUS Holdings Limited		(Non Insurer)	24.84%	UK		
MS Amlin Holdings Limited		(Non Insurer)	100.00%	UK		
Amlin France Legacy Services SAS		(Non Insurer)	100.00%	France		
MS Amlin Asia Pacific Pte. Ltd.		(Non Insurer)	100.00%	Singapore		
MS Amlin Labuan Limited		(Non Insurer)	100.00%	Malaysia		
MS Amlin (MENA) Limited		(Non Insurer)	100.00%	UAE		
MS Amlin Marine N.V.		(Non Insurer)	100.00%	Belgium		
MS Amlin Marine Services Pte. Ltd.		(Non Insurer)	100.00%	Singapore		
MS Amlin (India) Private Limited	0.002% voting share	(Non Insurer)	100.00%	India		
MS Amlin Underwriting Services Limited		(Non Insurer)	100.00%	UK		
MSI Corporate Capital Limited		X	100.00%	UK		
MS Amlin AG		X	100.00%	Switzerland		AA-1460019
Leadenhall Remote Risk Insurance Linked Investments Fund ICAV		(Non Insurer)	30.00%	Ireland		
Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV	15.69% voting share	(Non Insurer)	29.35%	Ireland		
MS Amlin Insurance SE		X	100.00%	Belgium		AA-1240057
Amlin Netherlands Holding B.V.		(Non Insurer)	100.00%	Netherlands		
FLT Prime Insurance Corporation		X	21.23%	Philippine		
Cholamandalam MS General Insurance Company Limited		X	40.00%	India		
Bangkok Insurance (Cambodia) Plc.	25% voting share	X	29.08%	Cambodia		
Cholamandalam MS Risk Services Limited		(Non Insurer)	50.00%	India		
Hong Leong Assurance Berhad		X	30.00%	Malaysia		AA-5480045
Hong Leong MSIG Takaful Berhad		X	35.00%	Malaysia		
PT. Asuransi Jiwa Sinarmas MSIG Tbk		X	80.00%	Indonesia		
Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV	13.66% voting share	(Non Insurer)	29.35%	Ireland		
Ceylinco Insurance PLC		(Non Insurer)	15.00%	Sri Lanka		
MSIG Management (Shanghai) Co. Ltd		(Non Insurer)	100.00%	China		
Max Financial Services Limited		(Non Insurer)	21.86%	India		
Axis Max Life Insurance Limited		X	17.70%	India		AA-5344109
Lifson Re Ltd.		X	39.00%	Bermuda		AA-3191451
MSIG Sokxay Insurance Co., Ltd.		X	35.00%	Lao		
MSIG Berhad		(Non Insurer)	98.90%	Malaysia		
MSIG Insurance (Malaysia) Bhd.	31.47% voting share	X	65.09%	Malaysia		
MSIG Insurance (Malaysia) Bhd.	33.62% voting share	X	65.09%	Malaysia		
Global Digital Hub Management (Israel) Ltd.		X	100.00%	Israel		
MS Amlin Investment Holdings Limited		(Non Insurer)	100.00%	UK		
MS Amlin Investment Management Limited		(Non Insurer)	100.00%	UK		
TBC Inc.		(Non Insurer)	35.10%	Japan		
MSR Capital Partners, LLC		(Non Insurer)	85.00%	USA/DE		87-4257847
MS&AD Loan Services Company, Limited		(Non Insurer)	100.00%	Japan		
Anshin Dial Co.,Ltd.	2.30% voting share	(Non Insurer)	100.00%	Japan		
Leadenhall Insurance Finance (Cayman) LP		(Non Insurer)	100.00%	Cayman		
Leadenhall Insurance Finance Fund LP		(Non Insurer)	100.00%	Cayman		
Leadenhall I.F. Finance Designated Activity Company		(Non Insurer)	100.00%	Ireland		
Leadenhall Cat Bond Feeder LP		(Non Insurer)	100.00%	Cayman		
Aioi Nissay Dowa Insurance Co., Ltd.		X	100.00%	Japan		13-3396309
Aioi Nissay Dowa Claims Adjusting Company , Limited		(Non Insurer)	100.00%	Japan		
Aioi Nissay Dowa Insurance Service Co.,Ltd		(Non Insurer)	100.00%	Japan		
ADIS Shizuoka GH Company, Limited		(Non Insurer)	100.00%	Japan		

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Name of Company		Insurance Company	Percentage owned*	Domicile	NAIC Company Code	ID Number
Anshin Dial Co.,Ltd.	10.30% voting share	(Non Insurer)	100.00%	Japan		
Aioi Nissay Dowa Automobile Research Center Company,Limited		(Non Insurer)	93.06%	Japan		
au Insurance Company, Limited		X	49.00%	Japan		
e-Net Holdings Company, Limited		(Non Insurer)	38.36%	Japan		
e-Net Shougaku Tanki Company, Limited		X	38.36%	Japan		
Next Shougaku Tanki Insurance Company, Limited		X	38.36%	Japan		
Zenkankyo Reiwa Insurance Company, Limited		(Non Insurer)	35.00%	Japan		
Zenkankyo Shougaku Tanki Company, Limited		X	35.00%	Japan		
Eternity Small Amount and Short Term Insurance Company, Limited		X	35.00%	Japan		
Net Life Fire Small Amount and Short Term Insurance Company, Limited		X	35.00%	Japan		
Aioi Nissay Dowa Europe Limited		(Non Insurer)	100.00%	UK		
Aioi Nissay Dowa Insurance Company of Europe SE		X	100.00%	Luxembourg		AA-1120174
Aioi Nissay Dowa Life Insurance of Europe AG		X	100.00%	Germany		
Aioi Nissay Dowa Insurance UK Limited		(Non Insurer)	100.00%	UK		
Toyota Insurance Management SE		(Non Insurer)	75.00%	Luxembourg		
LLC Toyota Insurance Management Consulting		(Non Insurer)	100.00%	Russia		
LLC Toyota Insurance Management (Insurance Agency)		(Non Insurer)	100.00%	Russia		
Toyota Insurance Management (Insurance Broker) LLP		(Non Insurer)	100.00%	Kazakhstan		
Autosan Kazakhstan LLP	90.00% voting share	(Non Insurer)	100.00%	Kazakhstan		
Toyota Insurance Management South Africa Proprietary Limited		(Non Insurer)	100.00%	South Africa		
Autosan Kazakhstan LLP	10.00% voting share	(Non Insurer)	100.00%	Kazakhstan		
Toyota Insurance Management UK Limited		(Non Insurer)	100.00%	UK		
Aioi Nissay Dowa Insurance Management Limited		(Non Insurer)	100.00%	UK		
Box Innovation Group Limited		(Non Insurer)	100.00%	Gibraltar		
Insure The Box Limited		(Non Insurer)	100.00%	Gibraltar		
ITB Services Limited		(Non Insurer)	100.00%	UK		
ITB Web Limited		(Non Insurer)	100.00%	UK		
ITB Telematics Solutions LLP		(Non Insurer)	100.00%	UK		
ITB Premium Finance Limited		(Non Insurer)	100.00%	Gibraltar		
AD Information and Data Services(Europe)GmbH		(Non Insurer)	100.00%	Germany		
Aioi R&D Lab Limited		(Non Insurer)	77.27%	UK		
Aioi Nissay Dowa Insurance (China) Company Limited		X	100.00%	China		
Aioi Nissay Dowa Services Asia Pte. Ltd		(Non Insurer)	100.00%	Singapore		
DTRIC Insurance Company, Limited	92.49% voting share	X	100.00%	USA/HI	37265	99-0185322
DTRIC Insurance Underwriters, Limited		X	100.00%	USA/HI	12903	20-5897706
DTRIC Management Company, Limited		(Non Insurer)	100.00%	USA/HI		99-0294630
DTRIC Insurance Company, Limited	7.51% voting share	X	100.00%	USA/HI	37265	99-0185322
Aioi Nissay Dowa Management New Zealand Limited		(Non Insurer)	100.00%	New Zealand		
Aioi Nissay Dowa Insurance Company Australia Pty Ltd		X	100.00%	Australia		
Aioi Nissay Dowa Insurance Services USA Corporation		(Non Insurer)	100.00%	USA/DE		81-1934970
Advanced Connectivity, LLC		(Non Insurer)	50.00%	USA/DE		
Connected Analytics Services, LLC		(Non Insurer)	50.00%	USA/DE		
Toyota Insurance Management Solutions USA, LLC		(Non Insurer)	50.00%	USA/DE		
Asia Insurance (Cambodia) Plc.	4.08% voting share	X	29.08%	Cambodia		
Bangkok Chayoratn Company, Limited		(Non Insurer)	39.00%	Thailand		
Bangkok Chayolife Company, Limited	99.985% voting share	(Non Insurer)	39.00%	Thailand		
Aioi Bangkok Insurance Public Company Limited		X	30.36%	Thailand		
Guang Ai Insurance Brokers Ltd.		(Non Insurer)	24.90%	China		
Little Family Shougaku Tanki Insurance Company, Limited		X	98.50%	Japan		
MOTER Technologies,Inc.		(Non Insurer)	100.00%	USA/DE		86-3008364
Mitsui Direct General Insurance Company, Limited		X	100.00%	Japan		
Mitsui Sumitomo Aioi Life Insurance Company, Limited		X	100.00%	Japan		AA-1580022
MSIVC2018V Limited Investment Fund	16.67% share	(Non Insurer)	100.00%	Japan		
Mitsui Sumitomo Primary Life Insurance Company, Limited		X	100.00%	Japan		AA-1580082
MS&AD Staffing Service Company, Limited		(Non Insurer)	100.00%	Japan		
MS&AD Operation Service Company, Limited		(Non Insurer)	100.00%	Japan		
MS&AD Systems Company, Limited		(Non Insurer)	100.00%	Japan		
MS&AD Business Support Company, Limited		(Non Insurer)	100.00%	Japan		
Japan Assist International Co. Ltd.	18.32% voting share	(Non Insurer)	100.00%	Japan		
MS&AD InterRisk Research Institute & Consulting, Inc.	100% voting share	(Non Insurer)	100.00%	Japan		
Interisk Asia Pte Ltd		(Non Insurer)	100.00%	Singapore		
InterRisk Asia (Thailand) Company Limited	12.08% voting share	(Non Insurer)	79.40%	Thailand		
InterRisk Consulting (Shanghai) Co.,Ltd	60% voting share	(Non Insurer)	100.00%	China		
InterRisk Asia (Thailand) Company Limited	53.69% voting share	(Non Insurer)	79.40%	Thailand		
MS&AD Grand Assistance Co.,Ltd.	80.85% voting share	(Non Insurer)	100.00%	Japan		
MS&AD Ability Works Co., Ltd.		(Non Insurer)	1.00%	Japan		
MS&AD Ventures Incorporated		(Non Insurer)	100.00%	USA/DE		83-0902967
MS&AD Ventures LLC		(Non Insurer)	100.00%	USA/DE		87-1883404
MS&AD Ventures IV LLC		(Non Insurer)	100.00%	USA/DE		92-0343490
MS&AD Ventures V LLC		(Non Insurer)	100.00%	USA/DE		
Japan Assist International Co. Ltd.	66.49% voting share	(Non Insurer)	100.00%	Japan		
Challenger Limited		(Non Insurer)	15.09%	Australia		
BOCOM MSIG Life Insurance Company Limited		X	37.50%	China		

*MS&AD Insurance Group Holdings, Inc.'s share

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation	Domicile	NAIC Co Code	Federal ID #
Berkley Dean & Company, Inc.			
Berkley Insurance Services, LLC			
Berkley International, LLC (1)			
Berkley International Holdings, LLC			
Berkley International Investments Spain, S.L.			
W. R. Berkley Spain, S.L.U.			
Berkley International Brasil Participacoes Ltda			
Berkley International do Brasil Seguros S. A. (2)			
Berkley International Compania de Servicios Uruguay, S.A.			
Berkley International Latinoamerica S. A. (3)			
Berkley Argentina de Reaseguros S. A. (4)			
Berkley International Aseguradora de Riesgos del Trabajo S. A. (5)			
Berkley International Seguros, S. A. (99.59% Ownership) (6)			
Berkley International Seguros Colombia S.A. (7)			
Berkley International Seguros, S. A. (Uruguay)			
Cotasy Corporation S. A.			
W. R. Berkley Mexico, S. A. de C. V. (10)			
Berkley International Compania de Servicios Mexico, S. A de C. V. (11)			
Berkley International Compañía de Garantias México S.A. de C.V. (11), (15)			
Berkley International Seguros Mexico S.A. de C.V. (11)			
BIA Japan Services GK			
BI China, Limited			
Magaverse Limited			
Masterclass Limited			
WRBC Services, Limited			
Berkley Professional Liability UK Limited			
Berkley Offshore Underwriting Managers UK, Limited			
Berkley Re UK Limited			
WRBC Development UK Limited			
52 Lime Street Management Limited			
Birchwood Real Estate Capital Limited			
Birchwood Real Estate Capital UK Limited			
BREC Fund I GP Limited			
BREC Fund I CIP GP Limited			
BREC Fund I CIP LP			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
MADA Reciprocal Services, Inc.			
Queen's Island Insurance Company, Ltd.			
Signet Star Holdings, Inc.			
Berkley Insurance Company	Delaware	32603	47-0574325
Admiral Insurance Company	Delaware	24856	22-2235730
Admiral Indemnity Company	Delaware	44318	52-1772985
Armada Insurance Services, Inc.			
BXM Insurance Services, Inc.			
Carolina Casualty Insurance Company	Iowa	10510	59-0733942
Clermont Insurance Company	Iowa	33480	75-1571461
Jersey International Brokerage Corporation			
Nautilus Insurance Company	Arizona	17370	86-0528184
BerkDel Investors Limited			
Berkley Alliance Managers, LLC			
Berkley Alternative Markets Insurance Services, LLC			
Berkley Administrators of Connecticut, Inc			
Berkley Healthcare Professional Insurance Services, LLC			
Berkley Risk Administrators Company, LLC			
Berkley Risk Administrators of Texas, Inc.			
Berkley Risk Services of Vermont, Inc.			
Rasmussen Agency, Inc.			
Key Care, LLC			
Key Risk Management Services, LLC			
Key Risk Underwriting Managers, LLC			
Midwest Employers Casualty Group, LLC			
Midwest Employers Services, LLC			
Preferred Employers Group, LLC			
Riverport Insurance Services, LLC			
Berkley Assurance Company	Iowa	39462	59-1993236
Berkley Capital Investors, L.P. (8)			
CC Investors, LLC			
Chilewich Sultan LLC (78.55% Owned)			
Chilewich SL			
Corporate Imaging Concepts, LLC (87.28% Owned)			
eCompanyStore, LLC			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
Crypton Investment Holdings LLC (89.5% Owned)			
Crypton LLC			
Crypton Mills, LLC (formerly known as Abercrombie Textiles, LLC)			
Nano-Tex LLC			
Nano-Tex Asia Limited			
Guangzhou Meridian Chemical Limited			
Crypton Real Estate, LLC			
Crypton Belgium BVBA			
GRG Investment Holdings, Ltd.			
Global Restaurant Group, Ltd (45.5% Ownership)			
Berkley Capital, LLC			
Berkley Claims Solutions LLC			
Berkley Insurance Company – Escritorio de Representacao no Brasil Ltda (9)			
Berkley Life and Health Insurance Company	Iowa	64890	91-6034263
Berkley London Holdings, Inc.			
W. R. Berkley European Holdings AG			
Berkley European Brokers AS			
Berkley European Underwriters AS			
W. R. Berkley Europe AG			
W. R. Berkley European Services GmbH			
W. R. Berkley London Holdings, Limited (12)			
W. R. Berkley London Staff, Limited			
Berkley Luxury Insurance Company	Iowa	17673	99-2983261
Berkley National Insurance Company	Iowa	38911	75-2191453
Berkley Prestige Insurance Company	Iowa	17412	92-0856139
Berkley Product Recall Insurance Agency, LLC			
Berkley Regional Insurance Company	Iowa	29580	43-1432586
Acadia Insurance Company	Iowa	31325	01-0471706
Berkley Casualty Company	Iowa	15911	63-0866690
Berkley Specialty Insurance Company	Delaware	31295	01-0471707
MedCall Healthcare Advisors, LLC (16)			
CGH Insurance Group, LLC			
CGH Claims Service, Inc.			
Continental Western Insurance Company	Iowa	10804	42-0594770
Firemen's Insurance Company of Washington, D.C.	Delaware	21784	53-0067060

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
Tri-State Insurance Company of Minnesota			
Union Insurance Company	Iowa	25844	47-0547953
Union Standard Management Company, Inc			
Berkley Regional Insurance Services, LLC			
Acadia Insurance Group, LLC			
American Mining Insurance Group, LLC			
Berkley Connect Insurance Solutions, LLC			
Berkley Mid-Atlantic Group, LLC			
Berkley North Pacific Group, LLC			
Berkley Regional Specialty, LLC			
Berkley Surety Group, LLC			
Continental Western Group, LLC			
Union Standard Insurance Group, LLC			
Berkley Specialty Insurance Services, LLC			
Admiral Insurance Group, LLC			
Berkley Custom Insurance Managers, LLC			
Berkley Managers Insurance Services, LLC			
Berkley Professional Liability, LLC			
Berkley Select, LLC			
Berkley Specialty Underwriting Managers, LLC			
Carolina Casualty Insurance Group, LLC			
Clermont Specialty Managers, Ltd.			
Monitor Liability Managers, LLC			
Nautilus Excess Insurance Agency, LLC			
Nautilus Insurance Group, LLC			
Vela Insurance Services, LLC			
Verus Underwriting Managers, LLC			
Berkley Southeast Insurance Group, LLC			
Berkley Ventures, LLC			
Insurance Auction Solutions, LLC			
Capitol Crossing Advisors, LLC			
LDS CPH LLC (80% Owned)			
LDS CPH II LLC (80% Owned)			
CC Equity Holdings, LLC			
Center Place Holdings LLC (13)			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
CC SPE Member LLC (14)			
CC SPE I LLC (14)			
Capitol Crossing I LLC			
CC SPE II LLC (14)			
Capitol Crossing II LLC			
CC SPE III LLC (14)			
Capitol Crossing III LLC			
CC SPE IV LLC (14)			
Capitol Crossing IV LLC			
CC SPE V LLC (14)			
Capitol Crossing V LLC			
Franchise Credit, LLC			
Gemini Insurance Company	Delaware	10833	22-3410959
Global Agency Holdings, LLC			
Citrus Insurance Services LLC			
Great Divide Insurance Company	North Dakota	25224	45-0397186
Greenwich AeroGroup, Inc.			
Professional Aircraft Accessories, Inc			
Professional Aviation Associates, Inc.			
Summit Aviation, Inc			
Western Aircraft, Inc.			
Intrepid Casualty Company	Iowa	17182	87-3691131
Intrepid Direct Insurance Agency, LLC			
Intrepid Insurance Company	Iowa	10749	38-3464412
Intrepid Specialty Insurance Company	Iowa	17181	87-3706605
Key Risk Insurance Company	Iowa	10885	56-2060285
Kilauea Holdings Ltd.			
Fayston Farms Shipping Ltd.			
Kauai Shipping Ltd.			
Kekona Shipping Ltd.			
Kimmei Shipping Ltd.			
Kohala Shipping Ltd.			
Lady Jane Shipping Ltd.			
Mad River Shipping Ltd.			
Number 9 Shipping Ltd.			
Lavalier Insurance Services, LLC			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
Lex NY Equities LLC			
Middle Patent Capital, LLC			
MPC Memphis HI LLC			
Midwest Employers Casualty Company	Delaware	23612	31-1169435
Preferred Employers Insurance Company	California	10900	91-1874671
Select Marketing Insurance Services, LLC			
Reinserco, Inc			
Riverport Insurance Company	Iowa	36684	41-1654112
SilverCap-Greenwich, LLC (98.8% Ownership)			
StarNet Insurance Company	Iowa	40045	22-3590451
Starnet Insurance Services, LLC			
Berkley Accident and Health, LLC			
Berkley Asset Protection Underwriters, LLC			
Berkley Aviation, LLC			
Berkley FinSecure, LLC			
Berkley Facultative Reinsurance Services, LLC			
Berkley Global Underwriters, LLC			
Berkley Latin America and Caribbean Managers, LLC			
Berkley International Puerto Rico, LLC			
Berkley International Services LLC			
Berkley Life Sciences, LLC			
Berkley LS Insurance Solutions, LLC			
Berkley Net Underwriters, LLC			
Berkley Program Specialists, LLC			
Berkley Public Entity Managers, LLC			
Berkley Offshore Underwriting Managers, LLC			
Berkley Oil & Gas Specialty Services, LLC			
Berkley Re America, LLC			
Berkley Re Direct, LLC			
Berkley Risk Solutions, LLC			
Berkley Technology Services LLC			
Berkley Technology Underwriters, LLC			
BIL Advisors, LLC			
Facultative ReSources, Inc.			
Gemini Transportation Underwriters, LLC			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #
WRBC Support Services, LLC			
Steamboat Development Advisors, LLC			
W. R. Berkley Syndicate Holdings Limited			
WRBC Corporate Member Limited			
W. R. Berkley Syndicate Limited			
W. R. Berkley Syndicate Management Limited			
W. R. Berkley UK Limited			
WRBC REF Holdings Limited			
BREC Fund I LP			
BREC Fund I Jersey Limited			
BREC 1 UK Limited			
East Isles Reinsurance, Ltd.			
Oak Harbor Reinsurance Company			
Steamboat Asset Management, LLC			
Steamboat Opportunity Partners, LLC			
Steamboat IS, Inc.			
Insurance Networks Alliance, LLC			
Overby-Seawell Company			
PGIS, LLC			
Platinum Program Managers& Insurance Services, Inc.			
Regional Excess Underwriters, LLC			
Ross Diversified Insurance Services, Inc.			
Southeastern Underwriters, Inc.			
Target Markets, LLC			
Target Programs, LLC			
Western Pinnacle Insurance Services, Inc.			
WRBC Transportation, Inc.			
Interlaken Capital Aviation Holdings, Inc.			
Interlaken Capital Aviation Services, Inc.			
WRBC Aviation Leasing, LLC			
MANAGEMENT CONTRACT AND/OR LENDING RELATIONSHIP (NON-OWNED)			
MADA Insurance Exchange			
States Self-Insurers Trust			
States Self Insurers Risk Retention Group			
Union Standard Lloyds			

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

W.R. Berkley Corporation - Continued	Domicile	NAIC Co Code	Federal ID #

(1) The following are the ownership percentages of Berkley International, LLC:
W. R. Berkley Corporation 2%; Berkley Insurance Company 84%; Berkley Regional Insurance Company 14%

(2) The following W. R. Berkley subsidiaries own Berkley International do Brasil Seguros S. A.:
Berkley International Brasil Participacoes Ltda 99.6%; Berkley International, LLC. 0.4%

(3) The following companies own Berkley International Latinoamerica S. A.:
W. R. Berkley Spain, S.L.U. 97.99%; W. R. Berkley Corporation 2.01%

(4) The following W. R. Berkley subsidiaries own Berkley Argentina de Reaseguros S. A.:
Berkley International Seguros, S. A. 32.083%; Berkley International Aseguradora de Riesgos del Trabajo S. A. 67.917%;

(5) The following W. R. Berkley subsidiaries own Berkley International Aseguradora de Riesgos del Trabajo S. A.:
Berkley International Seguros, S. A. 90.07%; Berkley International Latinoamerica S. A. 9.93%

(6) The following W. R. Berkley subsidiaries own Berkley International Seguros, S. A.:
Berkley International Aseguradora de Riesgos del Trabajo S. A. 4.2%; Berkley International Latinoamerica S. A. 95.39%

(7) The following W. R. Berkley subsidiaries own Berkley International Seguros Colombia S.A.:
W. R. Berkley Spain, S.L.U 94.99%; Berkley International LLC 4.9101%; Berkley Regional Insurance Company 0.0333%;
Berkley Insurance Company 0.0333%; W. R. Berkley Corporation 0.0333%;

(8) Berkley Capital Investors, L. P. partners are as follows:
General Partner: Berkley Capital, LLC (0.1%)
Limited Partners: Berkley Insurance Company (98.9%)
Berkley Regional Insurance Company (1.0%)

(9) The following W. R. Berkley subsidiaries own Berkley Insurance Company – Escritorio de Representacao no Brasil Ltda
Berkley Insurance Company 99.99%; Berkley International, LLC 0.01%

(10) The following W. R. Berkley subsidiaries own W. R. Berkley Mexico, S. A. de C. V.:
W. R. Berkley Spain, S.L.U 99.99%; Berkley Insurance Company 0.01%

(11) The following W. R. Berkley subsidiaries own Berkley International Compania de Servicios Mexico, S. A de C. V., Berkley International Fianzas Mexico S.A. de C.V. and Berkley International Seguros Mexico S.A. de C.V.:
W. R. Berkley Mexico, S. A. de C. V. 99.99%; W. R. Berkley Spain, S.L.U 0.01%

(12) The following W. R. Berkley subsidiaries own W. R. Berkley London Holdings, Limited:
Berkley London Holdings, Inc. 14.08%; W. R. Berkley Syndicate Holdings Limited 85.92%

(13) The following W. R. Berkley subsidiaries own Center Place Holdings LLC
CC Equity Holdings, LLC 99.94%; LDS CPH II LLC 0.06%

(14) The following W. R. Berkley subsidiaries own CC SPE I LLC, CC SPE II LLC, CC SPE III LLC, CC SPE IV LLC, CC SPE V LLC:
Center Place Holdings LLC 99.9%; CC SPE Member LLC 0.1%

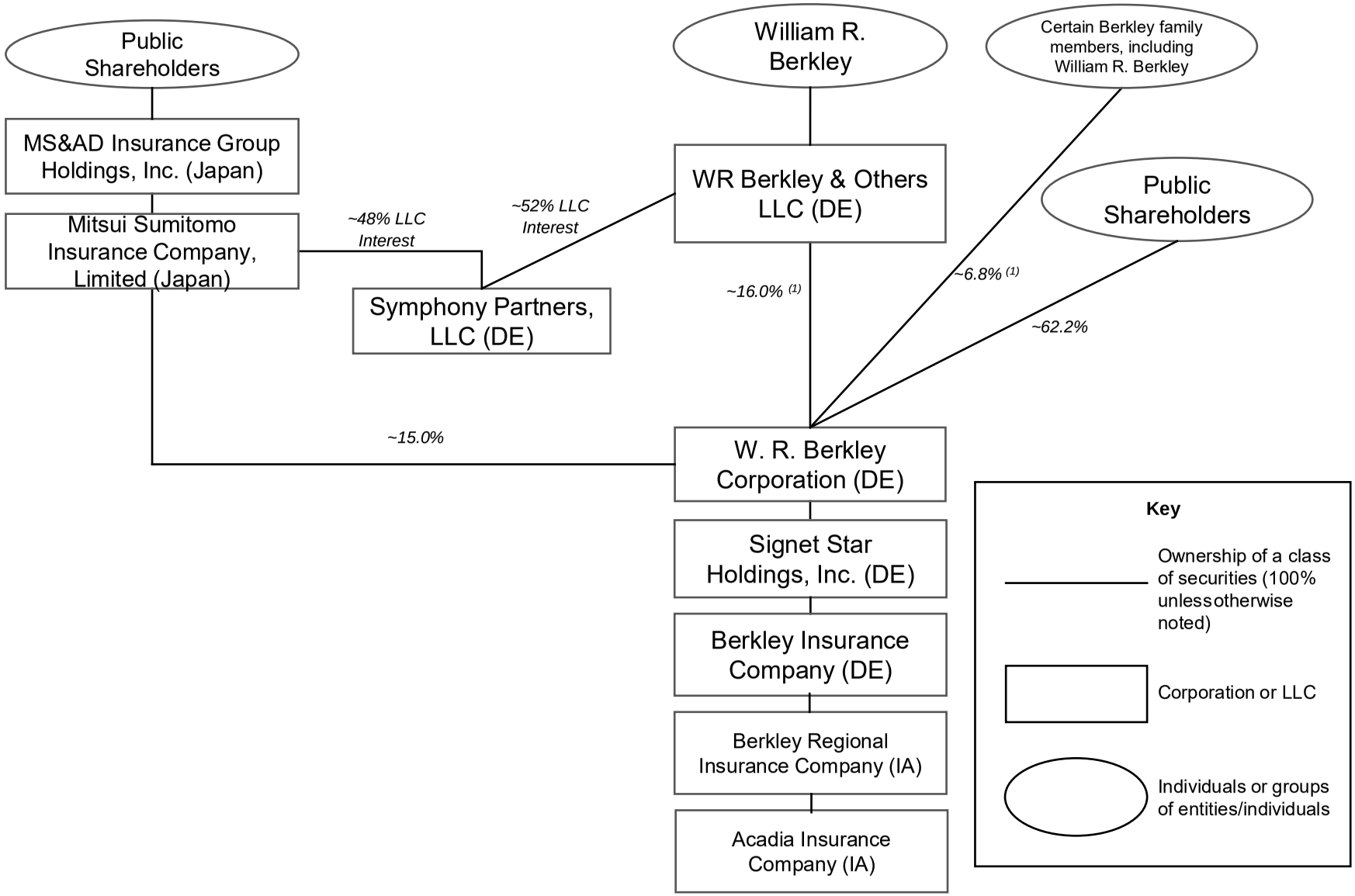
(15) Berkley International Compañía de Garantias México S.A. de C.V. was formally known as Berkley International Fianzas Mexico S.A. de C.V.

(16) The following W. R. Berkley subsidiaries own MedCall Healthcare Advisors, LLC:
Berkley Regional Insurance Company 42.83%; Berkley Insurance Company 38.82%

Exhibit I-1

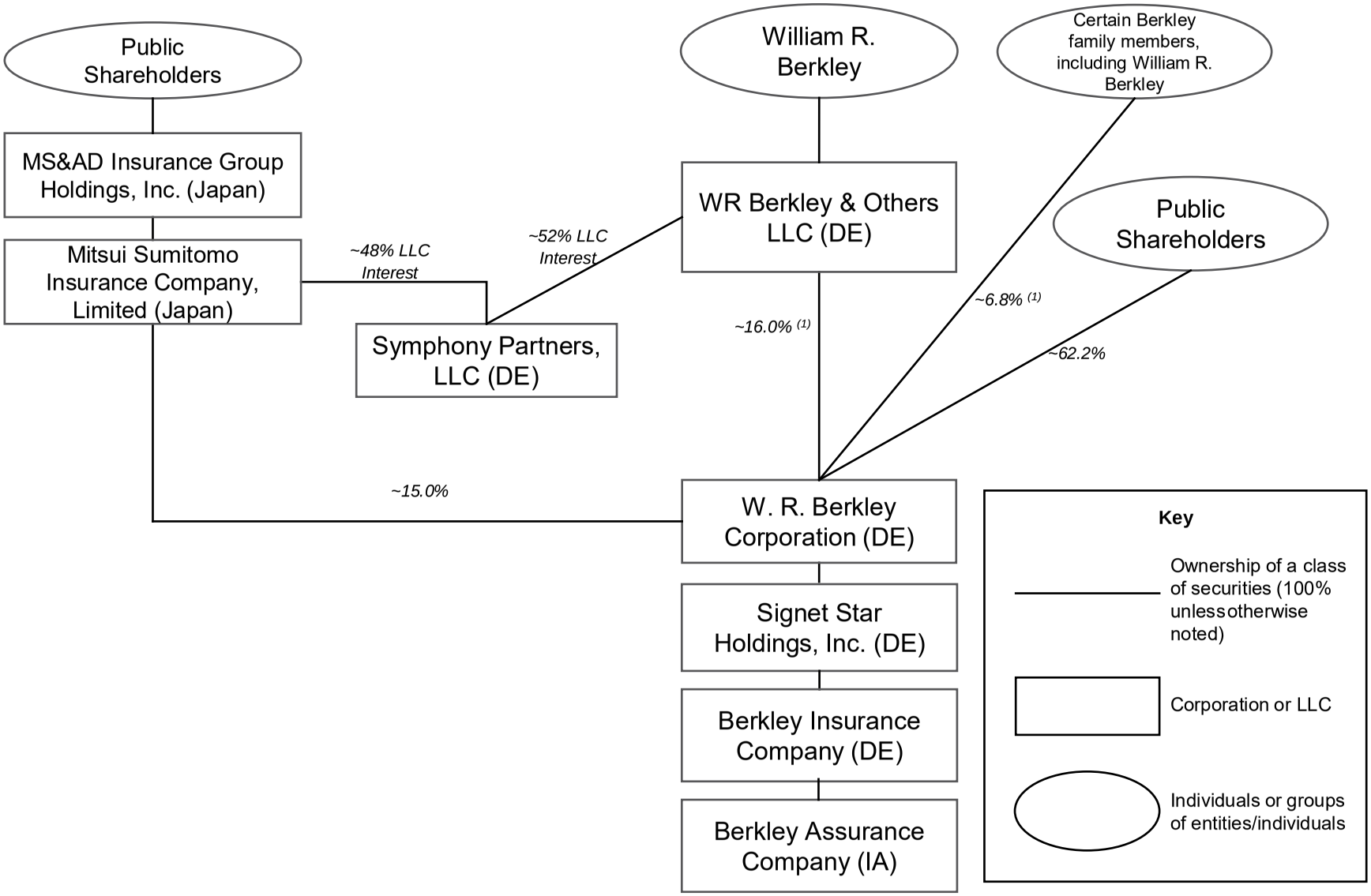
Streamlined Org Chart

Abbreviated Post-Acquisition Organizational Chart of Applicants



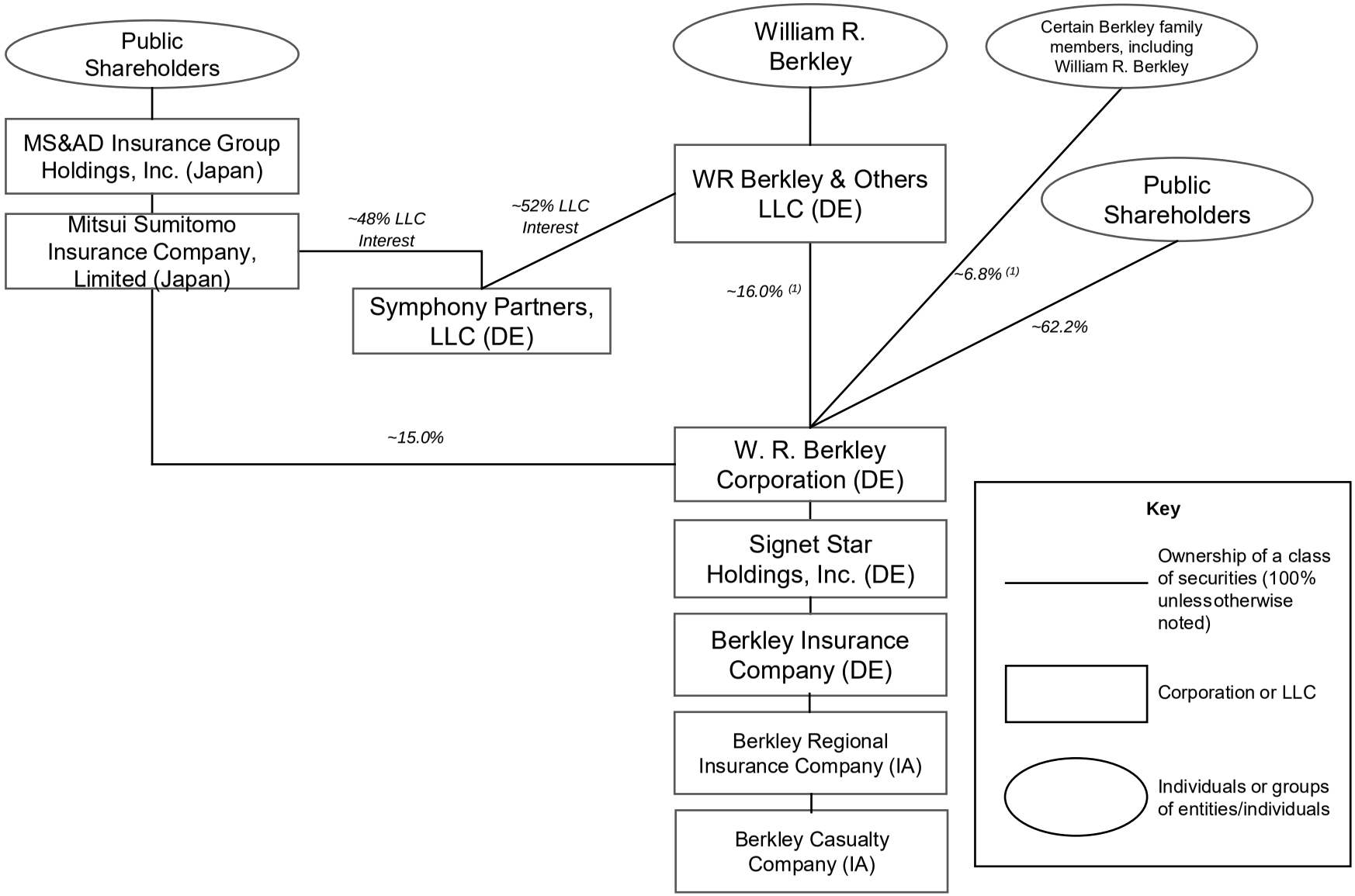
(1) Percentage reflects permitted transfer of 3,553,486 shares from W. R. Berkley & Others LLC to certain Berkley family members including William R. Berkley outright.

Abbreviated Post-Acquisition Organizational Chart of Applicants



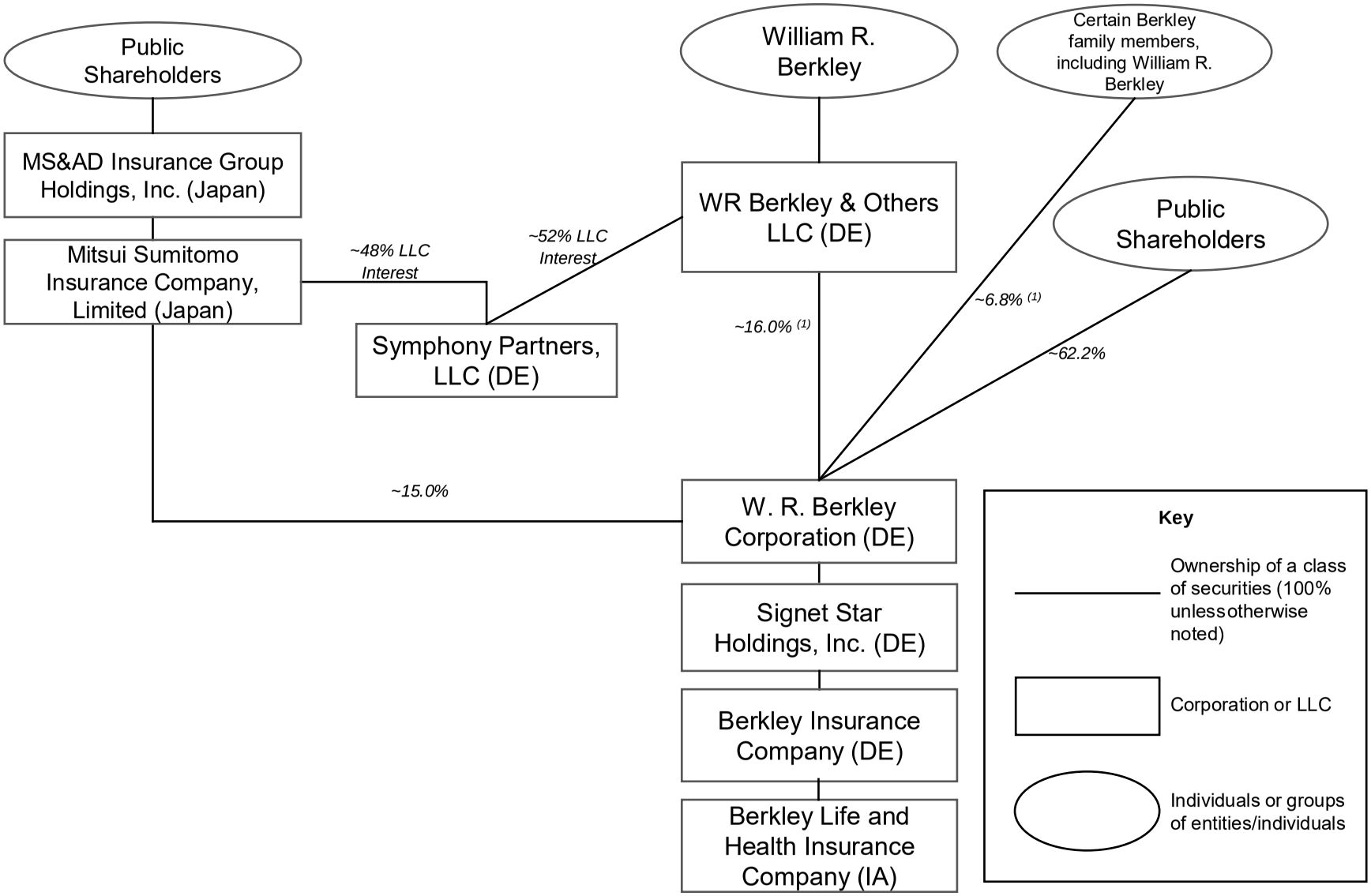
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Abbreviated Post-Acquisition Organizational Chart of Applicants



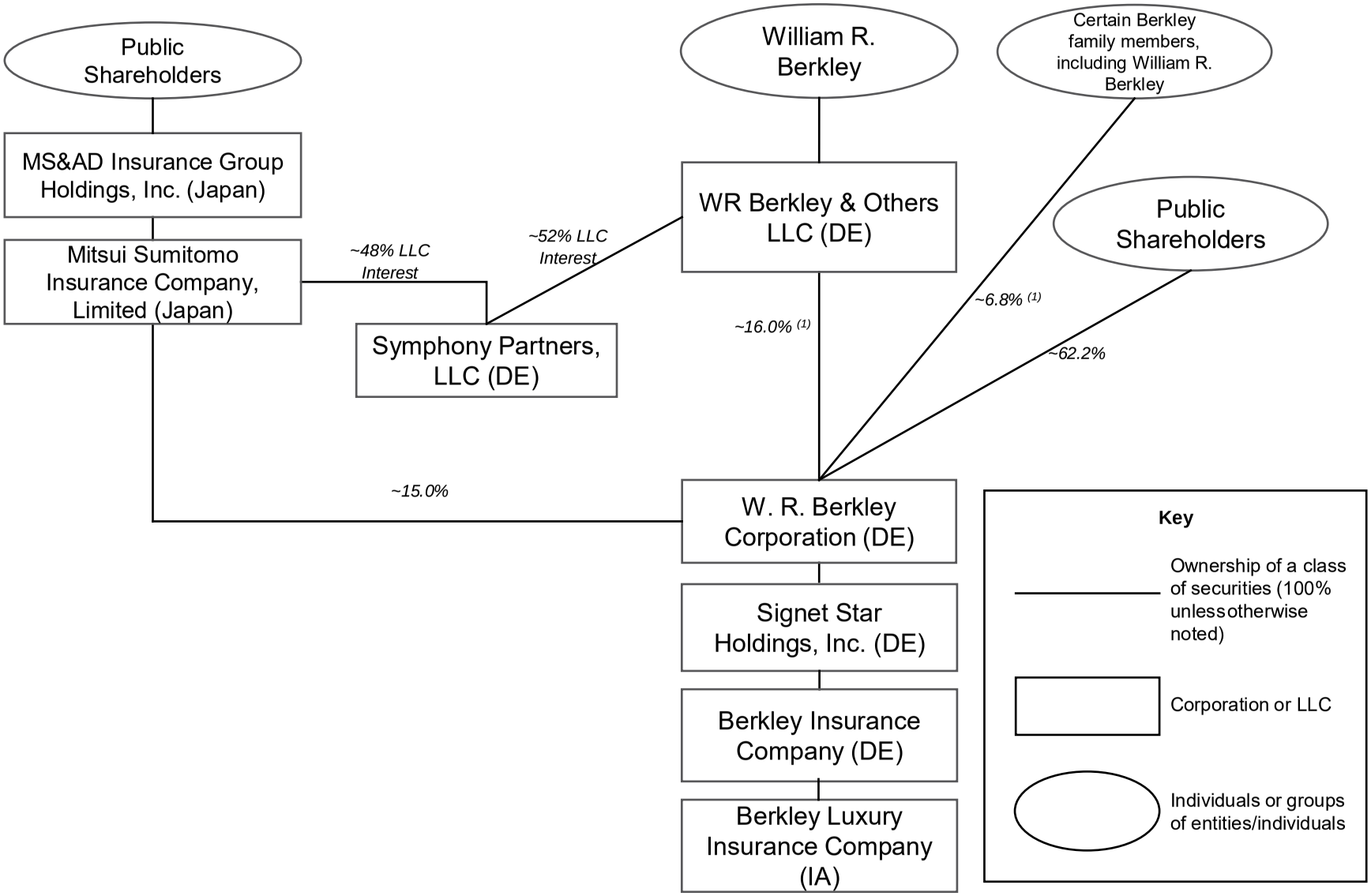
(1) Percentage reflects permitted transfer of 3,553,486 shares from W. R. Berkley & Others LLC to certain Berkley family members including William R. Berkley outright.

Abbreviated Post-Acquisition Organizational Chart of Applicants



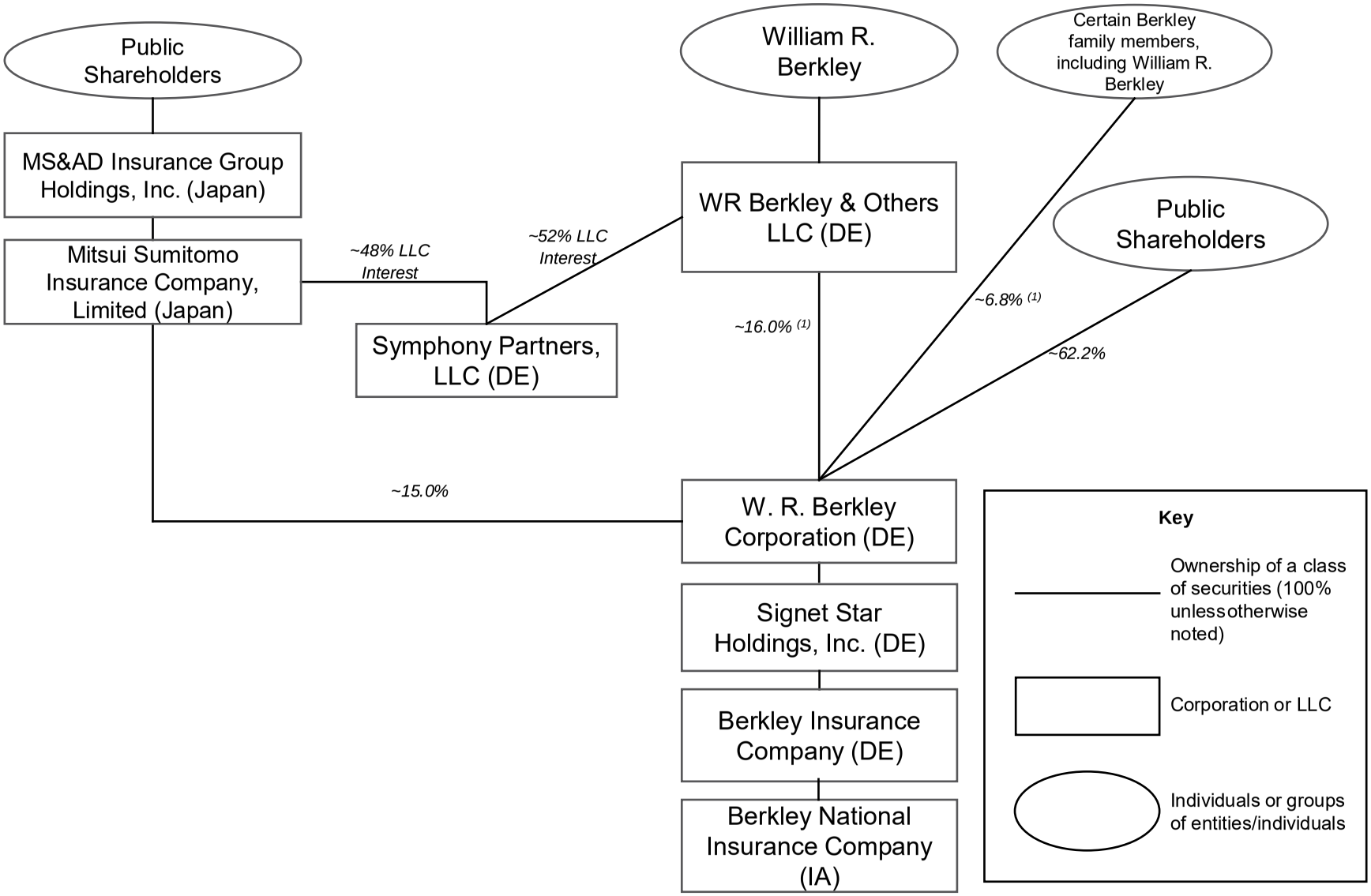
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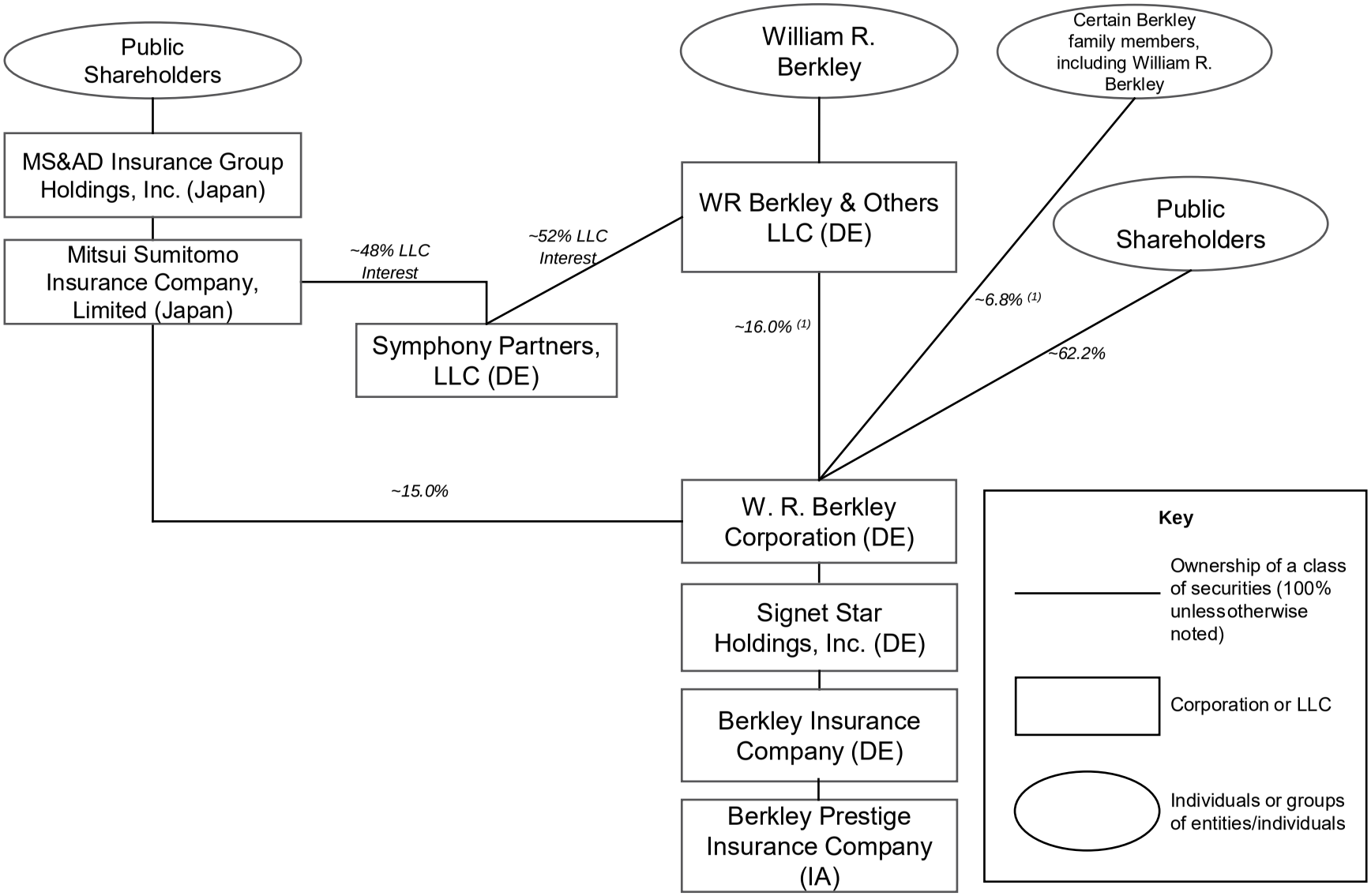
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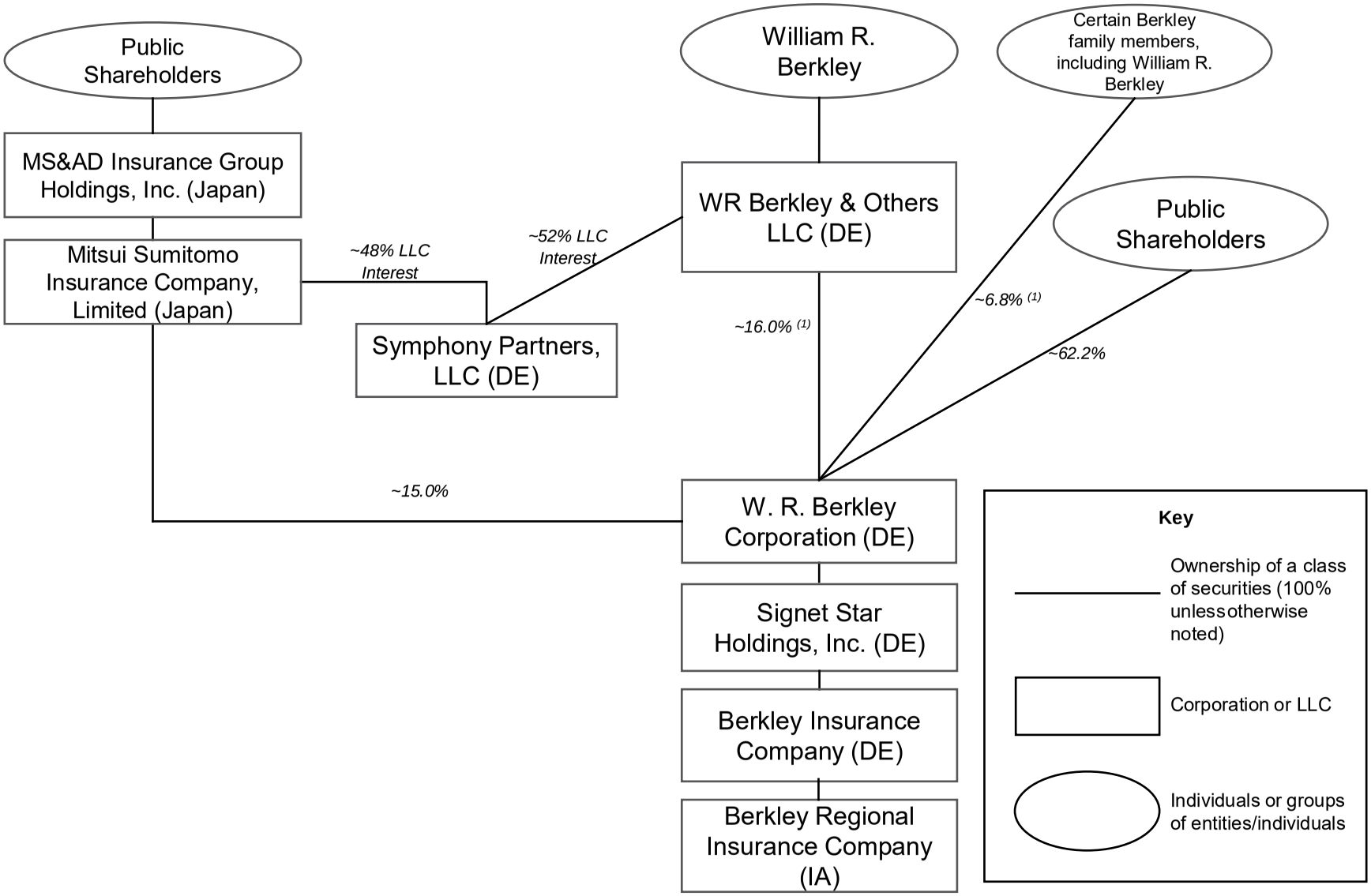
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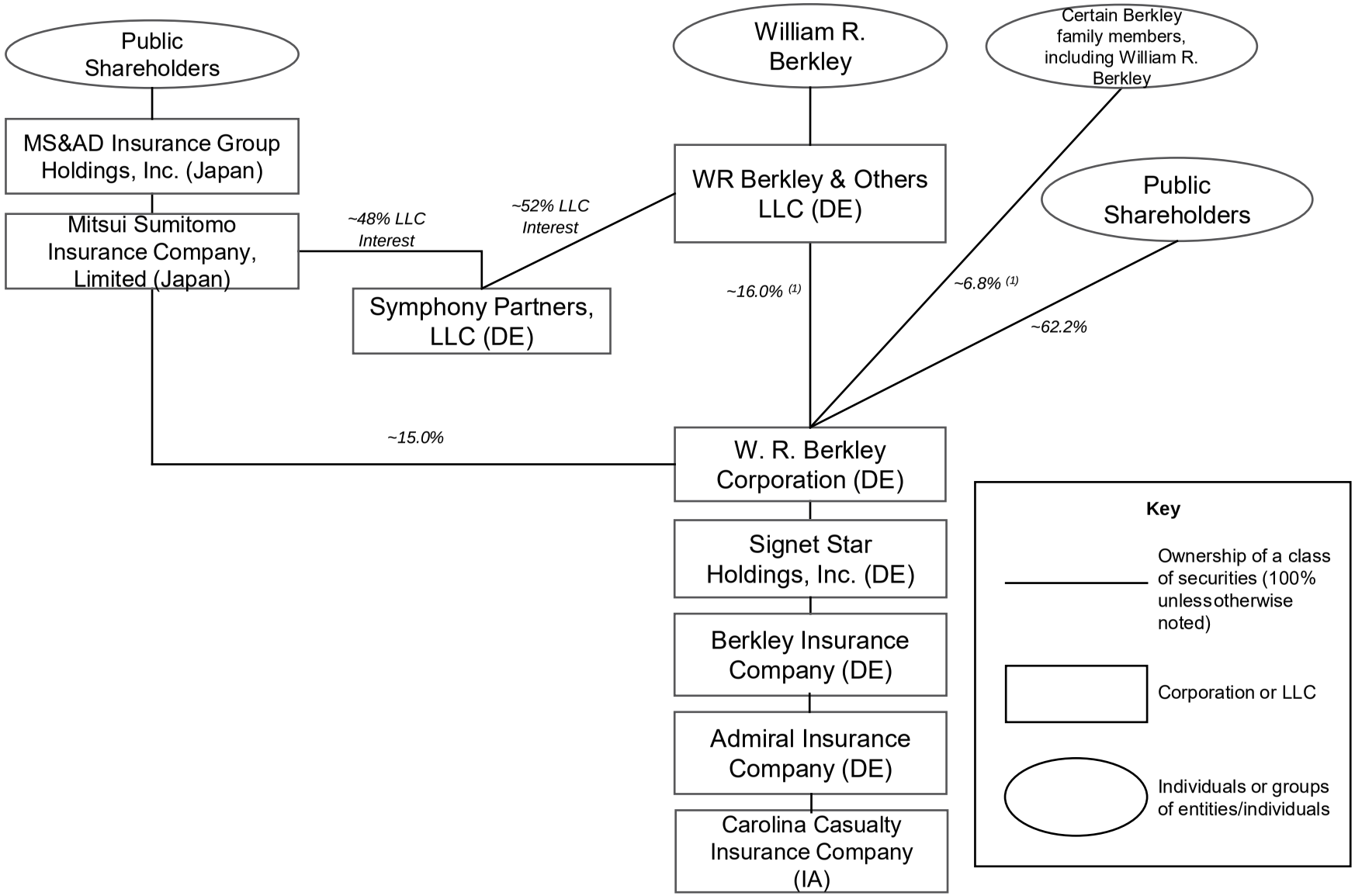
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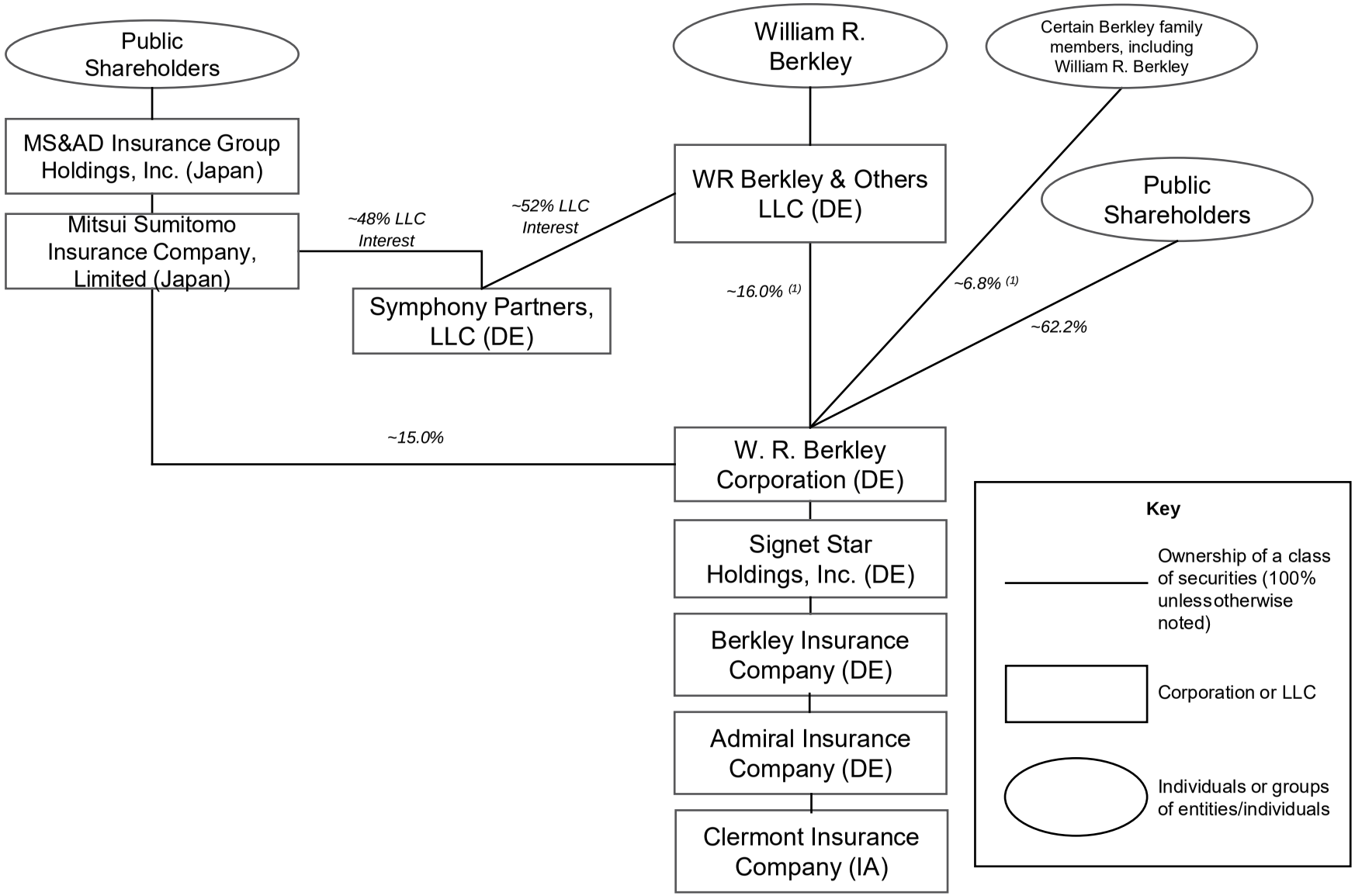
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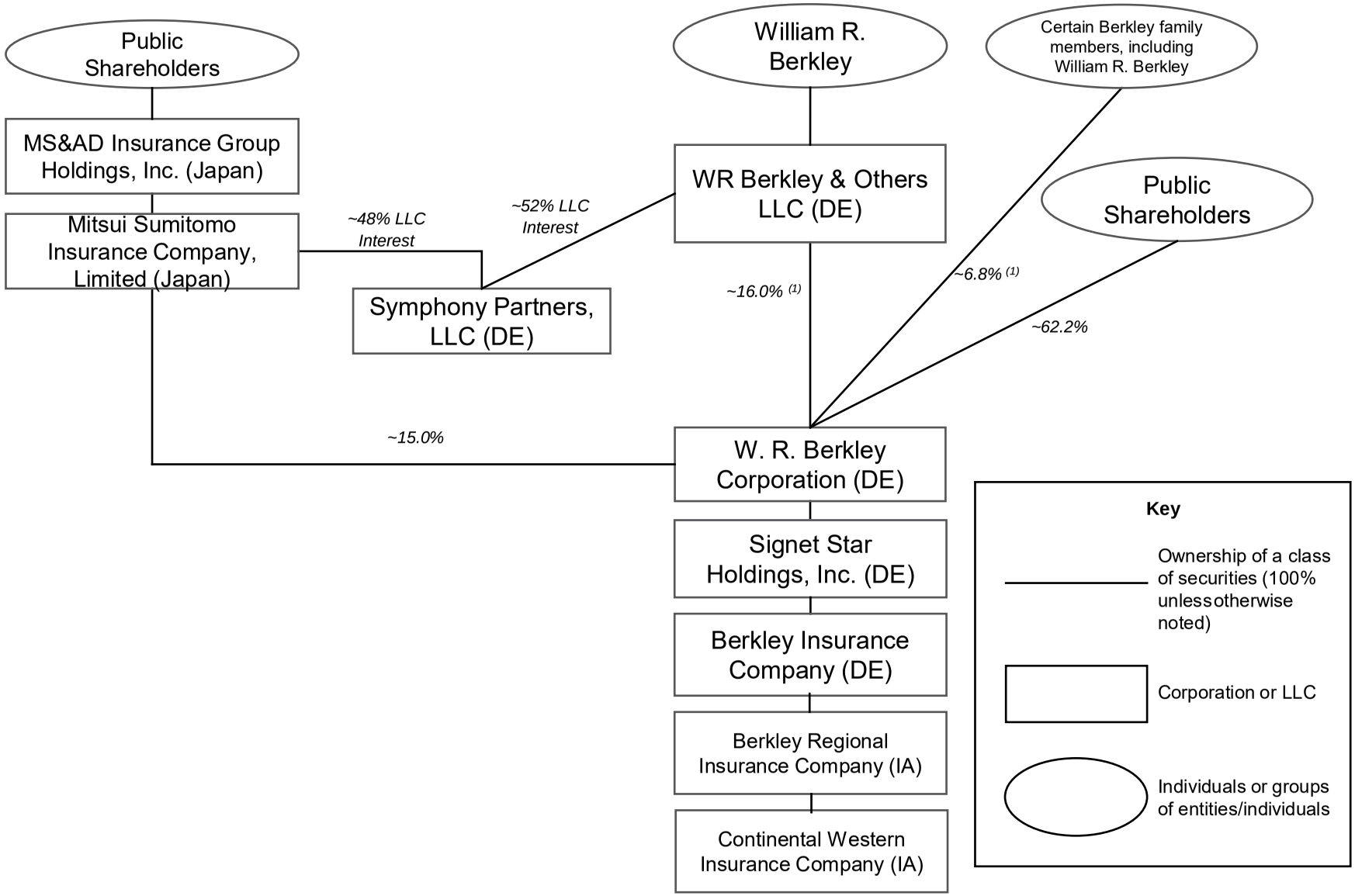
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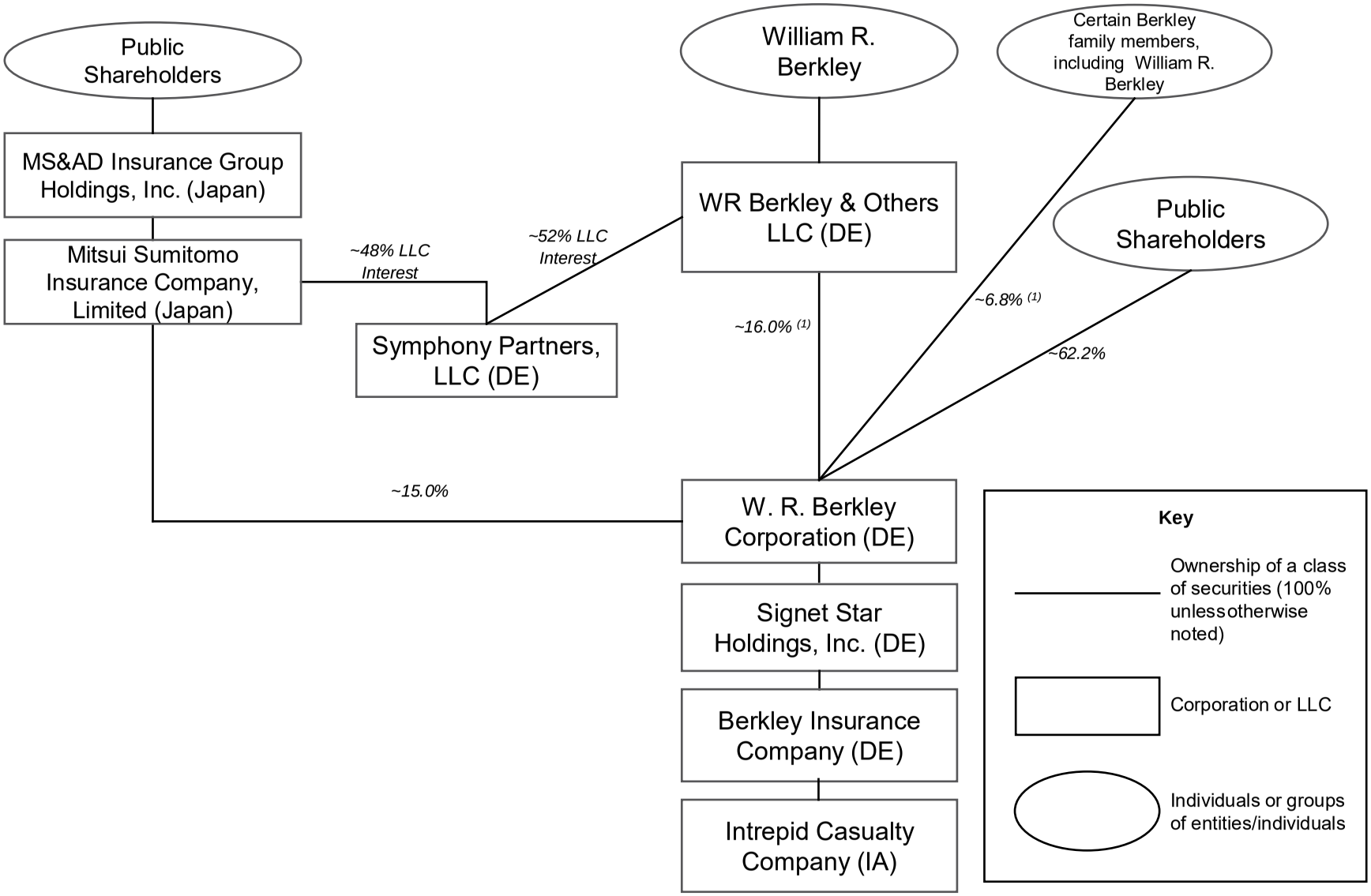
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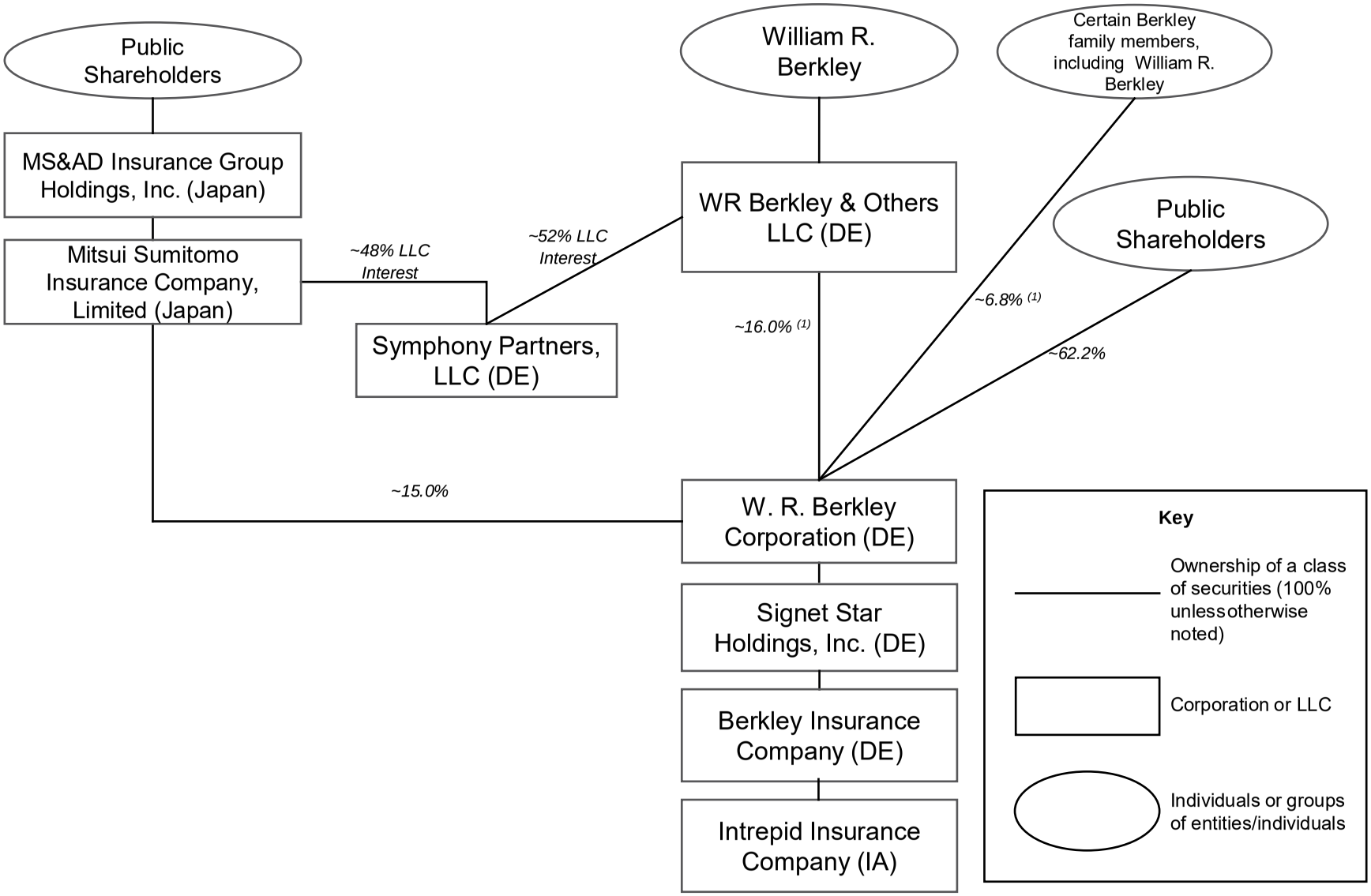
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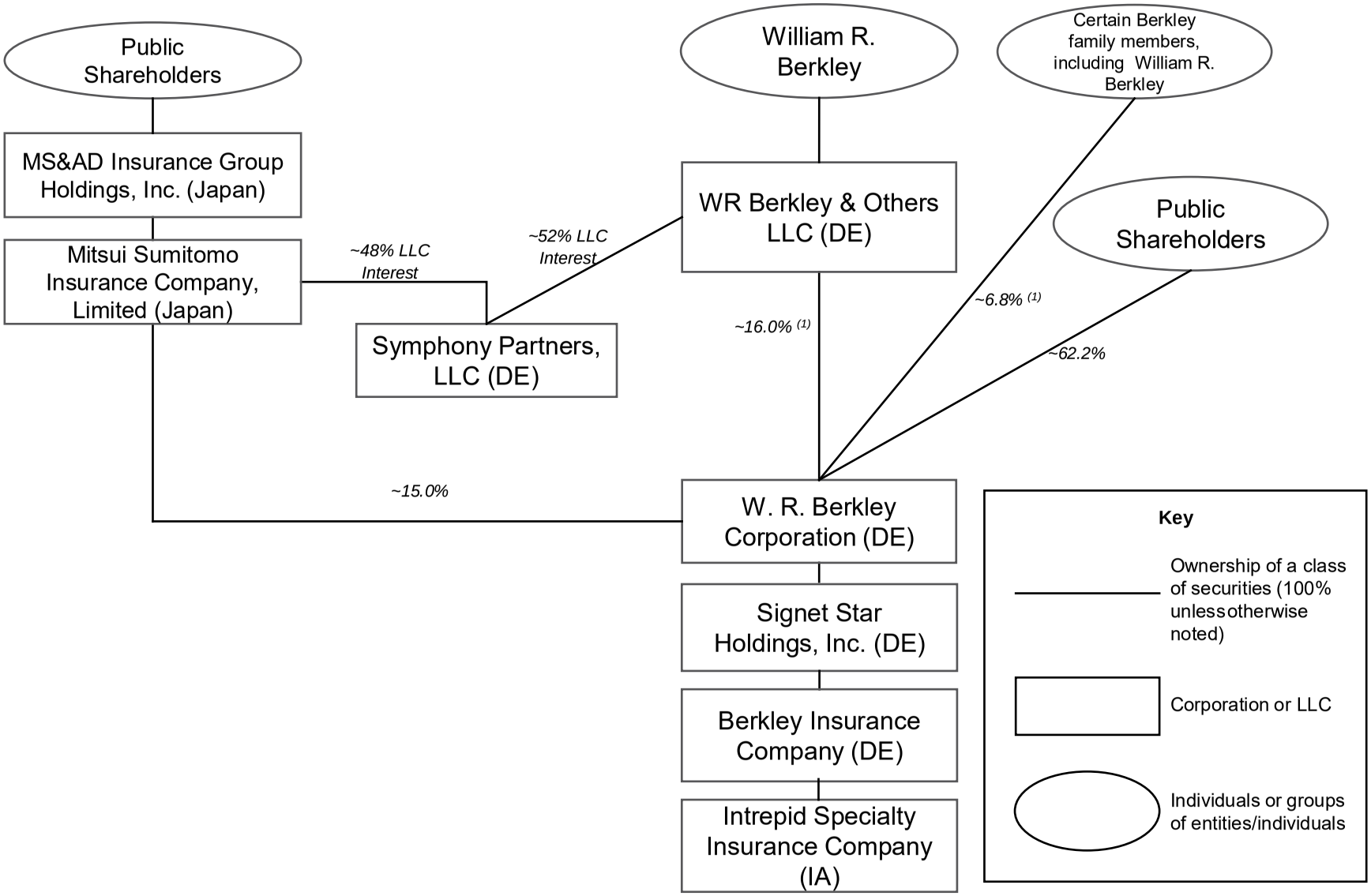
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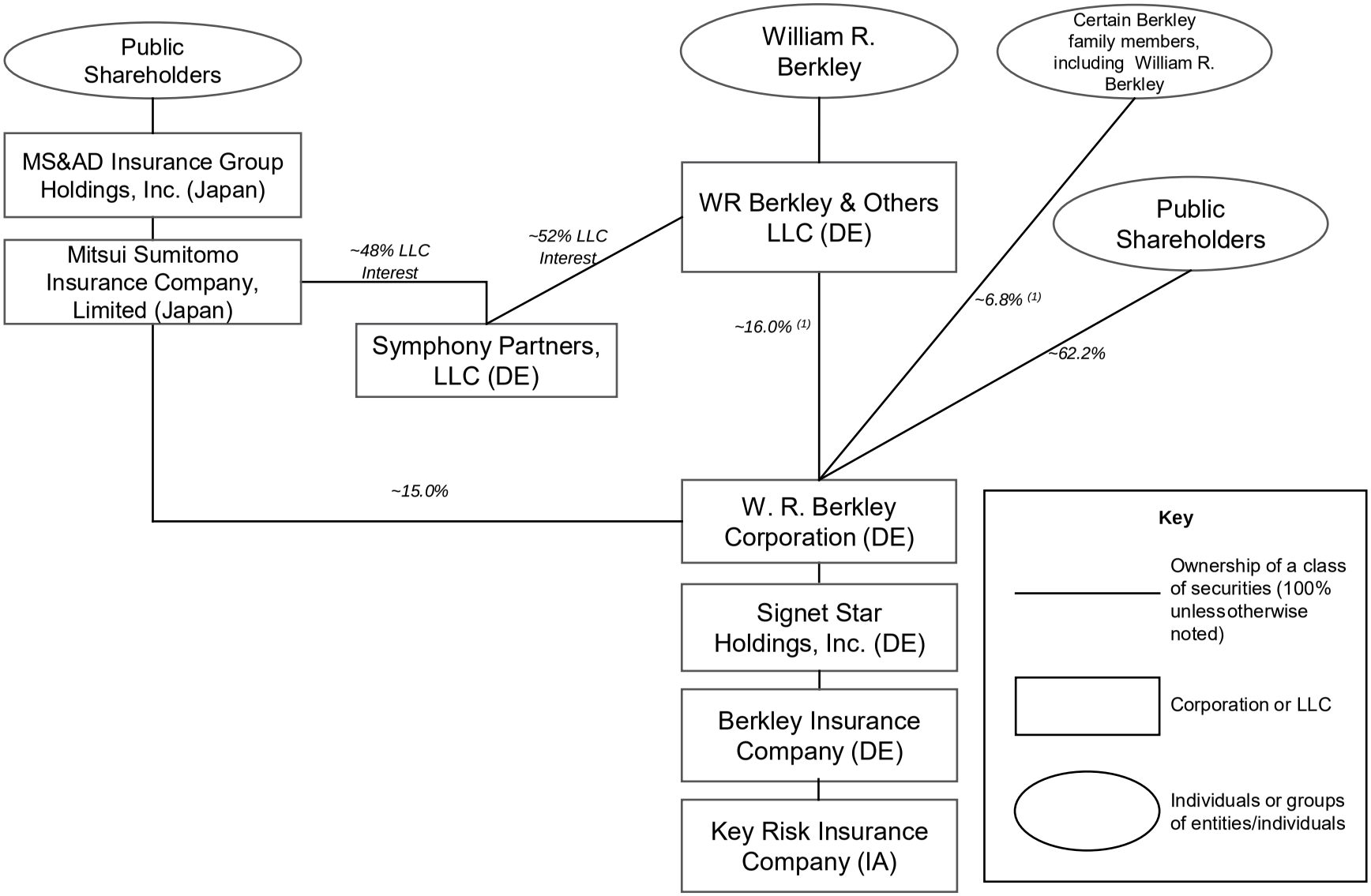
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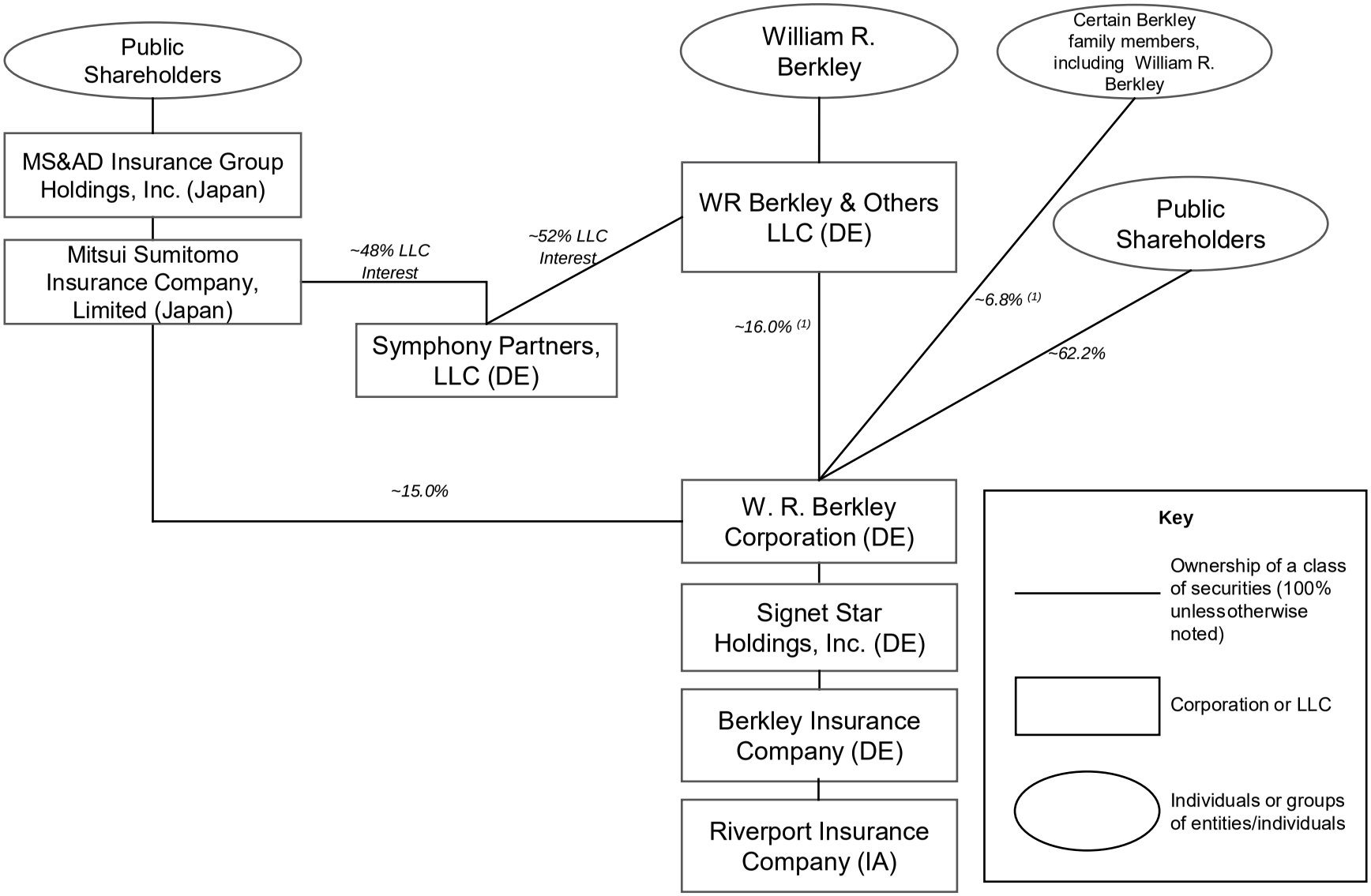
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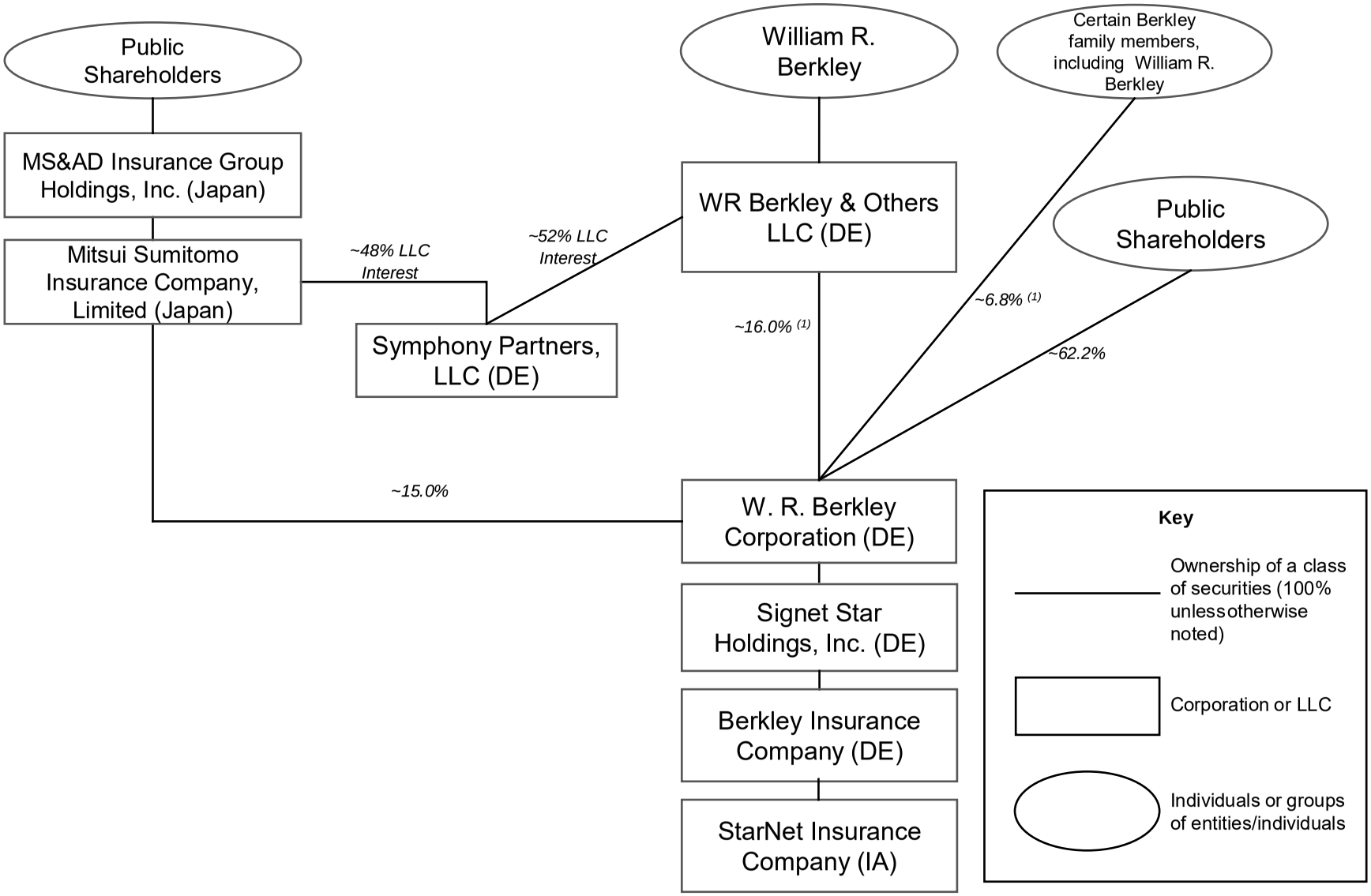
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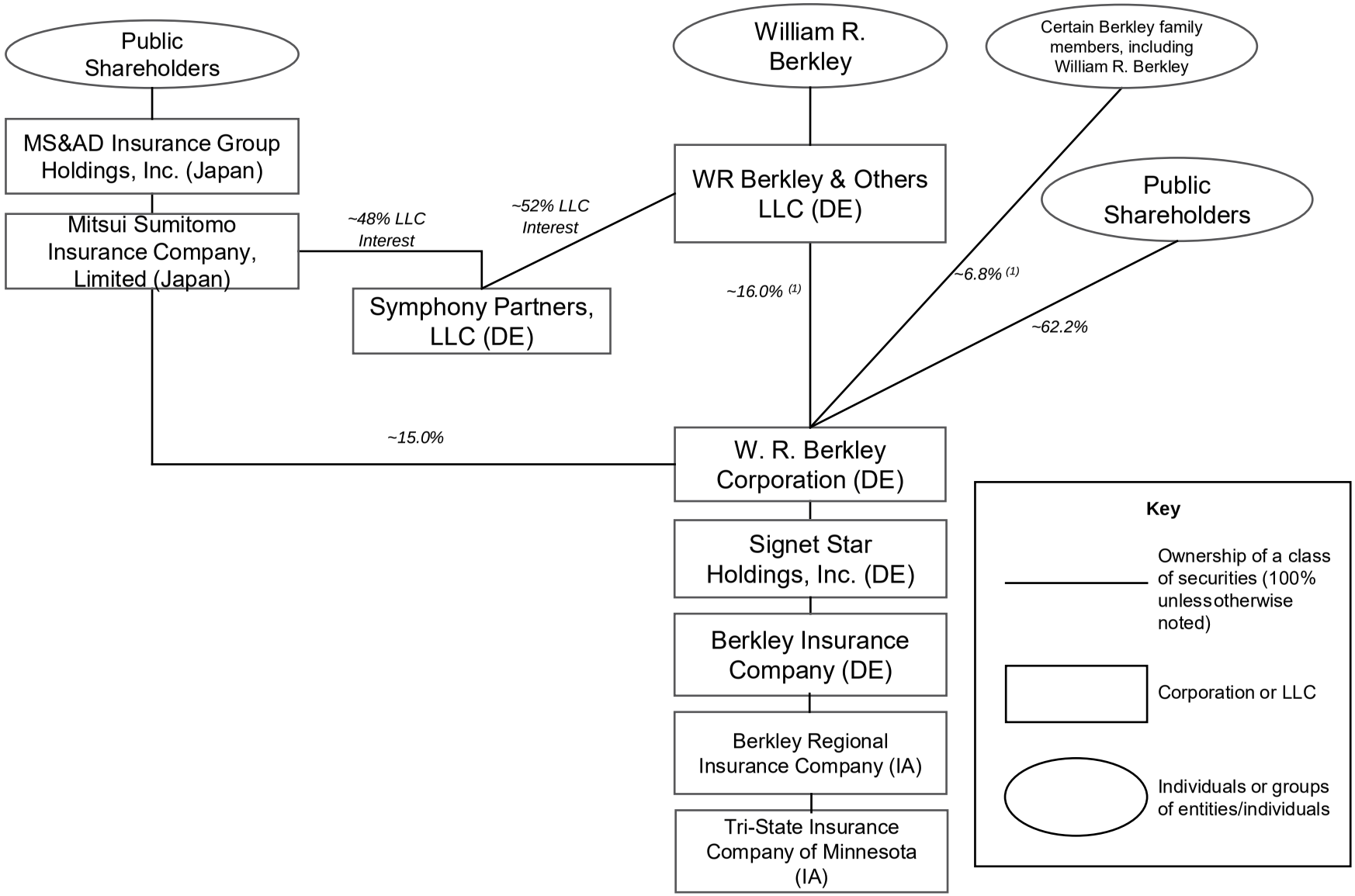
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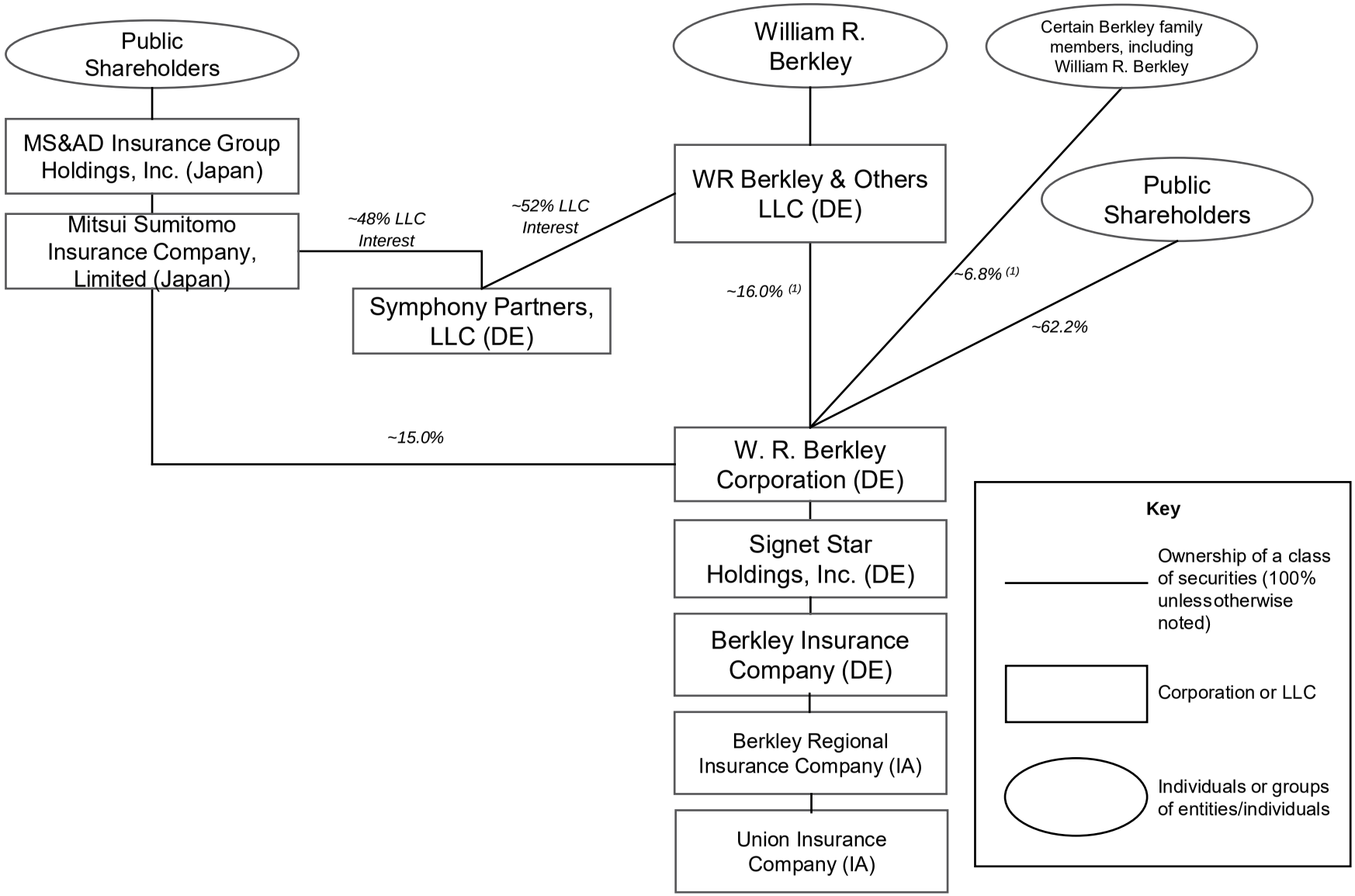
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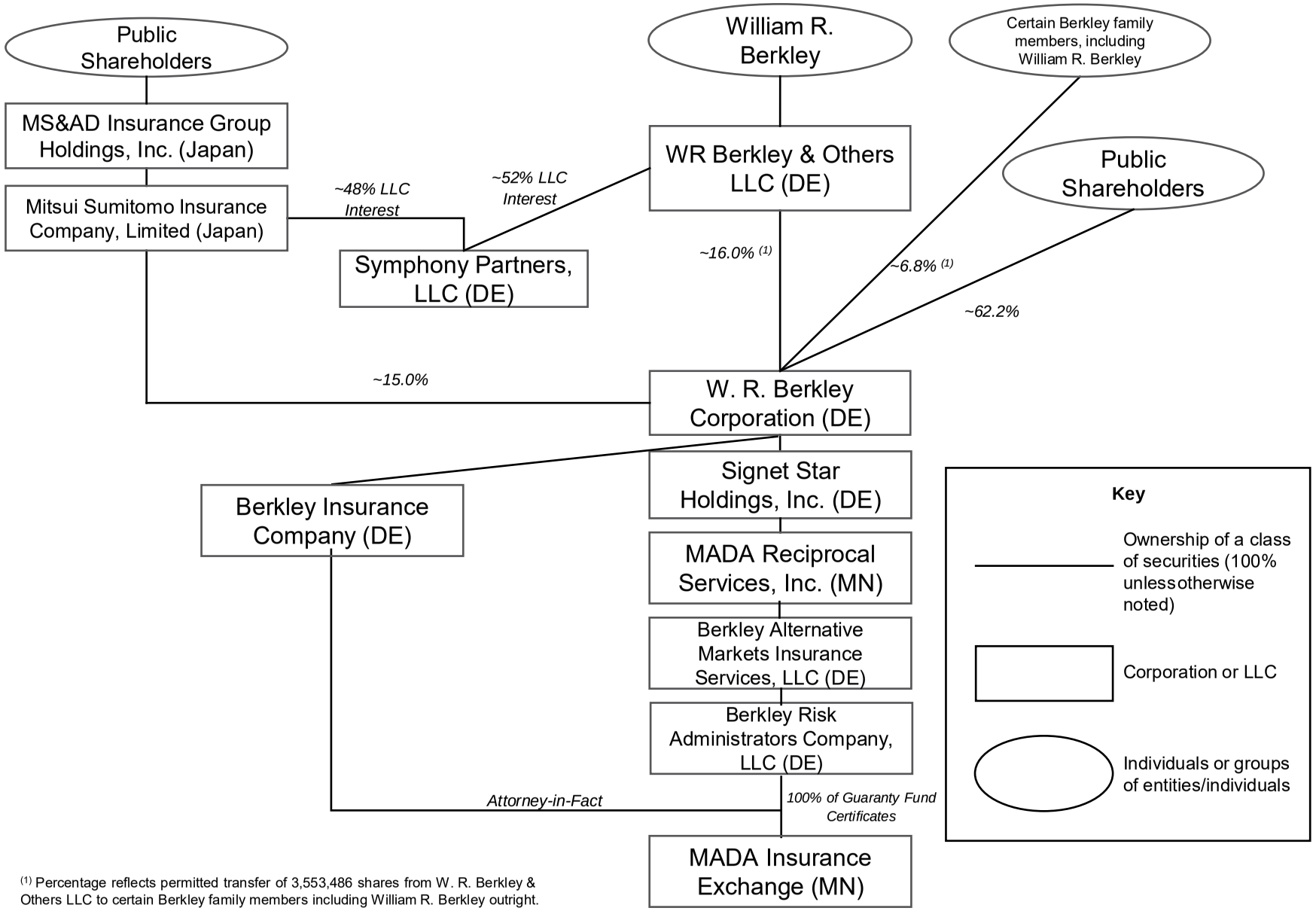
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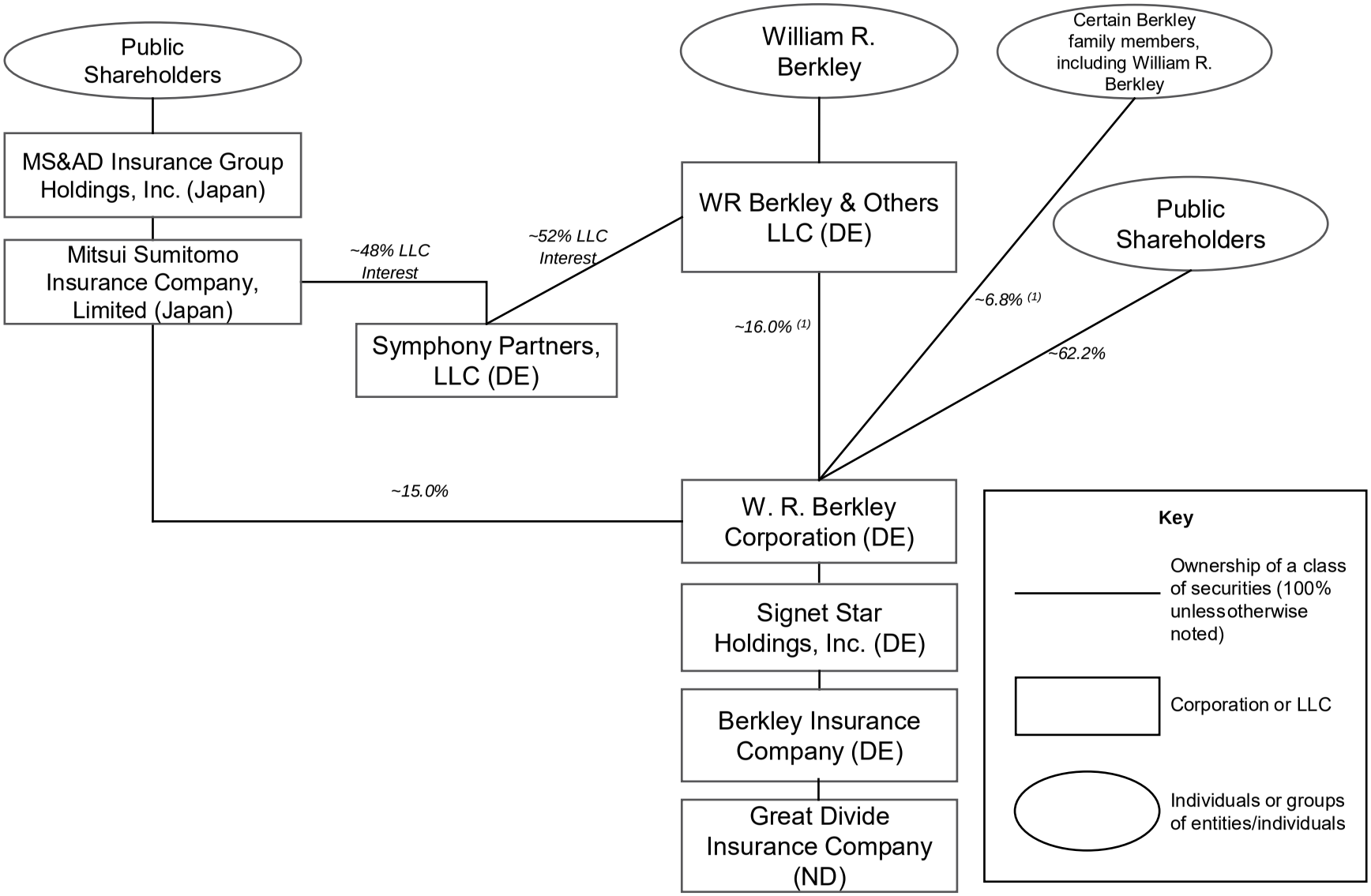
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Exhibit K

Annual Reports of Berkley

2023 Annual Report

W. R. Berkley Corporation



"ALWAYS DO RIGHT. THIS WILL GRATIFY SOME PEOPLE AND ASTONISH THE REST."

—MARK TWAIN



What O'Clock Is It? *by Thomas Hovenden*

2023

W. R. Berkley Corporation

Annual Report

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2023

Financial *highlights*

BY TRANSFORMING CHALLENGES INTO OPPORTUNITIES AND BRINGING TOGETHER TALENTED PEOPLE AND CAPITAL, WE FEEL CONFIDENT THAT WE WILL BE ABLE TO CONTINUE TO DELIVER OUTSTANDING VALUE AND *LONG-TERM RETURNS*.

COMBINED RATIO

89.7%

Averaged 91.5% over the past 5 years

TOTAL REVENUES

$12.1B

Increased by 57.9% over the past 5 years

BOOK VALUE PER SHARE

$29.06

Grew 81.9% before dividends and share repurchases over the past 5 years

RETURN ON STOCKHOLDERS' EQUITY

20.5%

Averaged 15.7% over the past 5 years

Selected *financial data*

In thousands, except per share data

Years ended December 31,	2019	2020	2021	2022	2023
Total Revenues	$7,902,200	$8,098,932	$9,455,486	$11,166,498	$ 12,142,938
Net Premiums Written	6,863,499	7,262,437	8,862,867	10,004,070	10,954,467
Net Investment Income	645,614	583,821	671,618	779,185	1,052,835
Net Investment Gains	123,467	103,000	90,632	202,397	47,042
Insurance Service Fees	92,680	88,777	93,857	110,544	106,485
Net Income to Common Stockholders	681,944	530,670	1,022,490	1,381,062	1,381,359
Net Income Per Common Share					
Basic	$2.38	$1.89	$3.69	$4.99	$5.10
Diluted	2.35	1.87	3.66	4.94	5.05
Return on Equity	12.5%	8.7%	16.2%	20.8%	20.5%
At Year End					
Total Assets	$26,643,428	$28,606,913	$32,086,414	$33,861,099	$37,202,015
Total Investments	18,473,674	18,481,767	22,171,814	22,859,646	25,279,504
Reserves for Losses and Loss Expenses	12,583,249	13,784,430	15,390,888	17,011,223	18,739,652
Common Stockholders' Equity	6,074,939	6,310,802	6,653,011	6,748,332	7,455,431
Common Shares Outstanding	275,118	266,738	265,171	264,546	256,545
Common Stockholders' Equity Per Share	22.08	23.66	25.09	25.51	29.06

Per share data and common shares outstanding have been adjusted for the 3-for-2 common stock splits effected on April 2, 2019 and March 23, 2022.

LEFT TO RIGHT:

W. Robert Berkley, Jr.,
President and Chief Executive Officer

William R. Berkley,
Executive Chairman



To our *shareholders*

RECORD UNDERWRITING INCOME

$1.1B

RECORD NET INVESTMENT INCOME

$1.1B

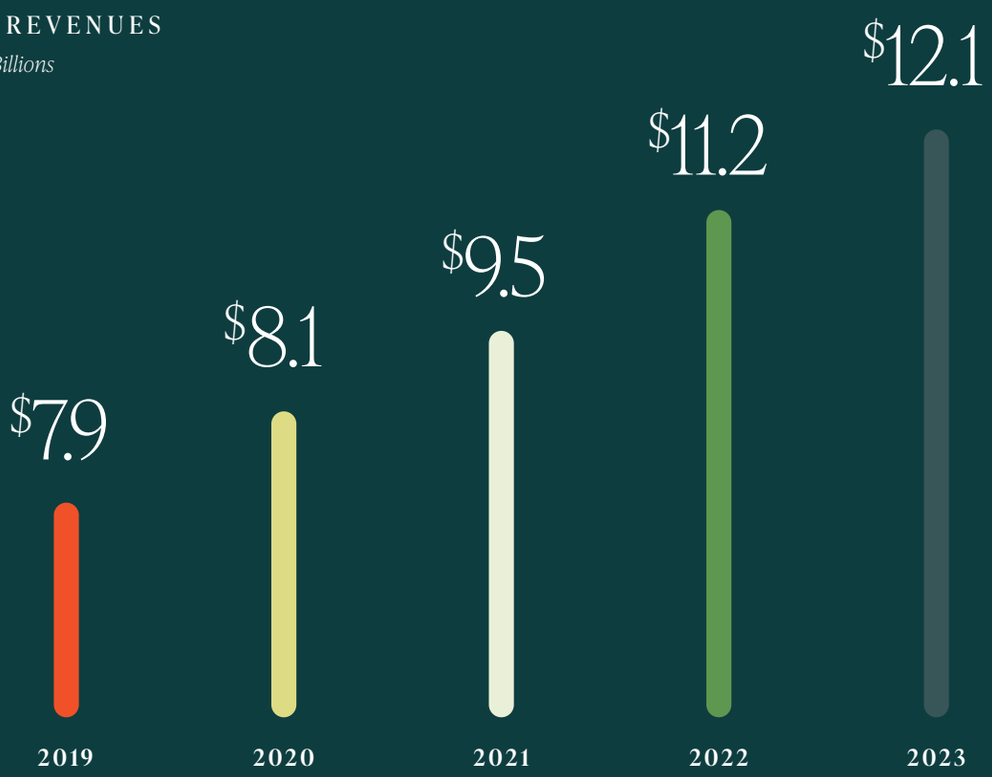
2023 was an extraordinarily positive year for our Company. We had record profitability and revenue. Both underwriting profit and investment income achieved new all-time highs of $1.1 billion each, and our cash flow for the year exceeded $2.9 billion. This is the second year in a row our return on shareholders' equity exceeded 20%. We were able to pay special dividends to our shareholders as a direct result of these outstanding returns. Book value per share, before dividends and stock buybacks, grew in excess of 25%. Our goal, as always, is to optimize our risk-adjusted return to our shareholders. We achieved that in 2023.

While our primary goal is focused on return to our shareholders, our business is built on a concern for the needs of multiple constituents—society, our customers, our agents and brokers and, of course, our employees. Our success comes from this focus on meeting the needs of all of these groups. First and foremost, we must meet the needs of our customers who buy insurance from our companies because they are confident that we will meet our commitments in the appropriate way. Agents and brokers feel confident recommending our businesses to their customers because they recognize our willingness and ability to pay claims as set forth in our policies.

"WHILE OUR PRIMARY GOAL IS FOCUSED ON RETURN TO OUR SHAREHOLDERS, OUR BUSINESS IS BUILT ON A CONCERN FOR THE NEEDS OF MULTIPLE CONSTITUENTS—SOCIETY, OUR CUSTOMERS, OUR AGENTS AND BROKERS AND, OF COURSE, OUR EMPLOYEES. OUR SUCCESS COMES FROM THIS FOCUS ON *MEETING THE NEEDS OF ALL OF THESE GROUPS.* "

TOTAL REVENUES

Dollars in Billions



To our *shareholders*

RECORD NET PREMIUMS WRITTEN

$11.0B

RECORD NET INCOME

$1.4B

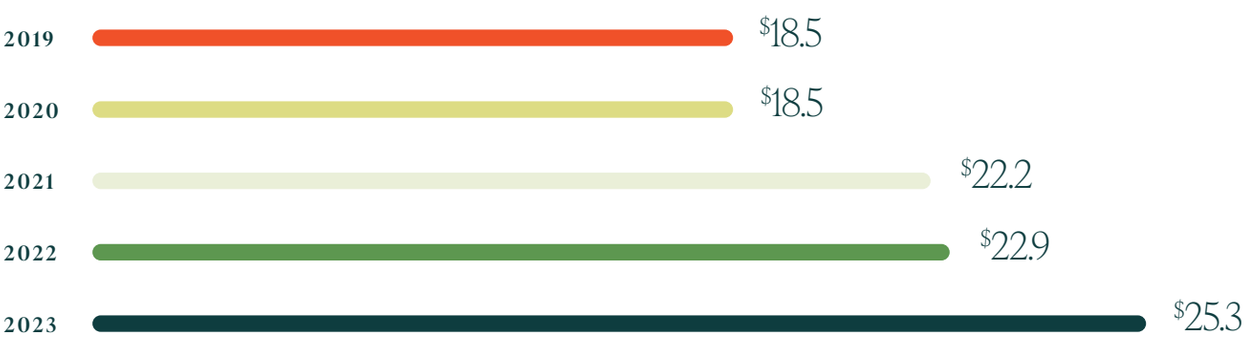
The role of insurance is extremely important in a society that seeks to manage the impact of unforeseen events. Our Company's financial strength and stability, as well as our historical reputation of meeting our obligations, provides peace of mind to our customers. We are in the insurance market every day. Sometimes people choose to buy from us and on other occasions, they shop elsewhere, but we are always in the marketplace. We are a dependable partner offering coverage on a consistent basis. This long-term view of being consistently in the market ties in with the key differential that has helped make W. R. Berkley Corporation stand out from many of its competitors.

We have a long-term view while acknowledging the present risks, but our focus is always on long-term risk-adjusted return. Commitments made by our Company often extend for years. Thus, the time element is critical when focusing on risk. We are concerned about tomorrow, next month and next quarter, as well as minimizing extreme volatility. Our primary focus, however, is the general direction and long-term outcome of society's values, economic trends, and the impact and long-term consequences of our decision-making from a financial point of view.

Whether it is our decision to start businesses or to take on the uncertainty inherent in acquisitions, we continue to be concerned about the influence of long-term social and economic issues, such as inflation. When establishing the guidelines for our investment portfolio, that long-term view is critical. The ability to manage our enterprise in an effective way, and still deliver outstanding risk-adjusted returns to our shareholders comes from this long-term perspective.

INVESTMENTS

Dollars in Billions



To our *shareholders*

This year, our premiums grew by over 9.5%. We continued to build our business through internal growth and the addition of one new business. Many of the businesses that were started during the past several years began to come into their own, while at the same time, other areas of our business required us to take our foot off the accelerator because pricing was not as attractive as it had been.

Today, varying lines of business react in different ways in the marketplace. This is the advantage of our structure. By having 60 individual businesses, we can independently respond to each competitive circumstance.

Each of our companies operates on its own in its marketplace. We have the benefits of a large-scale enterprise while still maintaining the flexibility of being nimble that generally exists only in much smaller companies. It is this combination that allows us to be a more flexible and effective competitor. In this ever-more-rapidly changing world, we think these benefits exceed the cost of our structure. We continue to evaluate each of our businesses, how we compete, and where we compete, to ensure that we get value for the scale and size of each piece of our business.

As we continue to build our enterprise, we find the Berkley name has benefited many of our new companies, continuing to add strength when we start a new venture. We now have a number of companies that individually have achieved scale in their particular market niche. This makes them truly viable competitors against almost any of the global markets.

RESERVES FOR LOSSES AND LOSS EXPENSES

Dollars in Billions



WE HOPE TO CONTINUE BUILDING OUR BUSINESS IN THE SAME MANNER THAT WE HAVE BUILT IT IN THE PAST, *ONE BLOCK AT A TIME.*

We hope to continue building our business in the same manner that we have built it in the past, one block at a time.

Our structure is especially valuable when considered in light of our long-term perspective. It allows us to attract entrepreneurial talent to build new businesses. When they enter the market, they can demonstrate a strength and stability that only their largest competitors possess. This helps us continue to build our business, and we believe it will allow us to grow consistently and faster than most of our competitors.

Taken all together, this has resulted in an outstanding year for our Company. This was a year everyone on our team was proud of. We want to thank all of our brokers and agents who produced policies for our companies.

Thank you, as well, to each and every member of our team, our shareholders, and our customers. Without you, we could not have achieved this outstanding year. It required everyone, both individually and collectively, for us to achieve this result. It goes without saying that the advice and counsel provided by our Board of Directors has helped us immeasurably, and we continue to be optimistic as we look ahead.



William R. Berkley
Executive Chairman



W. Robert Berkley, Jr.
President and Chief Executive Officer

COMMON STOCKHOLDERS' EQUITY*

Dollars in billions



**Net of $2.1 billion in special dividends and shares repurchased from 2019 to 2023*

W. R. Berkley Corporation Performance *vs.* S&P 500®

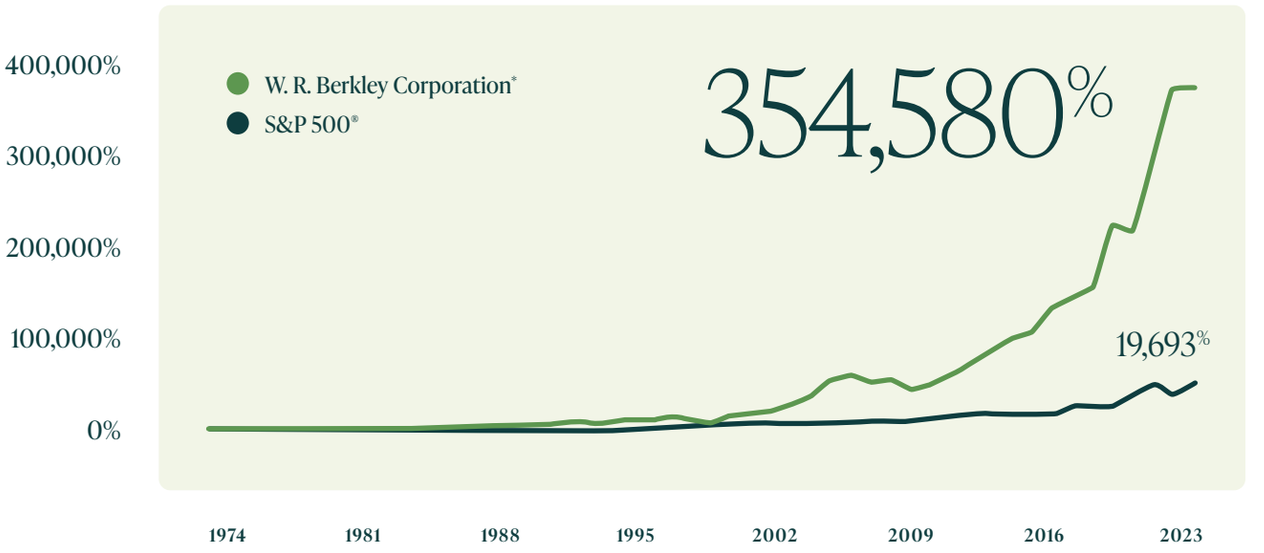
Cumulative Total Stock Return (Includes Dividends)

	W. R. Berkley Corporation	S&P 500	Difference
Year	**(1)**	**(2)**	**(1)-(2)**
1974	-43.2%	-26.4%	-16.8%
1975	-38.7%	1.0%	-39.7%
1976	0.5%	24.8%	-24.4%
1977	151.5%	15.6%	135.9%
1978	499.1%	23.0%	476.1%
1979	430.4%	45.4%	385.0%
1980	436.8%	92.3%	344.5%
1981	601.6%	82.7%	518.9%
1982	610.8%	121.8%	489.0%
1983	900.1%	171.5%	728.7%
1984	1,010.3%	188.0%	822.3%
1985	2,543.6%	279.0%	2,264.6%
1986	2,940.8%	349.5%	2,591.3%
1987	2,708.1%	372.5%	2,335.6%
1988	3,398.4%	450.9%	2,947.5%
1989	4,727.3%	625.5%	4,101.8%
1990	4,450.5%	603.0%	3,847.4%
1991	5,516.5%	817.4%	4,699.1%
1992	7,896.1%	887.2%	7,008.9%
1993	6,472.1%	986.9%	5,485.2%
1994	7,009.4%	1,001.0%	6,008.4%
1995	10,186.7%	1,415.0%	8,771.7%
1996	9,722.4%	1,763.4%	7,958.9%
1997	12,779.3%	2,385.8%	10,393.4%
1998	10,024.5%	3,096.8%	6,927.8%
1999	6,241.9%	3,768.1%	2,473.9%
2000	14,552.3%	3,416.1%	11,136.2%
2001	16,766.9%	2,997.7%	13,769.2%
2002	18,744.0%	2,313.1%	16,430.9%
2003	25,051.7%	3,005.6%	22,046.0%
2004	34,067.7%	3,344.2%	30,723.6%
2005	51,914.6%	3,512.9%	48,401.7%
2006	56,702.5%	4,083.8%	52,618.7%
2007	49,282.8%	4,313.9%	44,968.9%
2008	51,709.6%	2,680.7%	49,028.8%
2009	41,500.0%	3,417.6%	38,082.4%
2010	46,596.4%	3,948.8%	42,647.6%
2011	59,135.3%	4,033.8%	55,101.5%
2012	67,184.0%	4,695.2%	62,488.8%
2013	77,952.3%	6,248.9%	71,703.4%
2014	94,842.7%	7,118.1%	87,724.6%
2015	102,211.3%	7,217.7%	94,993.6%
2016	127,530.0%	8,095.8%	119,434.2%
2017	140,524.3%	9,884.9%	130,639.4%
2018	148,906.2%	9,447.6%	139,458.6%
2019	214,214.4%	12,454.1%	201,760.3%
2020	207,457.2%	14,764.1%	192,693.1%
2021	264,190.1%	19,030.8%	245,159.2%
2022	353,720.2%	15,566.2%	338,154.0%
2023	354,579.5%	19,692.7%	334,886.8%
Average Annual Gain 1974–2023	**23.3%**	**12.6%**	**10.6%**

Notes: W. R. Berkley Corporation's book value per share has been adjusted for stock dividends paid from 1975 to 1983. Stock dividends were 6% in each year from 1975 to 1978, 14% in 1979, and 7% in each year from 1980 to 1983. The Company has paid cash dividends each year since 1978, including special dividends paid in 2012, 2014, 2016–2019 and 2021–2023.

Cumulative Total Return
1973–2023

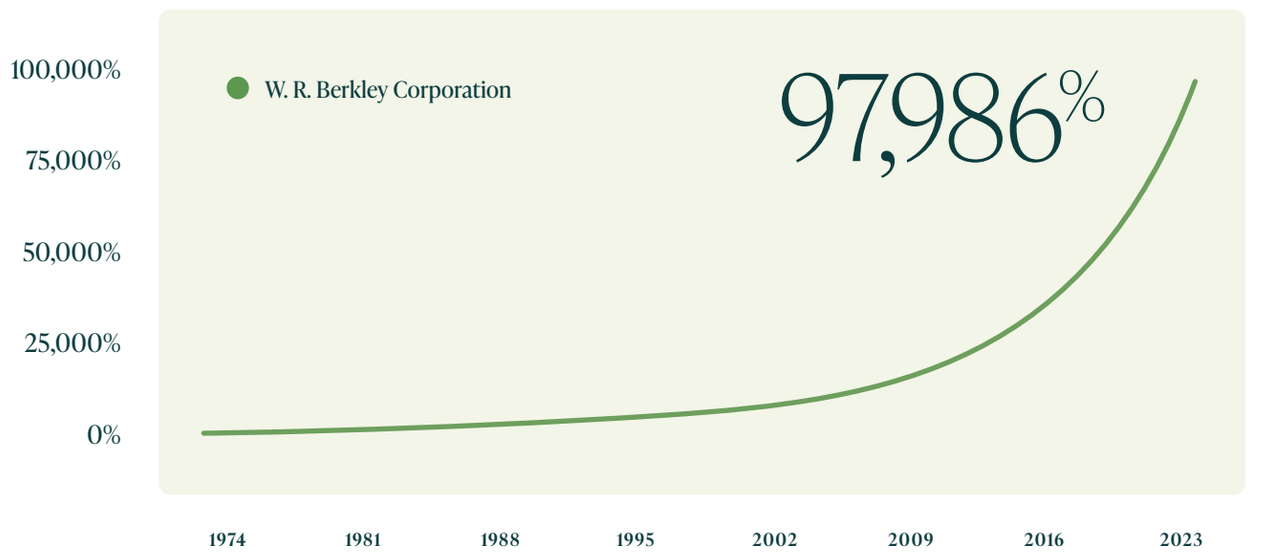
**Dividends Compounded*



Cumulative Growth in Book Value Per Share

With Dividends Included

Insurance companies are often measured by book value per share. We have grown book value per share with dividends included by an average of 16.2% since 1973.





Insurance Humanity

01 Stability

02 Investments

03 Growth

04 Responsibility

Insurance serves humanity by fulfilling the needs of people. In the ordinary course of life, they all face unforeseen events. Insurance provides the stability that allows individuals and businesses to recover and move forward, while our investments support the growth and development of the economy and our society.

01

Stability

Stability
to move forward

Insurance provides peace of mind by allowing society to sustain itself through unforeseen circumstances.

BERKLEY'S SPECIALTY INSURANCE BUSINESSES PROVIDE THE *PEACE OF MIND AND RESILIENCE* NECESSARY FOR INDIVIDUALS AND BUSINESSES TO SUCCEED AND THRIVE.

Insurance is the business of protecting against losses resulting from various types of events, which enables individuals and businesses to endure their biggest crises and return to their lives. It provides people with the peace of mind to go about their daily activities without worrying about the financial consequences of unforeseen events.

Insurance offers predictability in the face of life's many uncertainties and provides stability for society to function. Groups of insureds spread their exposure to similar risks by paying relatively small periodic premium payments for insurance coverage, rather than paying for a large loss all at once. Then, when the unthinkable happens, timely claims payments can help families, communities and businesses recover from costly accidents and disasters and continue on as they did before the event occurred. It helps to make them whole.

We help protect business properties, homes, and other physical assets, as well as reputations, earnings streams, and the ability to operate in the same way as before a loss occurred. We also help people and businesses prevent losses or reduce exposure before an event occurs through loss control and education activities that help aid in understanding and managing the various exposures they face. The specialized expertise we bring to bear through our 60 autonomous businesses allows us to understand our policyholders' activities and the risks they face, provide tailored insurance coverages and handle claims with expertise.

The benefits we provide are more than just fulfilling the contractual obligations of our policies. We understand the financial, intangible, and sentimental value of what we protect, never losing sight of the fact that we are entrusted with the hopes, dreams, and often life's work of people. For example, our excess workers' compensation business is experienced at handling claims related to catastrophic injuries in the workplace. In managing claims, we aim to provide the injured worker with the highest quality outcome, focused not just on medical care and rehabilitation, but also on maximizing recovery, quality of life, and independence. Our liability coverages provide payment for various types of damages, injuries, and errors or omissions for many types of professionals. We believe that having someone in your corner who understands the issues and the process is invaluable to our clients' peace of mind. In our high-net-worth personal lines business, we protect what matters most to our clients, from primary and vacation homes to art and jewelry collections to recreational vehicles and watercraft and so much more.

We offer many types of insurance, yet they all provide one important thing—the peace of mind that brings predictability and resiliency to the lives and businesses of the people it serves.

60

Sixty Specialized Businesses

1.3M

Nearly 1.3 Million Policies Annually

02

Investments

Investments for growth & progress

An insurance company invests money with the expectation of achieving a return or increasing value, often putting it into assets that help build the economy and allow enterprises of all types to move forward.

INVESTING IN BUSINESSES AND INFRASTRUCTURE PROVIDES A DUAL BENEFIT OF CONTRIBUTING TO OUR LONG-TERM RISK-ADJUSTED RETURN WHILE ENABLING THE *ECONOMY TO EXPAND AND FLOURISH.*

Investment income is a key component of an insurance company's economic model, placing our industry at the heart of the growth and progress of every modern economy. We invest with a view towards risk-adjusted return, which means we must understand the levels of risk in each investment so we can meet our obligations to our insureds and provide a strong return to our shareholders.

We primarily invest in fixed-maturity securities, as well as other opportunities that help society work more effectively. The recipients of our capital are typically corporations, municipalities, and federal governments. Government bonds support the development of infrastructure and federal programs, while municipal bonds lower borrowing costs for state and local governments, allowing for greater investments in those municipalities and reducing tax rates for residents. Some municipal bonds may fund projects regarding water and sewer, waste, pollution, industrial development, and resource recovery, which can help mitigate pollution, provide safe drinking water, and promote conservation. Mortgage and other asset-backed bonds allow consumers to buy homes and other things, while corporate bonds allow businesses to expand and thrive, bolstering job creation and economic growth. Housing bonds provide funding for multifamily or single-family housing projects, often for the low-income sector, while transportation bonds support our country's infrastructure by improving toll roads, bridges, and tunnels. Additionally, our investments in secondary and higher education support enterprises directly involved in improving communities and the lives of their students.

Through our investments, we make important contributions to the safety and security of our society, the stability of our financial systems, and the development of infrastructure. In this sense, our investments help to stimulate the economy's savings and investments, allowing businesses and consumers to have a higher level of consumption and plan more confidently. Our investments help to build the economy and allow society to move forward.

$25B+

Over $25 Billion in Invested Assets

35.1%

Growth in Net Investment Income

03

Growth

Growth to meet obligations

A well-run insurance company increases capital over time through profits arising from sound business decisions that support a multitude of constituents.

THE EXPANSION OF CAPITAL OVER THE LONG-TERM ENABLES US TO CONSISTENTLY MEET THE EVOLVING *NEEDS OF OUR CUSTOMERS AND SOCIETY.*

For insurance to continue to fulfill the needs of its constituents, primarily its insureds and its role in investing in our society, insurance companies need to produce profits and build capital. Underwriting and investing are the two engines that drive our business, and we manage both through the lens of optimizing risk-adjusted return on capital to live up to the expectations of our communities.

Shareholders provide us with the capital to run our business. Profits enable us to earn a strong risk-adjusted return on that capital for shareholders. They also enable us to reinvest funds back into the organization and grow our business to meet the evolving needs of our policyholders, distribution partners, and employees. With strong profits, we can deliver new products and services that address emerging exposures in an ever-changing economy, expand our resources, develop our people, and take calculated risks to meet the needs of current policyholders and reach new policyholders in need of support.

In underwriting, profit margins are generally thin – approximately 90% of premium is used to pay for distribution and provide our services, including underwriting, loss control, education, and claims payments. Investment income makes an important contribution to profitability and, together, they provide a solid foundation for our business to succeed and all of our other interested parties to thrive. Today, we service nearly 1.3 million policies per year.

Albert Einstein famously quipped that the eighth wonder of the world is the power of compounding. Over the past 50 years as a public company, W. R. Berkley Corporation has grown net premiums written 24,000% and stockholders' equity by more than 66,100%. In addition, we have returned over $7.3 billion to shareholders through dividends and share repurchases. Over that time, we have delivered nearly 18% compound average growth in total shareholder return and a 14.7% average return on equity.

14.7%

Average Return on Equity Since 1973

17.8%

Compound Average Growth in Total Shareholder Return Since 1973

04

Responsibility

Responsibility to our constituents

An insurance company that is successful over the long term is one that is able to balance the needs of its various constituents.

UNDERSTANDING THE ROLE OUR BUSINESS PLAYS IN *SERVING HUMANITY* HAS BEEN AN ESSENTIAL COMPONENT OF OUR SUCCESS.



Insurance is a unique business that fulfills the needs of many people, including customers, agents and brokers, employees, shareholders, and society as a whole. We are ever conscious of and remain steadfast in our unwavering determination to always do what we believe is right for these many constituents. Over time, we have succeeded by striking a balance that allows us all to grow and prosper.

By being there for our clients, we provide the peace of mind and stability that allows people and businesses to recover from insured events and move forward. Managing risk is inherent to our business, and we do so with an unwavering focus on long-term risk-adjusted return in our underwriting and our investing. We are in the insurance market every day with products and services that address the new and existing exposures of an evolving economy and society, fulfilling the needs of customers and distribution partners alike throughout the insurance cycle. So, too, are we in the investment markets every day, providing capital to business and governments and searching for opportunities with above-average total returns and below-average risk that will enable our capital to grow. We give back to our communities because we understand that we exist as part of a greater society and in the long run, our enterprise and all of its constituents benefit.

Our business provides stability, predictability and resiliency that enables society to function by protecting against life's biggest crises, while our investments help businesses, the community, and the economy expand and thrive. In the end, it allows us to serve humanity in a way few, if any, other industries can.

Our *company*

W. R. BERKLEY CORPORATION, FOUNDED IN 1967, IS ONE OF THE NATION'S PREMIER SPECIALTY PROPERTY CASUALTY INSURANCE PROVIDERS.

Each of the businesses within Berkley participates in a niche market requiring specialized knowledge about a territory or product.

Our competitive advantage lies in our long-term strategy of decentralized operations, allowing each of our businesses to identify and respond quickly and effectively to changing market conditions and local customer needs. This decentralized structure provides financial accountability and incentives to local management and enables us to attract and retain the highest-caliber professionals.

We have the expertise and resources to utilize our strengths in the present environment, and the flexibility to anticipate, innovate and respond to whatever opportunities and challenges the future may hold.

How we're *different*

Risk-Adjusted Returns

Management company-wide is focused on obtaining the best potential returns with a real understanding of the amount of risk being assumed. Superior risk-adjusted returns are generated over the insurance cycle.

Accountability

The business is operated with an ownership perspective and a clear sense of fiduciary responsibility to shareholders.

People-Oriented Strategy

New businesses are started when opportunities are identified and, most importantly, when the right talent is found to lead a business. Of the Company's 60 businesses, 53 were developed internally and seven were acquired.

Responsible Financial Practices

Risk exposures are managed proactively. A strong balance sheet, including a high-quality investment portfolio, ensures ample resources to grow the business profitably whenever there are opportunities to do so.

Transparency

Consistent and objective standards are used to measure performance—and, the same standards are used regardless of the environment.

Our *business*

TODAY, AS WITH YESTERDAY AND TOMORROW, THE COMBINED EXPERTISE OF UNDERWRITING, RISK MANAGEMENT, CLAIMS HANDLING AND INVESTING WILL DELIVER OUTSTANDING RISK-ADJUSTED RETURNS.

Insurance

Our Insurance businesses underwrite predominantly commercial insurance, including excess and surplus lines, admitted lines, and specialty personal lines, in the United States, as well as in the United Kingdom, Continental Europe, Latin America and the Caribbean, Canada, Mexico, Scandinavia, Australia and Asia.

Reinsurance & Monoline Excess

Our Reinsurance businesses provide facultative and treaty reinsurance, primarily in the United States, the United Kingdom, Continental Europe, Australia, the Asia-Pacific Region, Latin America and the Caribbean, and South Africa. Monoline Excess businesses solely retain risk on an excess basis.

2023 SEGMENT RESULTS

$10.0B

Insurance Segment Total Revenues

$1.6B

Insurance Segment Pre-Tax Income

$1.5B

Reinsurance & Monoline Excess Segment Total Revenues

$439M

Reinsurance & Monoline Excess Segment Pre-Tax Income

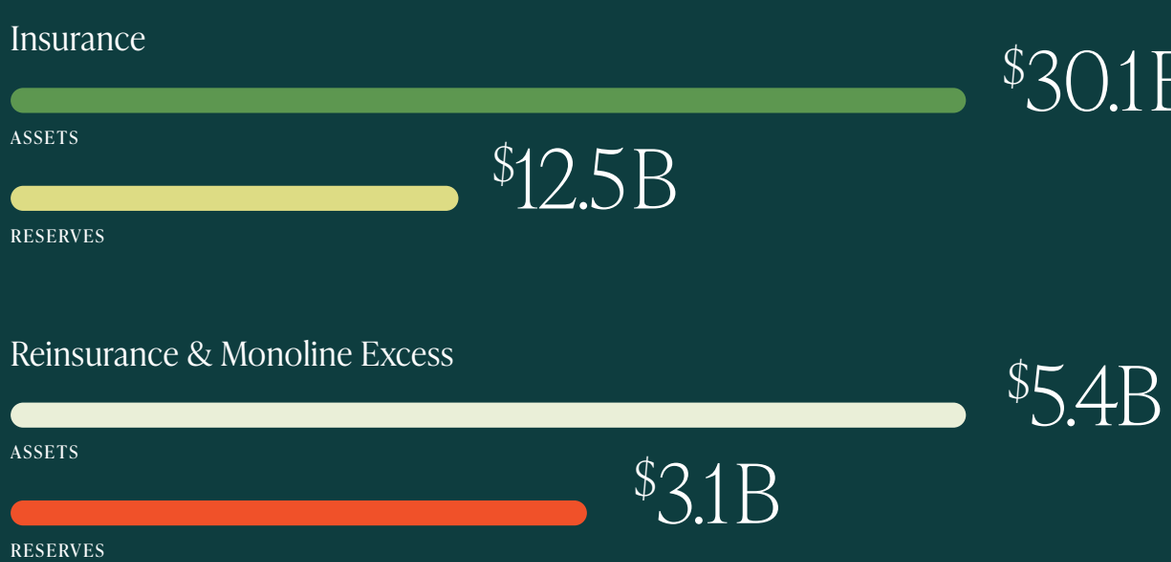
Segment *overview*

Each of our two business segments—Insurance and Reinsurance & Monoline Excess—comprise individual businesses that serve a market defined by geography, products, services or types of customers. Our growth is based on meeting the needs of customers, maintaining a high-quality balance sheet and allocating capital to our best opportunities.

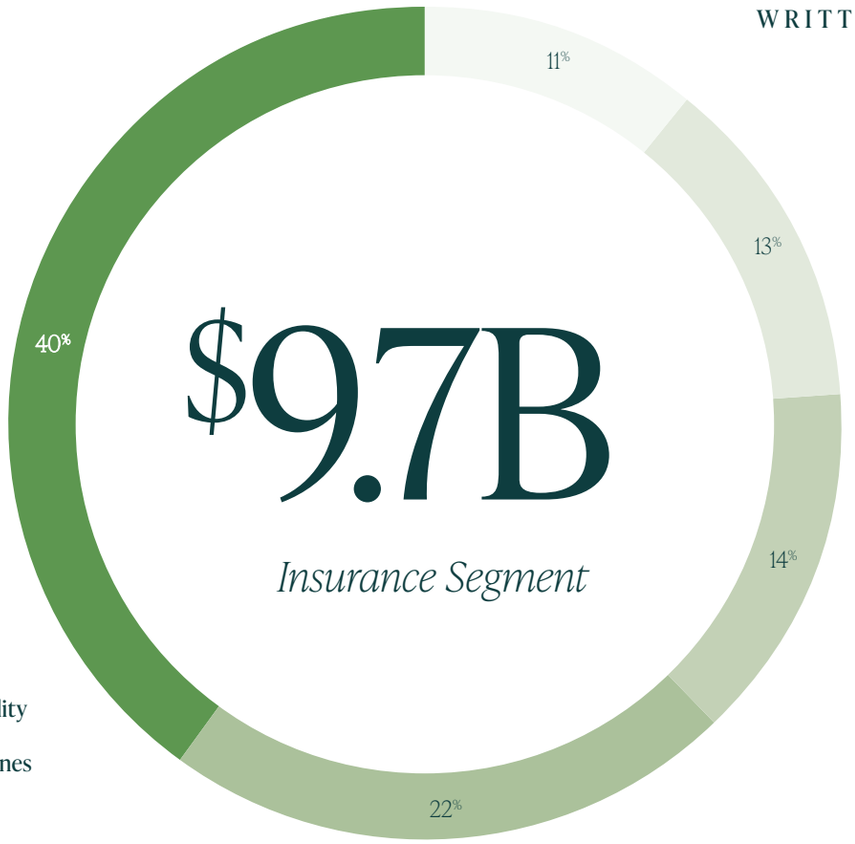
We combine capital with outstanding people and wrap it all in a culture that is focused on optimizing risk-adjusted returns. It creates a sustainable competitive advantage that can only be acquired over many years with consistent discipline.

2023 Segment *data*

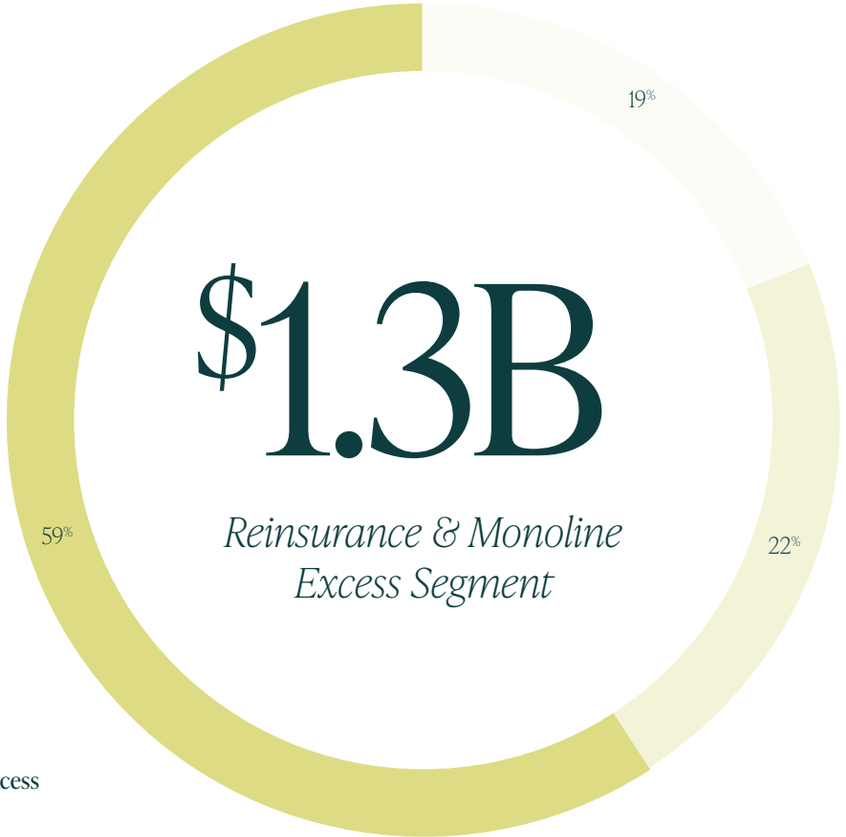
ASSETS & NET RESERVES



2023 NET PREMIUMS WRITTEN BY MAJOR LINE OF BUSINESS



- Other Liability
- Short-tail Lines
- Auto
- Workers' Compensation
- Professional Liability

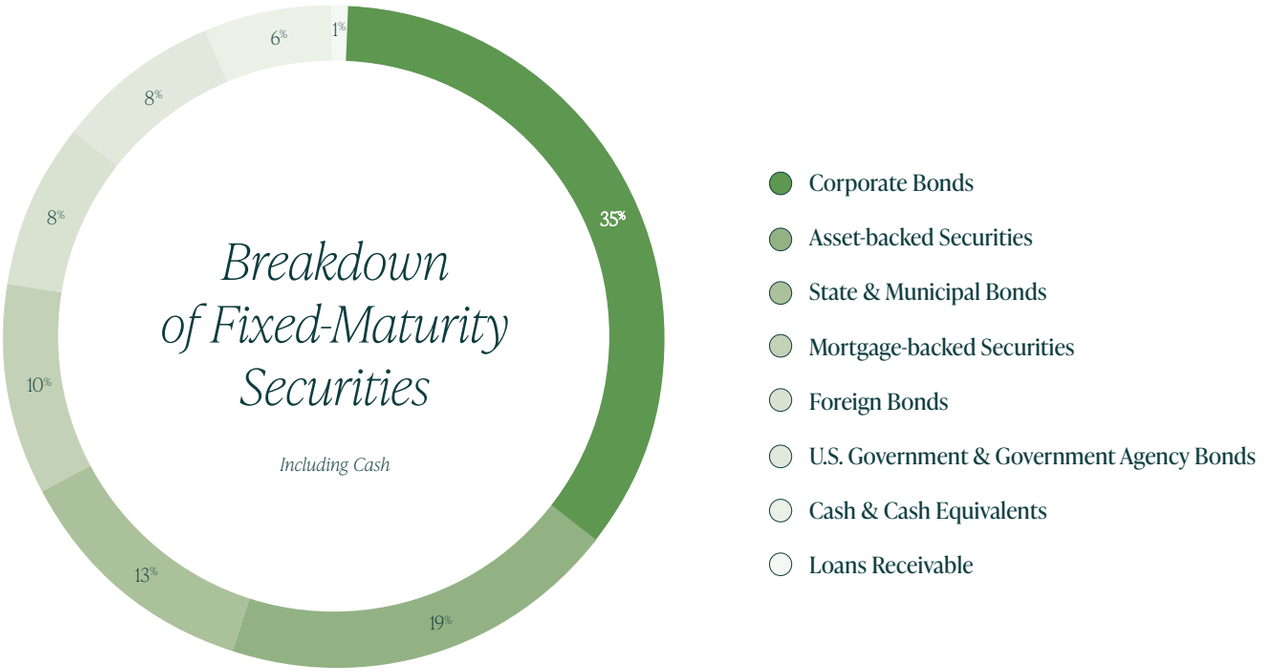


- Casualty
- Property
- Monoline Excess

Investments

Over the past few years, we have held the duration of our fixed-maturity portfolio at approximately 2.4 years, while maintaining its high quality with an average rating of AA-. As a result, there has been less volatility in our book value from mark-to-market accounting and we are better able to manage the interest rate environment.

We manage our portfolio for total return, including capital gains. As investment income is an important component of our economic model, we will continue to seek out investment opportunities with above average risk-adjusted returns and to position our fixed-maturity portfolio to manage the yield curve as well as the impact of inflation.



INVESTMENT DATA

Dollars in Millions

Cash & Invested Assets	2022	2023
Invested Assets	$22,860	$25,280
Cash and Cash Equivalents	$1,449	$1,363
Total	$24,309	$26,643
Net Investment Income	$779	$1,053
Net Investment Gains	$202	$47

2023 Financial Information

FORM 10-K

W. R. Berkley Corporation



INSURANCE SERVES HUMANITY BY FULFILLING THE NEEDS OF PEOPLE. IN THE ORDINARY COURSE OF LIFE, THEY ALL FACE UNFORESEEN EVENTS. INSURANCE PROVIDES THE STABILITY THAT ALLOWS INDIVIDUALS AND BUSINESSES TO RECOVER AND MOVE FORWARD, WHILE OUR INVESTMENTS SUPPORT THE GROWTH AND DEVELOPMENT OF THE ECONOMY AND OUR SOCIETY.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission file number 1-15202

W. R. BERKLEY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware		**22-1867895**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification Number)*
475 Steamboat Road	**Greenwich, CT**	**06830**
(Address of principal executive offices)		*(Zip Code)*

Registrant's telephone number, including area code: (203) 629-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.20 per share	WRB	New York Stock Exchange
5.700% Subordinated Debentures due 2058	WRB-PE	New York Stock Exchange
5.100% Subordinated Debentures due 2059	WRB-PF	New York Stock Exchange
4.250% Subordinated Debentures due 2060	WRB-PG	New York Stock Exchange
4.125% Subordinated Debentures due 2061	WRB-PH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2023, the last business day of the registrant’s most recently completed second fiscal quarter, was $12,125,876,386.

Number of shares of common stock, $.20 par value, outstanding as of February 15, 2024: 256,548,669

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company’s definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, are incorporated herein by reference in Part III.

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EX-101	PRESENTATION LINKBASE DOCUMENT
EX-101	DEFINITION LINKBASE DOCUMENT

SAFE HARBOR STATEMENT
UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995

This is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "potential," "continued," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of those words or other comparable words. Any forward-looking statements contained in this report including statements related to our outlook for the industry and for our performance for the year 2024 and beyond, are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. They are subject to various risks and uncertainties, including but not limited to:

- the cyclical nature of the property casualty industry;
- the impact of significant competition, including new entrants to the industry;
- the long-tail and potentially volatile nature of the insurance and reinsurance business;
- product demand and pricing;
- claims development and the process of estimating reserves;
- investment risks, including those of our portfolio of fixed maturity securities and investments in equity securities, including investments in financial institutions, municipal bonds, mortgage-backed securities, loans receivable, investment funds, including real estate, merger arbitrage, energy related and private equity investments;
- the effects of emerging claim and coverage issues;
- the uncertain nature of damage theories and loss amounts, including claims for cyber security-related risks;
- natural and man-made catastrophic losses, including as a result of terrorist activities;
- the ongoing effects of the COVID-19 pandemic or other potential pandemics;
- the impact of climate change, which may alter the frequency and increase the severity of catastrophe events;
- general economic and market activities, including inflation, interest rates and volatility in the credit and capital markets;
- the impact of conditions in the financial markets and the global economy, and the potential effect of legislative, regulatory, accounting or other initiatives taken in response to it, on our results and financial condition;
- cyber security breaches of our information technology systems and the information technology systems of our vendors and other third parties;
- foreign currency and political risks relating to our international operations;
- our ability to attract and retain key personnel and qualified employees;
- continued availability of capital and financing;
- the success of our new ventures or acquisitions and the availability of other opportunities;
- the availability of reinsurance;
- our retention under the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA");
- the ability or willingness of our reinsurers to pay reinsurance recoverables owed to us;
- other legislative and regulatory developments, including those related to business practices in the insurance industry;
- credit risk relating to our policyholders, independent agents and brokers;
- changes in the ratings assigned to us or our insurance company subsidiaries by rating agencies;
- the availability of dividends from our insurance company subsidiaries;
- the effectiveness of our controls to ensure compliance with guidelines, policies and legal and regulatory standards; and
- other risks detailed in this Form 10-K and from time to time in our other filings with the Securities and Exchange Commission ("SEC").

We describe these risks and uncertainties in greater detail in Item 1A, Risk Factors. These risks and uncertainties could cause our actual results for the year 2024 and beyond to differ materially from those expressed in any forward-looking statement we make. Any projections of growth in our revenues would not necessarily result in commensurate levels of earnings. Our future financial performance is dependent upon factors discussed elsewhere in this Form 10-K and our other SEC filings. Forward-looking statements speak only as of the date on which they are made.

PART I

ITEM 1. BUSINESS

W. R. Berkley Corporation is an insurance holding company that is among the largest commercial lines writers in the United States and operates worldwide in two segments of the property casualty insurance business:

- Insurance - Our Insurance businesses underwrite predominantly commercial insurance business, including excess and surplus lines, admitted lines and specialty personal lines throughout the United States, as well as insurance business in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom.

- Reinsurance & Monoline Excess - Our Reinsurance businesses provide facultative and treaty reinsurance in the United States, as well as in the Asia Pacific region, Australia, Continental Europe, South Africa and the United Kingdom. Monoline Excess businesses retain risk solely on an excess basis.

Our two reporting segments are each composed of individual businesses that serve a market defined by geography, products, services or industry served. Each of our businesses is positioned close to its customer base and participates in a niche market requiring specialized knowledge. This strategy of decentralized operations allows each of our businesses to identify and respond quickly and effectively to changing market conditions and specific customer needs, while capitalizing on the benefits of centralized capital, investment and reinsurance management, and corporate actuarial, financial, enterprise risk management and legal staff support.

Our business approach is focused on meeting the needs of our customers, maintaining a high quality balance sheet, and allocating capital to our best opportunities. New businesses are started when opportunities are identified and when the right talent and expertise are found to lead a business. Of our 60 businesses, 53 have been organized and developed internally and seven have been added through acquisition.

Net premiums written, as reported based on United States generally accepted accounting principles (“GAAP”), for each of our reporting segments for each of the past three years were as follows:

	Year Ended December 31,		
(In thousands)	**2023**	**2022**	**2021**
Net premiums written:			
Insurance	$ 9,657,121	$ 8,784,146	$ 7,743,814
Reinsurance & Monoline Excess	1,297,346	1,219,924	1,119,053
Total	$ 10,954,467	$ 10,004,070	$ 8,862,867
Percentage of net premiums written:			
Insurance	88.2 %	87.8 %	87.4 %
Reinsurance & Monoline Excess	11.8	12.2	12.6
Total	100.0 %	100.0 %	100.0 %

Thirty-two of our insurance company subsidiaries are rated by A.M. Best Company, Inc. ("A.M. Best") and have financial strength ratings of A+ (Superior) (the second highest rating out of 15 possible ratings). A.M. Best's ratings are based upon factors of concern to policyholders, insurance agents and brokers and are not directed toward the protection of investors. A.M. Best states: “A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk.” A.M. Best reviews its ratings on a periodic basis, and its ratings of the Company's subsidiaries are therefore subject to change.

Our twenty-three insurance company subsidiaries rated by Standard & Poor's (“S&P”) have financial strength ratings of A+ (the fifth highest rating out of twenty-seven possible ratings).

Our Moody's financial strength ratings are A1 for Berkley Insurance Company, Berkley Regional Insurance Company and Admiral Insurance Company (the fifth highest rating out of twenty-one possible ratings).

Our twenty-five insurance company subsidiaries rated by Fitch Ratings ("Fitch") have insurer financial strength ratings of AA- (the fourth highest rating out of twenty-seven possible ratings).

The following sections describe our reporting segments and their businesses in greater detail. These businesses underwrite on behalf of one or more affiliated insurance companies within the group. The businesses are identified for descriptive purposes only and are not legal entities, but for marketing purposes may sometimes be referred to individually as "a Berkley company" or collectively as "Berkley companies." Unless otherwise indicated, all references in this Form 10-K to "Berkley," "we," "us," "our," the "Company" or similar terms refer to W. R. Berkley Corporation together with its subsidiaries and businesses. W. R. Berkley Corporation is a Delaware corporation formed in 1970.

Insurance

Our Insurance businesses underwrite predominantly commercial and specialty personal lines insurance business primarily throughout the United States. Many units offer coverage globally, while others specialize in specific international markets. The Insurance businesses focus on the following general areas:

Excess & Surplus Lines: A number of our businesses are dedicated to the U.S. excess and surplus lines market. They serve a diverse group of customers that often have complex risk or unique exposures that typically fall outside the underwriting guidelines of the standard insurance market. Lines of business underwritten by our excess and surplus lines businesses include premises operations, auto, property, products liability, general liability and professional liability lines. Products are generally distributed through wholesale agents and brokers.

Industry Specialty: Certain other businesses focus on providing specialty coverages to customers within a particular industry that are best served by underwriters and claims professionals with specialized knowledge of that industry. They offer multiple lines of business with policies tailored to address the unique exposures of these industries, often with the flexibility of providing coverages on either an admitted or a non-admitted basis in the U.S., as well as internationally. Each business delivers its products through one or more distribution channels, including retail and wholesale agents, brokers, and managing general agents (MGAs), depending on the customer and the particular risks insured.

Product Specialty: Other businesses specialize in providing specific lines of insurance coverage, such as workers' compensation or professional liability, to a wide range of customers. They offer insurance products, analytical tools and risk management services such as loss control and claims management that enable clients to manage their risk appropriately. Business is typically written on an admitted basis, although some businesses may offer non-admitted products in the U.S. and offer products internationally. Independent agents and brokers are the primary means of distribution.

Regional: Certain businesses offer standard insurance products and services focused on meeting the specific needs of a geographically differentiated customer base. Key clients are small-to-midsized businesses. These regionally focused businesses provide a broad array of commercial insurance products to customers primarily in 45 states and the District of Columbia and have developed expertise in niches that reflect local economies. They are organized geographically in order to provide them with the flexibility to adapt quickly to local market conditions and customer needs.

In addition, through our non-U.S. insurance businesses, we write business in more than 60 countries worldwide, with branches or offices in 43 cities outside the United States, in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom. In each of our operating territories, we have built decentralized structures that allow products and services to be tailored to each regional customer base. Our businesses are managed by teams of professionals with expertise in local markets and knowledge of regional environments.

In addition to providing insurance products, certain businesses also provide a wide variety of fee-based services, including claims, administrative and consulting services.

Businesses comprising the Insurance segment are as follows:

Acadia Insurance is a Northeast regional property casualty underwriter offering a broad portfolio of products exclusively through local independent agents in Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont. In addition to its general offerings, Acadia has specialized expertise in insuring regional industries such as construction, service contractors, lumber, and transportation.

Admiral Insurance provides excess and surplus lines coverage for commercial risks that generally consist of hard-to-place, specialized risks that involve moderate to high degrees of hazard. In both general liability and professional lines, Admiral has a broad line of products to meet the needs of existing as well as emerging opportunities. The distribution of products is limited solely to wholesale brokers.

Berkley Accident and Health underwrites accident and health insurance and reinsurance products in four primary areas: medical stop loss, managed care, special risk and group captive. It has a diversified product and service portfolio serving a range of clients from small employers, health care organizations, and membership groups to Fortune 500 companies.

Berkley Agribusiness offers insurance for larger commercial risks across the United States involved in the supply, storage, handling, processing and distribution of commodities related to the agriculture and food industries.

Berkley Alliance Managers offers tailored insurance coverages and comprehensive risk management solutions designed to enhance profitability and reduce susceptibility to loss in four target markets - Design Professionals, Construction Professionals, Accounting Professionals and miscellaneous non-medical Service Professionals.

Berkley Aspire provides excess and surplus lines coverage on a national basis to small to medium-sized insureds with low to moderate insurance risk. Its product lines include general liability, excess liability and some property and inland marine coverage. It serves a limited distribution channel, including select Berkley business agents.

Berkley Asset Protection provides specialized insurance coverages for fine arts and jewelry exposures to commercial and individual clients.

Berkley Canada underwrites specialty, casualty and surety lines of business on behalf of the Canadian branch of Berkley Insurance Company. It specializes in commercial casualty and professional liability, and offers a broad portfolio of risk products that include commercial general liability, umbrella, professional liability, directors and officers, commercial property and surety, in addition to niche products for specific industries such as technology, life sciences and travel.

Berkley Construction Solutions provides excess liability coverage to residential and commercial contractors on a project or practice basis.

Berkley Custom Insurance focuses on the excess casualty insurance market and offers umbrella and excess liability coverages to clients from the small/middle market to Fortune 1000 companies in target classes of business including construction, manufacturing, retail/wholesale trade, finance, real estate, public entities and oil & gas.

Berkley Cyber Risk Solutions focuses on insurance and risk management products that respond to the changing cyber security vulnerabilities of organizations around the world. It offers specialty commercial cyber insurance coverages on a worldwide basis to clients of all sizes.

Berkley E&S Solutions provides general liability excess and surplus lines coverages for mid-market U.S. companies with generally hard-to-place, specialized risks that involve moderate to high degrees of hazard and require tailored terms, primarily utilizing self-insurance retentions. The distribution of products is highly limited to a small number of individually appointed wholesale brokers.

Berkley Enterprise Risk Solutions provides custom workers' compensation programs to large employers operating in a broad range of industries. Loss sensitive and/or guaranteed cost programs are offered to employers with exposure predominately in California.

Berkley Entertainment underwrites property casualty insurance products, both on an admitted and non-admitted basis, for clients in the entertainment industry and sports-related organizations.

Berkley Environmental underwrites casualty and specialty environmental products for environmental customers including contractors, consultants, property owners and facilities operators.

Berkley Financial Specialists serves the insurance needs of companies predominantly in the financial services sector. Its Berkley Crime division provides crime and fidelity related insurance products for commercial organizations, financial sector businesses and governmental entities on a primary and excess basis. Its Financial Services segment provides management liability and fidelity products to financial institutions, insurance companies and asset management firms.

Berkley Fire & Marine offers a broad range of preferred inland marine and related property risks and services to customers throughout the United States. Products are distributed through independent agents and brokers.

Berkley Healthcare underwrites customized, comprehensive insurance solutions for the full spectrum of healthcare providers. Through Berkley Healthcare Medical Professional, it offers a wide range of medical professional coverages. Through Berkley Healthcare Financial Lines, it offers a comprehensive suite of financial lines coverages.

Berkley Human Services provides property casualty insurance coverages to human services organizations, including nonprofit and for-profit organizations. Its product offerings include traditional primary and excess coverages.

Berkley Industrial Comp specializes in writing workers' compensation insurance for diverse high hazard industries in select states. Its products are distributed by a select group of independent retail agents and wholesale brokers.

Berkley Insurance Asia underwrites specialty commercial insurance coverages to clients in North Asia and Southeast Asia through offices in Hong Kong, Singapore, Labuan and Shanghai.

Berkley Insurance Australia underwrites general insurance business in Australia, including professional indemnity insurance for companies of all sizes.

Berkley Latinoamérica provides property, casualty, auto, surety, group life and workers' compensation products and services in its operating territories of Argentina, Brazil, the Caribbean, Colombia, Mexico and Uruguay.

Berkley Life Sciences offers a comprehensive spectrum of property casualty products to the life sciences industry on a global basis, including both primary and excess product liability coverages. It serves pharmaceutical and biotech companies, medical device companies, dietary supplement companies, medical and research related software developers, contract research and manufacturing organizations, research institutions and organizations, and other related businesses.

Berkley Luxury Group provides commercial package insurance programs for high-end cooperative, condominium, and quality rental apartment buildings and upscale restaurants in the New York, New Jersey, Chicago and Washington, D.C. metropolitan markets, as well as other select markets.

Berkley Management Protection offers a modular suite of management liability products for small and middle market companies through a bespoke and easy to use platform tailored to independent agents. The management liability coverages they provide include directors and officers, employment practices, fiduciary, cyber, crime and miscellaneous professional liability.

Berkley Mid-Atlantic Group provides commercial property casualty coverages to a wide variety of businesses in Delaware, the District of Columbia, Maryland, Ohio, Pennsylvania, and Virginia. Focusing on small and middle market accounts, it complements its standard writings with specialized products in areas such as construction.

Berkley Net Underwriters focuses on small and medium-sized commercial risks, using a web-based system to allow producers to quote, bind and service workers' compensation insurance products on behalf of Berkley member insurance companies.

Berkley North Pacific offers preferred insurance products and services to a broad range of small to medium size commercial entities. It operates through independent agents in Idaho, Montana, Oregon, Utah and Washington.

Berkley Offshore Underwriting Managers is a specialist global underwriter of energy and marine risks. Its three divisions provide specialty insurance products in the energy upstream, energy liability and marine sectors.

Berkley Oil & Gas provides property casualty products and risk services to the United States energy sector. Its customer base includes risks of all sizes that work in the oil patch, including operators, drillers, geophysical contractors, well-servicing contractors, and manufacturers/distributors of oil field products, as well as those in the renewable energy sector.

Berkley One provides a customizable suite of personal lines insurance solutions including home, condo/co-op, auto, fine art and collectibles, liability, collector vehicle and recreational marine. Berkley One targets high net worth individuals and families with sophisticated risk management needs.

Berkley Product Protection offers a broad product suite, including product liability and product recall and Contamination, to assist clients in the manufacturing, wholesale and import space with their risk management and insurance needs.

Berkley Professional Liability specializes in professional liability insurance for publicly-traded and private entities on a worldwide basis. Its liability coverages include directors and officers, errors and omissions, fiduciary, employment practices, and sponsored insurance agents' errors and omissions. Berkley Transactional, a division of Berkley Professional Liability, underwrites a full suite of transactional insurance products, including representations and warranties insurance, and tax opinion insurance.

Berkley Program Specialists is a program management business offering both admitted and non-admitted insurance support on a nationwide basis for commercial casualty and property program administrators with specialized insurance expertise. Its book is built around blocks of homogeneous business and programs.

Berkley Public Entity specializes in providing excess coverage and services to individual governmental and scholastic entities and intergovernmental risk sharing groups. Products include general liability, auto liability, law enforcement liability, public officials and educator's legal liability, employment practices liability, incidental medical, property and crime.

Berkley Risk provides at-risk and alternative risk insurance program management services for a broad range of groups and individuals including public entity pools, professional associations, captives and self-insured clients. As a third party administrator, it manages workers’ compensation, liability and property claims nationwide.

Berkley Select specializes in underwriting professional liability insurance for law firms and accounting firms, as well as other professional firms and their practices. It also offers executive liability products, including directors and officers liability, employment practices and fiduciary liability, to small to middle market privately held and not-for-profit customers. Berkley Select provides these insurance products on both an admitted and surplus lines basis.

Berkley Small Business Solutions offers commercial insurance products for small businesses through a modern technology platform that leverages data and analytics. Its initial product offering focuses on preferred risks in the non-fleet transportation market.

Berkley Southeast offers a wide array of commercial lines products in six southeastern states: Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee, specializing in small to mid-sized accounts.

Berkley Specialty Excess provides excess and surplus lines coverages for hard-to-place risks involved in moderate to high degrees of hazard. It focuses on highly specialized risk exposures within specific industry verticals such as the environmental and energy industries. Its predominate focus is on providing excess insurance; however, in some cases it provides highly specialized environmental primary products tailored to the individual risk. Products are distributed through a minimal number of insurance brokers and agents that specialize in these industry verticals.

Berkley Surety provides a full spectrum of surety bonds for construction, environmental and commercial surety accounts in the U.S. and Canada, through an independent agency and broker platform across 19 field locations.

Berkley Technology Underwriters provides technology error & omission (TE&O) and first party cyber coverage along with traditional package, umbrella and worker's compensation products. TE&O and cyber products provide industry specialization for both domestic and foreign technology, government contracting, telecommunications, digital media, manufacturing and private equity firms.

Carolina Casualty is a national provider of primary commercial insurance products and services to the transportation industry. It underwrites on an admitted basis in all 50 states and the District of Columbia. Its *Berkley Prime Transportation* business provides primary auto liability, auto physical damage and general liability to a broad array of trucking operations.

Continental Western Group is a Midwest regional property and casualty insurance operation providing underwriting and risk management services to a broad array of regional businesses in thirteen Midwest states. In addition to its generalist portfolio, Continental Western offers specialty underwriting solutions for diversified agriculture, construction, light manufacturing, transportation, volunteer fire departments, rural utilities and public entities.

Gemini Transportation is a national provider of excess liability insurance for various domestic surface transportation businesses, including the railroad industry as well as the trucking, busing and other industries that use rubber-wheeled vehicles for over-the-road use.

Intrepid Direct provides business insurance coverages through a direct distribution model focused on the franchise market, with specialties including the restaurant, garage and fitness industries.

Key Risk specializes in writing workers' compensation insurance for diverse industries including healthcare, human services, transportation, temporary staffing, professional employer organizations and contractors requiring coverage under the United States Longshore and Harbor Workers' Compensation Act (USL&H). Its products are distributed by a select group of independent retail agents and wholesale brokers located throughout the United States.

Nautilus Insurance Group insures excess and surplus lines risks for small to medium-sized commercial risks with low to moderate susceptibility to loss. It writes commercial excess and surplus lines business nationwide and admitted lines commercial business in a limited number of states. A substantial portion of Nautilus' business is written through its close, long-standing network of general agents, who are chosen on a highly selective basis.

Preferred Employers Insurance focuses exclusively on workers' compensation products and services for businesses based in California. It serves thousands of customers covering a broad spectrum of industries throughout the state.

Union Standard offers preferred commercial property and casualty insurance products and services to a wide range of small to medium size commercial entities with a focus on the construction, farm/ranch, retail and service industries. It operates through independent agents in Arizona, Arkansas, New Mexico, Oklahoma and Texas.

Vela Insurance Services specializes in commercial casualty insurance on an excess and surplus lines basis. Its primary focus is on general liability insurance for construction, manufacturing and general casualty clients as well as products liability and miscellaneous professional liability coverages distributed through wholesale insurance brokers.

Verus Specialty Insurance offers tailored casualty, professional liability, and garage coverages, specializing in the excess and surplus lines market. It primarily serves the construction, manufacturing, garage service and professional sectors through a selective wholesale broker network.

W R B Europe is comprised of specialist businesses offering a focused range of insurance products to markets in Continental Europe.

W / R / B Underwriting provides a broad range of insurance products to the Lloyd's marketplace, with a concentration in specialist classes of business including property, professional indemnity and financial lines.

The following table sets forth the percentage of gross premiums written by each Insurance business:

	Year Ended December 31,		
	2023	2022	2021
Acadia Insurance	5.3%	5.2%	5.5%
Admiral Insurance	7.0	6.2	5.9
Berkley Accident and Health	5.3	5.1	5.0
Berkley Agribusiness	0.8	0.8	0.8
Berkley Alliance Managers	2.3	2.7	2.8
Berkley Aspire	1.2	0.9	0.7
Berkley Asset Protection	0.9	1.0	0.8
Berkley Canada	1.0	1.2	1.2
Berkley Construction Solutions	0.6	0.4	—
Berkley Custom Insurance	2.9	3.1	3.2
Berkley Cyber Risk Solutions	0.8	0.9	0.8
Berkley E&S Solutions	0.1	—	—
Berkley Enterprise Risk Solutions	0.1	—	—
Berkley Entertainment	1.7	1.8	1.8
Berkley Environmental	6.6	5.6	5.2
Berkley Financial Specialists	0.6	0.6	0.6
Berkley Fire & Marine	0.9	0.7	0.8
Berkley Healthcare	1.5	1.8	1.8
Berkley Human Services	1.3	1.1	1.0
Berkley Industrial Comp	0.7	0.7	0.8
Berkley Insurance Asia	0.8	0.8	0.8
Berkley Insurance Australia	1.6	1.7	1.7
Berkley Latinoamérica	3.2	2.9	2.7
Berkley Life Sciences	0.5	0.5	0.5
Berkley Luxury Group	0.7	0.8	0.9
Berkley Management Protection	0.2	0.1	—
Berkley Mid-Atlantic Group	0.9	1.0	1.3
Berkley Net Underwriters	1.9	2.2	2.1
Berkley North Pacific	0.7	0.7	0.7
Berkley Offshore Underwriting Managers	1.5	1.4	1.5
Berkley Oil & Gas	3.0	3.5	3.0
Berkley One	2.6	1.8	1.2
Berkley Product Protection	0.3	0.3	0.4
Berkley Professional Liability	3.8	5.8	7.5
Berkley Program Specialists	0.9	1.7	2.0
Berkley Public Entity	0.7	0.6	0.6
Berkley Risk	0.3	0.3	0.2
Berkley Select	1.8	1.8	2.0
Berkley Small Business Solutions	0.2	—	—
Berkley Southeast	2.3	2.2	2.3
Berkley Specialty Excess	0.2	—	—
Berkley Surety	1.1	1.1	1.1
Berkley Technology Underwriters	0.6	0.6	0.6
Carolina Casualty	2.1	2.1	1.7
Continental Western Group	2.6	2.4	2.5
Gemini Transportation	3.0	3.1	3.0
Intrepid Direct	1.5	1.2	1.1
Key Risk	2.1	2.2	2.5
Nautilus Insurance Group	4.7	4.7	4.5
Preferred Employers Insurance	1.0	1.2	1.5
Union Standard	1.3	1.5	1.7
Vela Insurance Services	2.6	2.5	2.6
Verus Specialty Insurance	1.0	0.8	0.8
W R B Europe	1.1	1.0	1.1
W/R/B Underwriting	3.9	3.6	4.0
Other	1.7	2.1	1.2
Total	100.0%	100.0%	100.0%

The following table sets forth percentages of gross premiums written, by line, by our Insurance operations:

	Year Ended December 31,		
	2023	2022	2021
Other liability	38.4%	37.0%	35.6%
Short-tail lines (1)	25.1	23.2	22.2
Professional liability	13.0	15.5	17.3
Auto	12.7	12.6	12.5
Workers' compensation	10.8	11.7	12.4
Total	100.0%	100.0%	100.0%

(1) Short-tail lines include commercial multi-peril (non-liability), inland marine, accident and health, fidelity and surety, boiler and machinery, high net worth homeowners and other lines.

Reinsurance & Monoline Excess

We provide other insurance companies and self-insureds with assistance in managing their net risk through reinsurance on either a portfolio basis, through treaty reinsurance, or on an individual basis, through facultative reinsurance. Our monoline excess operations solely retain risk on an excess basis.

Businesses comprising the Reinsurance & Monoline Excess segment are as follows:

Berkley Re America provides treaty and facultative reinsurance solutions on a variety of product lines through reinsurance brokers to companies whose primary operations are within the United States and Canada.

Berkley Re Asia Pacific provides property and casualty reinsurance to the Asia Pacific marketplace. With offices in Brisbane, Sydney, Beijing, Labuan and Singapore, each branch focuses on excess of loss reinsurance, targeting both property and casualty treaty and facultative contracts, through multiple distribution channels.

Berkley Re Solutions is a direct casualty facultative reinsurance underwriter serving clients through a nationwide network of regional offices. Its facultative reinsurance products include automatic, semi-automatic and individual risk assumed reinsurance. It also provides its customers with turnkey products such as cyber, employment practices liability insurance ("EPLI"), liquor liability insurance and violent events coverage to help enhance their clients' product offerings, along with underwriting, claims, and actuarial consultation.

Berkley Re UK writes international property casualty treaty and property facultative accounts. Its territorial scope includes reinsured clients domiciled in the United Kingdom, Europe, Africa, the Middle East and the Caribbean.

Lloyd's Syndicate 2791 Participation represents the Company's minority participation in a Lloyd's syndicate that writes a broad range of mainly short-tail classes of business.

Midwest Employers Casualty provides excess workers' compensation insurance products to individual employers, groups and workers' compensation insurance companies across the United States. Its workers' compensation excess of loss products include self-insured excess of loss coverages and large deductible policies. Through its relationship with Berkley Net Underwriters, Midwest Employers Casualty also offers multi-state coverage for group self-insureds. It has developed sophisticated, proprietary analytical tools and risk management services designed to help its insureds lower their total cost of risk.

The following table sets forth the percentages of gross premiums written by each Reinsurance & Monoline Excess business:

	Year Ended December 31,		
	2023	2022	2021
Berkley Re America	33.7%	34.6%	31.2%
Berkley Re Asia Pacific	16.0	15.6	15.4
Berkley Re Solutions	10.2	12.5	13.8
Berkley Re UK	11.4	12.8	13.8
Lloyd's Syndicate 2791 Participation	9.4	6.1	6.8
Midwest Employers Casualty	19.3	18.4	19.0
Total	100.0%	100.0%	100.0%

The following table sets forth the percentages of gross premiums written, by line, by our Reinsurance & Monoline Excess operations:

	Year Ended December 31,		
	2023	2022	2021
Casualty	56.4%	61.7%	61.8%
Property	24.4	19.9	19.2
Monoline Excess	19.2	18.4	19.0
Total	100.0%	100.0%	100.0%

Results by Segment

Summary financial information about our segments is presented on a GAAP basis in the following table:

	Year Ended December 31,		
(In thousands)	**2023**	**2022**	**2021**
Insurance			
Revenue	$ 9,961,152	$ 8,952,493	$ 7,578,592
Income before income taxes	1,640,438	1,455,658	1,219,798
Reinsurance & Monoline Excess			
Revenue	1,481,991	1,386,639	1,203,647
Income before income taxes	438,765	316,527	270,563
Other (1)			
Revenue	699,795	827,367	673,227
Loss before income taxes	(324,800)	(52,504)	(207,456)
Total			
Revenue	$ 12,142,938	$ 11,166,499	$ 9,455,466
Income before income taxes	$ 1,754,403	$ 1,719,681	$ 1,282,905

(1) Represents corporate revenues and expenses, net investment gains and losses, and revenues and expenses from non-insurance businesses that are consolidated for financial reporting purposes.

The table below represents summary underwriting ratios on a GAAP basis for our segments. Loss ratio is losses and loss expenses incurred expressed as a percentage of net premiums earned. Expense ratio is underwriting expenses expressed as a percentage of net premiums earned. Underwriting expenses do not include expenses related to insurance services or unallocated corporate expenses. Combined ratio is the sum of the loss ratio and the expense ratio. The combined ratio represents a measure of underwriting profitability, excluding investment income. A number in excess of 100 indicates an underwriting loss; a number below 100 indicates an underwriting profit:

	Year Ended December 31,		
	2023	2022	2021
Insurance			
Loss ratio	62.3 %	61.3 %	61.1 %
Expense ratio	28.4	27.9	28.3
Combined ratio	90.7 %	89.2 %	89.4 %
Reinsurance & Monoline Excess			
Loss ratio	53.8 %	61.3 %	61.0 %
Expense ratio	28.3	28.4	29.7
Combined ratio	82.1 %	89.7 %	90.7 %
Total			
Loss ratio	61.3 %	61.3 %	61.1 %
Expense ratio	28.4	28.0	28.5
Combined ratio	89.7 %	89.3 %	89.6 %

Investments

Investment results, before income taxes, were as follows:

	Year Ended December 31,		
(In thousands)	**2023**	**2022**	**2021**
Average investments, at cost (1)	$ 26,444,111	$ 24,438,112	$ 22,234,975
Net investment income (1)	$ 1,052,835	$ 779,185	$ 671,618
Percent earned on average investments (1)	3.9 %	3.2 %	3.0 %
Net investment gains	$ 47,042	$ 202,397	$ 90,632
Change in unrealized investment gains (losses) (2)	$ 392,903	$ (1,248,128)	$ (254,939)

(1) Includes investments, cash and cash equivalents, trading accounts receivable (payable) from brokers and clearing organizations, trading account securities sold but not yet purchased and unsettled purchases.

(2) Represents the change in unrealized investment gains (losses) for available for sale securities recognized in stockholders' equity.

For comparison, the following are the coupon returns for the Barclays U.S. Aggregate Bond Index and the dividend returns for the S&P 500® Index:

	Year Ended December 31,		
	2023	2022	2021
Barclays U.S. Aggregate Bond Index	3.3 %	2.7 %	2.3 %
S&P 500® Index	2.0	1.3	1.8

The percentages of the fixed maturity portfolio categorized by contractual maturity, based on fair value, on the dates indicated, are set forth below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay certain obligations.

	Year Ended December 31,		
	2023	2022	2021
1 year or less	9.2%	8.7%	9.5%
Over 1 year through 5 years	46.2	47.2	46.1
Over 5 years through 10 years	21.2	23.4	25.2
Over 10 years	12.2	11.2	12.7
Mortgage-backed securities	11.2	9.5	6.5
Total	100.0%	100.0%	100.0%

At each of December 31, 2023 and 2022, the fixed maturity portfolio, including cash and cash equivalents, had an effective duration of 2.4 years.

Loss and Loss Expense Reserves

To recognize liabilities for unpaid losses, either known or unknown, insurers establish reserves, which is a balance sheet account representing estimates of future amounts needed to pay claims and related expenses with respect to insured events which have occurred. Estimates and assumptions relating to reserves for losses and loss expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an insured loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer's payment of that loss.

In general, when a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment based upon known information about the claim at that time. The estimate represents an informed judgment based on general reserving practices and reflects the experience and knowledge of the claims personnel regarding the nature and value of the specific type of claim. Reserves are also established on an aggregate basis to provide for losses incurred but not reported ("IBNR") to the insurer, potential inadequacy of case reserves and the estimated expenses of settling claims, including legal and other fees and general expenses of administrating the claims adjustment process. Reserves are established based upon the then current legal interpretation of coverage provided.

In examining reserve adequacy, several factors are considered in estimating the ultimate economic value of losses. These factors include, among others, historical data, legal developments, changes in social attitudes and economic conditions, including the effects of inflation. The actuarial process relies on the basic assumption that past experience, adjusted judgmentally for the effects of current developments and anticipated trends, is an appropriate basis for predicting future outcomes. Reserve amounts are necessarily based on management's informed estimates and judgments using currently available data. As additional experience and other data become available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in our results in periods in which such estimates and assumptions are changed.

The risk and complexity of estimating loss reserves are greater when economic conditions are uncertain. It is especially difficult to estimate the impact of inflation on loss reserves given the current economic environment and related government actions. Whereas a slowing economy would generally lead to lower inflation or even deflation, increased government spending would generally lead to higher inflation. A change in our assumptions regarding inflation would result in reserve increases or decreases that would be reflected in our earnings in periods in which such assumptions are changed.

Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claim administration will cost. While the methods for establishing the reserves are well tested over time, some of the major assumptions about anticipated loss emergence patterns are subject to unanticipated fluctuation. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as well as estimates of trends in claims severity and frequency, judicial theories of liability and other factors, including the actions of third parties, which are beyond the Company's control. These variables are affected by external and internal events, such as inflation and economic volatility, judicial and litigation trends, reinsurance coverage, legislative changes and claim handling and reserving practices, which make it more difficult to accurately predict claim costs. The inherent uncertainties of estimating reserves are greater for certain types of liabilities where long periods of time elapse before a definitive determination of liability is made. Although the loss reserves included in the Company's financial statements represent management's best estimates, setting reserves is inherently uncertain and the Company cannot provide assurance that its current reserves will prove adequate in light of subsequent events.

The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,352 million and $1,464 million at December 31, 2023 and 2022, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $390 million and $416 million at December 31, 2023 and 2022, respectively. At December 31, 2023, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.5%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2023) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2023), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates permitted by the Department of Insurance of the State of Delaware.

To date, known environmental and asbestos claims have not had a material impact on the Company's operations, because its subsidiaries generally did not insure large industrial companies that are subject to significant environmental or asbestos exposures prior to 1986 when an absolute exclusion was incorporated into standard policy language.

The Company's net reserves for losses and loss expenses relating to environmental and asbestos claims on policies written before adoption of the absolute exclusion was $17 million and $20 million at December 31, 2023 and 2022, respectively. The estimation of these liabilities is subject to significantly greater than normal variation and uncertainty because it is difficult to make an actuarial estimate of these liabilities due to the absence of a generally accepted actuarial methodology for these exposures and the potential effect of significant unresolved legal matters, including coverage issues, as well as the cost of litigating the legal issues. Additionally, the determination of ultimate damages and the final allocation of such damages to financially responsible parties are highly uncertain.

The table below provides a reconciliation of the beginning of year and end of year property casualty reserves for the indicated years:

(In thousands)	**2023**	**2022**	**2021**
Net reserves at beginning of year	$ 14,248,879	$ 12,848,362	$ 11,620,393
Net provision for losses and loss expenses:			
Claims occurring during the current year (1)	6,311,780	5,774,713	4,921,191
Increase in estimates for claims occurring in prior years (2)	29,681	54,511	863
Loss reserve discount amortization	30,681	32,526	31,906
Total	6,372,142	5,861,750	4,953,960
Net payments for claims:			
Current year	1,217,078	1,068,577	887,896
Prior years	3,764,532	3,279,333	2,777,798
Total	4,981,610	4,347,910	3,665,694
Foreign currency translation	22,409	(113,323)	(60,297)
Net reserves at end of year	15,661,820	14,248,879	12,848,362
Ceded reserves at end of year	3,077,832	2,762,344	2,542,526
Gross reserves at end of year	$ 18,739,652	$ 17,011,223	$ 15,390,888
Net change in premiums and losses occurring in prior years:			
Increase in estimates for claims occurring in prior years (2)	$ (29,681)	$ (54,511)	$ (863)
Retrospective premium adjustments for claims occurring in prior years (3)	10,782	18,106	7,510
Net premium and reserve development on prior years	$ (18,899)	$ (36,405)	$ 6,647

(1) Claims occurring during the current year are net of loss reserve discounts of $47 million, $35 million and $21 million in 2023, 2022 and 2021, respectively.
(2) The change in estimates for claims occurring in prior years is net of loss reserve discount. On an undiscounted basis, the estimates for claims occurring in prior years decreased by $13 million in 2023, increased by $16 million in 2022, and decreased by $19 million in 2021.
(3) For certain retrospectively rated insurance policies and reinsurance agreements, changes in loss and loss expenses for prior years are offset by additional or return premiums.

Also, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and note 13, Reserves for Losses and Loss Expenses included in our audited consolidated financial statements for further information regarding the changes in estimates for claims occurring in prior years.

A reconciliation between the reserves as of December 31, 2023 as reported in the accompanying consolidated GAAP financial statements and those reported on the basis of statutory accounting principles ("SAP") in the Company's U.S. regulatory filings is as follows:

(In thousands)	
Net reserves reported in U.S. regulatory filings on a SAP basis	$ 14,954,598
Reserves for non-U.S. companies	780,762
Loss reserve discounting (1)	(80,832)
Ceded reserves	3,077,832
Allowance for expected credit losses on due from reinsurers	7,292
Gross reserves reported in the consolidated GAAP financial statements	$ 18,739,652

(1) For statutory purposes, the Company discounts its workers' compensation reinsurance reserves at 2.5% as prescribed or permitted by the Department of Insurance of the State of Delaware. In its GAAP financial statements, the Company discounts excess workers' compensation reserves at the risk-free rate and assumed workers' compensation reserves at the statutory rate.

Reinsurance

We follow a common industry practice of reinsuring a portion of our exposures and paying to reinsurers a portion of the premiums received on the policies that we write. Reinsurance is purchased principally to reduce net liability on individual risks and to protect against catastrophic losses. Although reinsurance does not legally discharge an insurer from its primary liability for the full amount of the policies, it does make the assuming reinsurer contractually liable to the insurer to the extent of the reinsurance coverage. We monitor the financial condition of our reinsurers and attempt to place our coverages only with substantial, financially sound carriers. As a result, generally the reinsurers who reinsure our casualty insurance must have an A.M. Best rating of "A (Excellent)" or better with at least $1 billion in policyholder surplus and the reinsurers who cover our property insurance must have an A.M. Best rating of "A- (Excellent)" or better with at least $1 billion in policyholder surplus.

Regulation

U.S. Regulation

Our U.S. insurance subsidiaries are principally regulated by their domiciliary state insurance departments and are subject to varying degrees of regulation and supervision in the other U.S. jurisdictions in which they do business. As of January 1, 2024, there are six domiciliary states related to our U.S. insurance subsidiaries.

Overview. Our domestic insurance subsidiaries are subject to statutes which delegate regulatory, supervisory and administrative powers to state insurance commissioners. This regulation relates to such matters as the standards of solvency which must be met and maintained; the licensing of insurers and their agents; the nature of and limitations on investments; deposits of securities for the benefit of policyholders; approval of certain policy forms and premium rates; periodic examination of the affairs of insurance companies; annual and other reports required to be filed on the financial condition of insurers or for other purposes; establishment and maintenance of reserves for unearned premiums, loss expenses and losses; and requirements regarding numerous other matters. Our property casualty subsidiaries, other than our excess and surplus lines and reinsurance subsidiaries, must generally file all rates with the insurance department of each state in which they operate. Our excess and surplus lines and reinsurance subsidiaries generally operate free of rate and form regulation.

Holding Company Statutes. In addition to regulatory supervision of our insurance subsidiaries, we are subject to state statutes governing insurance holding company systems. Under the terms of applicable state statutes, any person or entity desiring to purchase more than a specified percentage (commonly 10%) of our outstanding voting securities would be required to obtain prior regulatory approval of the purchase. Typically, such statutes require that we periodically file information with the appropriate domiciliary state insurance commissioner, including information concerning our capital structure, ownership, financial condition and general business operations.

We must also annually submit to the lead state regulator for our group an "enterprise risk management report" which identifies the activities and circumstances of any affiliated company that might have a material adverse effect on the financial condition of our group or our U.S. licensed insurers.

In addition, all states have adopted changes to the holding company act that authorize U.S. insurance regulators to lead or participate in the group-wide supervision of certain international insurance groups. In November 2019, the International Association of Insurance Supervisors ("IAIS"), an international standard setter, adopted a global framework for the supervision of internationally active insurance groups ("IAIGs"), as discussed below under "International Regulation." This framework includes a risk-based, group-wide global insurance capital standard ("ICS"), which is undergoing a five-year monitoring period that started in January 2020. We have received notice from Delaware, our lead state insurance regulator, that we may be considered an IAIG. In the event that we are deemed to be an IAIG, we would be subject to international oversight coordinated by the Delaware Department of Insurance.

In the United States, the National Association of Insurance Commissioners (the "NAIC") has developed a group capital calculation tool that uses a risk-based capital aggregation methodology for all entities in an insurance holding company system. The goal is to provide U.S. regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all companies regardless of their structure. In 2022, Delaware, our lead state regulator, adopted the NAIC amendments to the model holding company act and regulation that require the ultimate controlling person of an insurer subject to holding company registration to submit the group capital calculation filing annually with its lead state regulator.

All states have adopted the NAIC's Risk Management and Own Risk and Solvency Assessment Model Act (the "ORSA Model Act"), which requires an insurance holding company system's chief risk officer to submit annually to its lead state insurance regulator an Own Risk and Solvency Assessment Summary Report ("ORSA Report"). The ORSA Report is a confidential internal assessment of the material and relevant risks associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. Under the ORSA Model Act, as enacted by the states, we are required to:

- regularly, no less than annually, conduct an Own Risk and Solvency Assessment to assess the adequacy of our risk management framework, and current and estimated projected future solvency position;
- internally document the process and results of the assessment; and
- provide an ORSA Report annually to the State of Delaware's Insurance Commissioner.

Cybersecurity Regulations. New York's cybersecurity regulation applies to financial services institutions authorized by the New York State Department of Financial Services (the "NYDFS"), including our insurance subsidiaries licensed in New York. The regulation requires these entities to assess risks associated with their information systems and establish and maintain a cybersecurity program reasonably designed to protect consumers' private data and the confidentiality, integrity and availability of the licensee's information systems. On November 1, 2023, the NYDFS adopted amendments to New York's cybersecurity regulation, which require additional reporting, governance and oversight measures, and enhanced cybersecurity safeguards to be implemented. The amendments take effect in phases that began in 2023 and continue through 2025.

The NAIC has adopted the Insurance Data Security Model Law (the "Cybersecurity Model Law") for consideration by state legislatures, which establishes standards for data security, the investigation of cybersecurity events involving the unauthorized access to, or misuse of, certain nonpublic information, and reporting to insurance commissioners. The Cybersecurity Model Law imposes significant regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. As of December 31, 2023, the Cybersecurity Model Law, or a form thereof, had been adopted by several states, including three of our U.S. insurance subsidiaries' domiciliary states. A drafting note in the Cybersecurity Model Law states that a licensee's compliance with New York's cybersecurity regulation is intended to constitute compliance with the Cybersecurity Model Law, but compliance remains a state-by-state issue requiring consideration of any State differences in implementation and enforcement of the Cybersecurity Model Law.

Certain other states have enacted or are considering laws and regulations related to privacy and data security. For example, the California Consumer Privacy Act ("CCPA"), broadly regulates the collection, processing and disclosure of California residents' personal information, imposes limits on the "sale" of personal information and grants California residents certain rights to, among other things, access and delete data about them in certain circumstances. The CCPA also established a private right of action, with potentially significant statutory damages, whereby businesses that fail to implement reasonable security measures to protect against breaches of personal information could be liable to affected California consumers. California subsequently enacted the California Privacy Rights Act ("CPRA"), which came into full effect in January 2023 and amended the CCPA by imposing additional limitations and obligations with respect to covered businesses' use and sharing of certain personal data. Compliance with the CCPA/CPRA may increase the cost of providing our products and services in California. An increasing number of U.S. states have adopted, or are considering legislation similar to the CCPA. Additionally, the NAIC is working on a new Insurance Consumer Privacy Protections Model Law to reflect the extensive innovations in communications and technology since the adoption of the prior model laws.

We cannot predict the impact, if any, that any current, proposed or future federal or state cybersecurity laws or regulations will have on our business, financial condition or results of operations.

Innovation and Technology. As a result of increased innovation and use of technology in the insurance sector, the NAIC and insurance regulators have been focusing on the use of "big data" techniques, such as artificial intelligence, machine learning and automated decision-making. In December 2023, the NAIC adopted the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers (the "AI Bulletin"). The AI Bulletin may be adopted and issued by state regulators to licensed insurers. In addition to affirming that the use of artificial intelligence must comply with existing state law, the AI Bulletin sets forth regulators' expectations on how insurers will develop, acquire and use artificial intelligence technologies. In 2024, the NAIC plans to form a new task force to create a regulatory framework for the oversight of insurers' use of third-party data and models.

The NAIC and state insurance regulators are also focused on addressing unfair discrimination by insurers in the use of consumer data and technology, and certain states have passed laws or are considering action targeting unfair discrimination practices. For example, in 2021 Colorado enacted a law that prohibits insurers from using external consumer data and information sources ("ECDIS"), as well as algorithms or predictive models that use ECDIS, in a way that unfairly discriminates based on race, color, national or ethnic origin, religion, sex, sexual orientation, disability, gender identity or gender expression. In August 2023, Colorado adopted regulations requiring life insurers to adopt a governance and risk management framework for the use of artificial intelligence, machine learning and other technologies that utilize "external consumer data." It is expected that Colorado will also adopt governance and testing regulations for other lines of insurance, in accordance with the requirements of its 2021 law.

We cannot predict whether states will adopt the AI Bulletin, or what, if any, changes to laws or regulations may be enacted with regard to "big data" or artificial intelligence technologies.

Risk-Based Capital Requirements. The NAIC utilizes a Risk-Based Capital ("RBC") formula that is designed to measure the adequacy of an insurer's statutory surplus in relation to the risks inherent in its business. The RBC formula develops a risk adjusted target level of adjusted statutory capital by applying certain factors to various asset, premium and reserve items. The NAIC RBC Model Law provides for four incremental levels of regulatory attention for insurers whose surplus is below the calculated RBC target. These levels of attention range in severity from requiring the insurer to submit a plan for corrective action to actually placing the insurer under regulatory control. The RBC of each of our domestic insurance subsidiaries was above the calculated RBC target level as of December 31, 2023.

Insurance Regulatory Information System. The NAIC also has developed a set of 13 financial ratios for property and casualty insurers referred to as the Insurance Regulatory Information System ("IRIS"). On the basis of statutory financial statements filed with state insurance regulators, the NAIC annually calculates these IRIS ratios to assist state insurance regulators in monitoring the financial condition of insurance companies. The NAIC has established an acceptable range for each of the IRIS financial ratios.

Guaranty Funds. Our U.S. insurance subsidiaries are also subject to assessment by state guaranty funds in states where we transact admitted business when an insurer in a particular jurisdiction has been judicially declared insolvent and the insolvent company's available funds are insufficient to pay policyholders and claimants the amounts to which they are entitled. The protection afforded under a state's guaranty fund to policyholders of the insolvent insurer varies from state to state. Generally, all licensed property casualty insurers are considered to be members of the fund, and assessments are based upon their pro rata share of direct written premiums in that state. The NAIC Post-Assessment Property and Liability Insurance Guaranty Association Model Act, a version of which has been adopted by all states, limits assessments to 2% of an insurer's subject premiums and permits recoupment of assessments through rate setting. Likewise, several states (or underwriting

organizations of which our insurance subsidiaries are required to be members) have limited assessment authority with regard to deficits in certain lines of business.

Additionally, state insurance laws and regulations require us to participate in mandatory property-liability "shared market," "pooling" or similar arrangements that provide certain types of insurance coverage to individuals or others who otherwise are unable to purchase coverage voluntarily provided by private insurers. Shared market mechanisms include assigned risk plans and fair access to insurance requirement or "FAIR" plans. In addition, some states require insurers to participate in reinsurance pools for claims that exceed specified amounts. Our participation in these mandatory shared market or pooling mechanisms generally is related to the amount of our direct writings for the type of coverage written by the specific mechanism in the applicable state.

Dividends. We receive funds from our insurance company subsidiaries in the form of dividends and management fees for certain management services. Annual dividends in excess of maximum amounts prescribed by state statutes may not be paid without the approval of the insurance commissioner of the state in which an insurance subsidiary is domiciled. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources."

Trade Practices. State insurance laws and regulations include numerous provisions governing trade practices and the marketplace activities of insurers, including provisions governing marketing and sales practices, policyholder services, claims management and complaint handling. State regulatory authorities generally enforce these provisions through periodic market conduct examinations.

Investment Regulation. Investments by our domestic insurance companies must comply with applicable laws and regulations which prescribe the kind, quality and concentration of investments. In general, these laws and regulations permit investments in federal, state and municipal obligations, corporate bonds, preferred and common equity securities, mortgage loans, real estate and certain other investments, subject to specified limits and certain other qualifications. Investments that do not comply with these limits and qualifications are deducted in our insurance subsidiaries' calculation of their statutory capital and surplus.

Terrorism Risk Insurance. The Terrorism Risk Insurance Act of 2002 established a Federal program that provides for a system of shared public and private compensation for insured losses resulting from acts of terrorism. Pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA"), the program was extended until December 31, 2027.

TRIPRA provides a federal backstop to all U.S. based property and casualty insurers for insurance related losses resulting from any act of terrorism on U.S. soil or against certain U.S. air carriers, vessels or foreign missions. TRIPRA is applicable to almost all commercial lines of property and casualty insurance but excludes auto, burglary and theft, surety, professional liability and farm owners' multi-peril insurance. Insurers with direct commercial property and casualty insurance exposure in the United States are required to participate in the program and make available coverage for certified acts of terrorism. TRIPRA's definition of certified acts includes domestic terrorism. Federal participation will be triggered under TRIPRA when the Secretary of Treasury certifies an act of terrorism.

Under the program, the federal government will pay 80% of an insurer's covered losses in excess of the insurer's applicable deductible. The insurer's deductible is calculated as 20% of earned premium for the prior year for covered lines of commercial property and casualty insurance. Based on our 2023 earned premiums, our aggregate deductible under TRIPRA during 2024 will be approximately $1,464 million. The federal program will not pay losses for certified acts unless such losses exceed $200 million industry-wide for any calendar year. TRIPRA limits the federal government's share of losses at $100 billion for a program year. In addition, an insurer that has satisfied its deductible is not liable for the payment of losses in excess of the $100 billion cap.

Excess and Surplus Lines. The regulation of our U.S. subsidiaries' excess and surplus lines insurance business differs significantly from the regulation of our admitted business. Our surplus lines subsidiaries are subject to the surplus lines regulation and reporting requirements of the jurisdictions in which they are eligible to write surplus lines insurance. Although surplus lines business is generally less regulated than admitted business, principally with respect to rates and policy forms, strict regulations apply to surplus lines placements in the laws of every state and the regulation of surplus lines insurance may undergo changes in the future. Federal or state measures may be introduced to increase the oversight of surplus lines insurance in the future.

Climate Change and Financial Risks. The NAIC and state insurance regulators continue to evaluate issues related to the management of climate risk. In 2022, the NAIC adopted a new standard for insurance companies to report their climate-related risks as part of its annual Climate Risk Disclosure Survey, which applies to insurers that meet the reporting threshold of $100 million in U.S. direct premium and are licensed in one of the participating jurisdictions. The NYDFS's 2020 circular letter, which applies to our insurance subsidiaries licensed in New York, states that regulated insurers are expected to integrate

financial risks related to climate change into their governance frameworks, risk management processes, business strategies and scenario analysis, and develop their approach to climate-related financial disclosure. For example, an insurer should designate a board member or board committee, as well as a senior management function, to oversee the management of financial risks associated with climate change. The NYDFS also adopted an amendment to the regulation governing enterprise risk management, which applies to our insurance subsidiaries licensed in New York, that requires an insurance group's enterprise risk management function to address certain additional risks, including climate change risk.

In addition, the Federal Insurance Office (the "FIO") is authorized to monitor the U.S. insurance industry under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), as discussed below under "Federal Regulation." Pursuant to this statutory authority, the FIO is assessing how the insurance sector may mitigate climate risks and help achieve national climate-related goals. In June 2023, the FIO released a report urging insurance regulators to adopt climate-related risk-monitoring guidance in order to enhance their regulation and supervision of insurers.

Diversity and Corporate Governance.The NAIC and state insurance regulators also continue to evaluate issues related to diversity within the insurance industry, such as the diversity of an insurer's board of directors and management. In March 2021, the NYDFS issued a circular letter stating that it expects the insurers it regulates, such as our insurance subsidiaries licensed in New York, to make diversity of their leadership a business priority and a key element of their corporate governance, and it includes diversity-related questions in its examination process. In addition, the NAIC is examining practices in the insurance industry in order to determine how barriers are created that disadvantage or discriminate against people of color or historically underrepresented groups. NAIC goals include improving access to different types of insurance products in minority communities, addressing issues related to affordability, and providing guidance to regulators on ways to improve insurance access and the understanding of insurance in underserved communities. See "Human Capital Resources" below.

Federal Regulation. The federal government and its regulatory agencies generally do not directly regulate the business of insurance, although federal initiatives could have an impact on our business in a variety of ways. The Dodd-Frank Act effected sweeping changes to financial services regulation in the United States, and created two new federal government bodies, the FIO and the Financial Stability Oversight Council (the "FSOC"). The FIO does not have general supervisory or regulatory authority over the business of insurance, although it has preemption authority over state insurance laws that conflict with certain international agreements, as discussed below. The FIO also has authority to represent the United States in international insurance matters and is authorized to monitor the U.S. insurance industry and identify potential regulatory gaps that could contribute to systemic risk. The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 addresses the roles played by federal regulators at international insurance standard-setting forums, and it directs the Director of the FIO and the Board of Governors of the Federal Reserve to support increased transparency at international standard-setting regulatory forums (e.g., the IAIS). These federal regulations also instruct the FIO and the Federal Reserve to achieve consensus positions with the states through the NAIC prior to taking a position on any insurance proposal by a global insurance regulatory forum.

The Dodd-Frank Act authorizes the Secretary of the Treasury and U.S. Trade Representative to enter into international agreements of mutual recognition regarding the prudential regulation of insurance or reinsurance. The U.S. and the European Union ("EU") signed such a covered agreement (the "EU Covered Agreement") in September 2017, which addresses three areas of prudential supervision: reinsurance, group supervision and the exchange of information between the U.S. and EU.

In December 2018, the U.S. Department of the Treasury and the Office of the U.S. Trade Representative entered into a covered agreement with the U.K. (the "U.K. Covered Agreement," and together with the EU Covered Agreement, the "Covered Agreements") in anticipation of the U.K.'s exit from the EU. The U.K. Covered Agreement largely reflects the provisions of the EU Covered Agreement and incorporates the same timeframes within it.

Under the Dodd-Frank Act, the FIO has preemption authority over state insurance laws that conflict with the Covered Agreements as of September 1, 2022, such as state credit for reinsurance laws that result in non-U.S. reinsurers subject to the Covered Agreements being treated less favorably than U.S. reinsurers. The NAIC previously adopted amendments to its Credit for Reinsurance Model Law to satisfy the substantive and timing requirements of the Covered Agreements, which amendments have been enacted by all states. On September 30, 2023, the FIO reported that it did not recommend taking any preemption action as a result of inconsistency between the Covered Agreements and state credit for reinsurance laws, although it is still monitoring state measures implementing the NAIC's revisions to the Credit for Reinsurance Model Law. Under the Covered Agreements, reinsurance collateral requirements no longer apply to qualifying EU and U.K. reinsurers. The amended Credit for Reinsurance Model Law also extends the zero reinsurance collateral provisions in the Covered Agreements to qualified reinsurers domiciled in U.S. jurisdictions that are accredited by the NAIC and to non-U.S. jurisdictions that have not entered into a covered agreement with the U.S. but which the NAIC has identified as "reciprocal jurisdictions" pursuant to the NAIC Qualified Jurisdiction Process.

We cannot currently predict the impact of these changes to the law or whether any other covered agreements will be successfully adopted, and cannot currently estimate the impact of these changes to the law and any such adopted covered agreements on our business, financial condition or operating results.

The Dodd-Frank Act authorizes the FSOC to designate an insurer as a "systemically important financial institution" or a "non-bank SIFI" if the insurer's material financial distress could pose a systemic risk to the financial system or the nature or scale of its activities could pose a threat to U.S. financial stability. The FIO can recommend that an insurer be designated as a non-bank SIFI, which would subject the company to Federal Reserve supervision and heightened prudential standards. There are currently no such non-bank SIFIs designated by the FSOC. In November 2023, the FSOC adopted final guidance that establishes a new process for designating certain financial companies as non-bank SIFIs. The revised process is based on the consideration of risk factors set forth in a new analytic framework, which describes how the FSOC intends to monitor a broad range of institutions and activities and respond to potential risks to U.S. financial stability. The financial vulnerabilities that most often contribute to this type of risk include leverage, liquidity risk and maturity mismatch, inadequate risk management, concentration and destabilizing activities. Under the new guidance, the FSOC is no longer required to conduct a cost-benefit analysis and an assessment of the likelihood of a non-bank financial company's material financial distress before considering the designation of the company. The revised process could have the effect of simplifying and shortening FSOC's procedures for designating certain financial companies as non-bank SIFIs.

Based upon our current business model and balance sheet, we do not believe that we will be designated by the FSOC as such an institution. Although the potential impact of any future amendments to the Dodd-Frank Act on the U.S. insurance industry is not clear, our business could be affected by changes to the U.S. system of insurance regulation or our designation or the designation of insurers or reinsurers with which we do business as non-bank SIFIs.

Legislative and Regulatory Activity Related to the COVID-19 Pandemic or Other Potential Pandemics. In response to the outbreak of the COVID-19 pandemic in 2020, legislators in several states and in the United States Congress introduced proposals that would have mandated insurance coverage for certain pandemic-related losses, including business interruption losses, or that would have established a federal insurance program for addressing pandemic risk. None of these proposals were enacted. However, there remains some risk that in the event of another pandemic event, whether related to COVID-19 or another contagious disease, Congress could take similar actions. See "Risk Factors — Risks Related to Our Industry — The COVID-19 pandemic materially and adversely affected our results of operations, and, whether as a result of COVID-19's long-term effects, or new or emerging variants, or other potential pandemics, may further materially and adversely affect our results of operations, financial position and liquidity in the future."

International Regulation

Our insurance subsidiaries based in the United Kingdom are regulated by the Prudential Regulation Authority ("PRA") and/or the Financial Conduct Authority ("FCA"). The PRA's primary objectives with regard to insurers are to promote the safety and soundness of insurers and to contribute to the securing of an appropriate degree of protection for current and future policyholders. The FCA has three operational objectives: (i) to secure an appropriate degree of protection for consumers, (ii) to protect and enhance the integrity of the United Kingdom's financial system, and (iii) to promote effective competition in the interests of consumers in the financial services markets. The PRA and FCA employ a variety of regulatory tools to achieve their objectives, including periodic auditing and reporting requirements, risk assessment reviews, minimum solvency margins and individual capital assessment requirements, dividend restrictions, in certain cases, approval requirements governing the appointment of key officers, approval requirements governing controlling ownership interests and various other requirements.

Our Lloyd's managing agency is also regulated by Lloyd's, and the Lloyd's syndicate business is subject to Lloyd's supervision. Through Lloyd's, we are licensed to write business in various countries throughout the world by virtue of Lloyd's international licenses. In each such country, we are subject to the laws and insurance regulation of that country. Our insurance subsidiary based in Liechtenstein is regulated by the Financial Market Authority of Liechtenstein ("FMA"), which has regulatory tools analogous to those of the U.K. regulators noted above.

Additionally, U.K. and Liechtenstein laws and regulations also impact us as "controllers" of our European-regulated subsidiaries, whereby we are required to notify the appropriate authorities about significant events relating to such regulated subsidiaries' controllers (i.e. persons or entities which have certain levels of direct or indirect voting power or economic interests in the regulated entities) as well as changes of control, and to submit annual reports regarding their controllers. The PRA/FCA's Senior Managers and Certification Regime and analogous regulation in Liechtenstein further provide regulatory frameworks for standards of fitness and propriety, conduct and accountability for individuals in positions of responsibility at insurers. In addition, certain employees are individually registered at Lloyd's.

Our insurance business throughout the EU and EEA is subject to "Solvency II," an insurance regulatory regime governing, among other things, capital adequacy and risk management. Following the U.K.'s withdrawal from the EU, or Brexit, our Lloyd's managing agency (and the U.K. branch of our Liechtenstein subsidiary) are now subject to a separate U.K. prudential regime, which is broadly identical to Solvency II but will diverge from Solvency II in the future. The U.K. has recently adopted legislative reforms that amended various parts of the U.K.'s prudential regime, including the risk margin, matching adjustment requirements and regulatory reporting obligations. The legislative reforms relating to the risk margin took effect from December 31, 2023, and other areas of reform will come into force throughout 2024.

Similarly, the EU's legislative bodies have undertaken a review of Solvency II. In September 2021, the European Commission published a package of proposed legislative reforms for amending the existing regulatory framework. The legislative bodies reached a provisional agreement on the revised text of Solvency II in December 2023. A finalized set of rules will now be prepared, which EU member states will implement into their domestic legislation.

Solvency II provides for the supervision of group solvency. Under Solvency II, it is possible that the U.S. parent of a European Union subsidiary could be subject to certain Solvency II requirements if the U.S. company is not already subject to regulations deemed "equivalent" to Solvency II. Currently, the U.S. system of insurance regulation relating to group supervision is not deemed "equivalent" to Solvency II by European Union authorities. The PRA will also perform separate, but comparable, supervision of group solvency under the U.K.'s own domestic prudential regime where a U.S. holding company is a parent of a subsidiary U.K. insurer or reinsurer.

The Liechtenstein financial services regulator, the FMA, is the group supervisor for our European-regulated subsidiaries. However, the Covered Agreements prohibit any EU supervisor or the PRA (as applicable) from exercising group-wide supervision at any level above the highest company organized in the country of that supervisor.

We must also comply with the EU General Data Protection Regulation (EU) 2016/879) ("GDPR"), which took effect in May 2018, including EEA member state legislation implementing the GDPR. The regulation's goal is to impose increased individual rights and protections for all personal data located in or originating from the EU. The Data Protection Act 2018 and the U.K. General Data Protection Regulation, which is the retained EU law version of the GDPR by virtue of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (together, "U.K. GDPR"), regulate data protection for all individuals within the U.K. Both the GDPR and the U.K. GDPR are extraterritorial in that they apply to all businesses in the EU and the U.K. respectively and any business outside the EU and the U.K. that offers services, or monitors the behavior of individuals, in the EU and/or U.K., and that processes the personal data of individuals in the EU and/or the U.K. Moreover, there are significant fines associated with non-compliance. In particular, we need to monitor our compliance with all relevant member states' laws and regulations, including where permitted derogations from the GDPR and the U.K. GDPR are introduced. The introduction of the GDPR and the U.K. GDPR, and any resultant changes in EU member states' or U.K. national laws and regulations, has increased our compliance obligations and has necessitated the review and implementation of policies and processes relating to our collection and use of data, and has required us to change our business practices regarding these matters.

In addition, we may become subject to or affected by regulatory policies adopted by the IAIS, an international standard setter consisting of supervisors and regulators from more than 200 jurisdictions. The IAIS has been working on several initiatives to consider changes to insurer solvency standards and group supervision of companies in a holding company system in response to the increasing globalization of the insurance sector. In November 2019, the IAIS formally adopted a global framework for the supervision of IAIGs, which is referred to as the Common Framework for the Supervision of Internationally Active Insurance Groups, or "ComFrame." ComFrame is intended to provide a framework of basic standards for IAIGs and a process for supervisors to cooperate in the supervision of IAIGs. Also in November 2019, the IAIS adopted a risk-based group-wide global insurance capital standard ("ICS") that will apply to IAIGs and ultimately form a part of ComFrame. The ICS commenced a five-year monitoring period in January 2020 which is being used for confidential reporting and discussion in supervisory colleges to provide feedback to the IAIS on the ICS's design and performance, but will not trigger any supervisory action. Following this monitoring period, the ICS is expected to be implemented in 2025 as a group-wide prescribed capital requirement for IAIGs and integrated into the rest of ComFrame. The IAIS is also conducting a comparability assessment to determine whether an aggregation method approach to a group capital standard, which forms part of the NAIC's group capital calculation, produces comparable outcomes to the ICS. As noted above under "U.S. Regulation," it is unclear how the development of the ICS will interact with existing capital requirements for insurance companies in the United States and the NAIC's development of the group capital calculation. We have received notice from Delaware, our lead state insurance regulator, that we may be considered an IAIG. In the event that we are deemed to be an IAIG, we would be subject to international oversight coordinated by the Delaware Department of Insurance.

Our international operations are also subject to varying degrees of regulation in Mexico, Australia and Canada and in certain other countries in Europe, South America, and Southeast Asia. Generally, our subsidiaries must satisfy local regulatory

requirements. While each country imposes licensing, solvency, auditing and financial reporting requirements, the type and extent of the requirements differ substantially. Key areas where country regulations may differ include: (i) the type of financial reports to be filed; (ii) a requirement to use local intermediaries; (iii) the amount of reinsurance permissible; (iv) the scope of any regulation of policy forms and rates; and (v) the type and frequency of regulatory examinations.

Competition

The property casualty insurance and reinsurance businesses are highly competitive, with many insurance companies of various sizes, as well as other entities offering risk alternatives such as self-insured retentions or captive programs, transacting business in the United States and internationally. We compete directly with a large number of these companies. Competition in our industry is largely measured by the ability to provide insurance and services at a price and on terms that are reasonable and acceptable to the customer. Our strategy in this highly fragmented industry is to seek specialized areas or geographic regions where our businesses can gain a competitive advantage by responding quickly to changing market conditions. Our businesses establish their own pricing practices based upon a Company-wide philosophy to price products with the intent of making an underwriting profit.

Competition for insurance business within the United States comes from other specialty insurers, regional carriers, large national multi-line companies and reinsurers. Our specialty businesses compete with excess and surplus insurers as well as standard carriers. Our regional businesses compete with mutual and other regional stock companies as well as national carriers. Additionally, direct writers of property casualty insurance compete with our regional businesses by writing insurance through their salaried employees, generally at a lower acquisition cost than through independent agents such as those used by the Company. We compete internationally with native insurance operations both large and small, which in some cases are related to government entities, as well as with branches or local subsidiaries of multinational companies.

Competition for reinsurance business, which is especially strong, comes from domestic and foreign reinsurers, which produce their business either on a direct basis or through the broker market. These competitors include Swiss Re, Munich Re, Berkshire Hathaway, Partner Re and others.

In recent years, various institutional investors have increasingly sought to participate in the property and casualty insurance and reinsurance industries. Well-capitalized new entrants to the property and casualty insurance and reinsurance industries, or existing competitors that receive substantial infusions of capital, provide increasing competition, which may adversely impact our business and profitability. Further, an expanded supply of reinsurance capital may lower costs for insurers that rely on reinsurance and, as a consequence, those insurers may be able to price their products more competitively.

Human Capital Resources

As of January 15, 2024, we employed 8,329 individuals. Of this number, our subsidiaries employed 8,194 individuals and the remaining individuals were employed at the parent company.

We believe that our people are our greatest asset and that our corporate culture is the most important intangible driver of long-term value creation for our Company and the highest priority for pursuing long-term risk-adjusted returns and growth in stockholder value.

Human Capital Management: The Company fosters a performance culture. We are focused on creating a respectful, rewarding, diverse, and inclusive work environment that allows our employees to build meaningful and productive careers. The success of these human capital management objectives is essential to our strategy, as it is our people who drive our success. We invest in their growth as individuals and professionals through training and engagement, as well as in their well-being through robust health and wellness programs and a commitment to diversity.

The Company provides developmental opportunities for our employees through formal and informal programs that focus on enabling employees to build skills and thought leadership in specific facets of our business. Our leadership programs cultivate the talent of our high-potential, strong-performing employees as we strive to deepen, enhance and diversify the Company’s leadership team.

We strive to align employee incentives with the risk and performance frameworks of the Company. The Company’s “pay for performance” philosophy connects individual, business and Company results to employee compensation, providing employees with opportunities to share in the Company’s overall growth and success. The Company offers employees a comprehensive benefits package, including health and wellness, financial, educational and life management benefits. In addition, we support employees in making an impact in their local communities and globally through environmental and social efforts that are meaningful to them.

Our Board of Directors engages with our senior leadership team, including our senior vice president - human resources, on a periodic basis across a range of human capital management issues, including succession planning and development, compensation, benefits, talent recruiting and retention, engagement, diversity and inclusion, and employee feedback.

Culture: The Board of Directors has recognized Accountability, People Oriented Strategy, Responsible Financial Practices, Risk-Adjusted Returns and Transparency as the elements of corporate culture necessary for the Company to achieve success. Our culture unifies our employees across our decentralized business model, positions us to serve our diverse clients globally and propels the Company's continuous evolution.

We are committed to fostering a unifying culture and encouraging innovation across our enterprise. Our culture encompasses the beliefs that (i) specialized knowledge and having a customer-centric focus are competitive advantages and (ii) an environment that promotes integrity, embraces the commitment to "always do right," fosters entrepreneurship and innovation, and values making thoughtful decisions for the long-term benefit of our enterprise. While there is no one "Berkley" way, each of our businesses has its own culture that embodies a shared set of values that define our enterprise. Our structure, with 60 distinct businesses, facilitates the prompt identification of and appropriate action with respect to addressing individual business or cultural issues arising within a business, without affecting the larger enterprise. Furthermore, our businesses are overseen by senior corporate business managers and senior corporate functional managers, including actuarial, underwriting, compliance and finance, providing a governance oversight structure that makes it easier to identify such issues. Because our Board of Directors diligently exercises its risk management oversight through, among other activities, regular interactions with employees beyond corporate senior management, our directors have visibility into and receive timely feedback on cultural issues that may affect our business.

As significant owners of our Company who are required to hold their shares until separation from service, each of our directors and senior executives have a vested interest in cultivating talent and perpetuating a culture that facilitates the execution of our long-term objectives.

Other Information about the Company's Business

We maintain an interest in evaluating the startup of possible new ventures and the acquisition of complementary businesses on an ongoing basis. In addition, our businesses develop new coverages or enter lines of business to meet the needs of insureds.

Seasonal weather variations and other events affect the severity and frequency of losses sustained by the insurance and reinsurance businesses. Although the effect on our business of catastrophes such as tornadoes, hurricanes, hailstorms, wildfires, earthquakes and terrorist acts may be mitigated by reinsurance, they nevertheless can have a significant impact on the results of any one or more reporting periods.

We have no customer that accounts for 10 percent or more of our consolidated revenues.

Compliance by W. R. Berkley and its subsidiaries with federal, state and local provisions that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to protection of the environment, has not had a material effect upon our capital expenditures, earnings or competitive position.

The Company's internet address is www.berkley.com. The information on our website is not incorporated by reference in this annual report on Form 10-K. The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act and other reports filed by us or with respect to our securities by others are accessible free of charge through this website as soon as reasonably practicable after they have been electronically filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

Our businesses face significant risks. If any of the events or circumstances described as risks below occur, our businesses, results of operations and/or financial condition could be materially and adversely affected. In addition to those described below, our businesses may also be adversely affected by risks and uncertainties not currently known to us or that we currently consider immaterial.

Risks Relating to Our Industry

Our results may fluctuate as a result of many factors, including cyclical changes in the insurance and reinsurance industry.

The results of companies in the property casualty insurance industry historically have been subject to significant fluctuations and uncertainties in demand and pricing, causing cyclical changes in the insurance and reinsurance industry. The demand for insurance is influenced primarily by general economic conditions, while the supply of insurance is often directly related to available capacity or the perceived profitability of the business. At times, we have faced significant competition in our business as a result of existing insurers seeking to gain or maintain market share as well as new entrants and capital providers. Recently, premium rates have increased for most lines of business, while they have decreased in others, most notably workers' compensation and certain professional liability lines of business. The adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural disasters, regulatory measures and court decisions that define and expand the extent of coverage, and the effects of economic and social inflation on the amount of claims payments due for injuries or losses. In addition, investment rates of return impact rate adequacy. These factors can have a significant impact on ultimate profitability because a property casualty insurance policy is priced before its costs are known as premiums usually are determined long before claims are reported. These factors could produce results that would have a negative impact on our results of operations and financial condition.

We face significant competitive pressures in our businesses, which can pressure premium rates in certain areas and could harm our ability to maintain or increase our profitability and premium volume in some parts of our business.

We compete with a large number of other companies in our selected lines of business. We compete, and will continue to compete, with major U.S. and non-U.S. insurers and reinsurers, other regional companies, as well as mutual companies, specialty insurance companies, underwriting agencies, diversified financial services companies and insurtech companies. Competitiveness in our businesses is based on many factors, including premium charges, ratings assigned by independent rating agencies, commissions paid to producers, the perceived financial strength of the company, other terms and conditions offered, services provided, ease of doing business, speed of claims payment and reputation and experience in the lines to be written. Periods of insurance industry consolidation may further increase competition in some parts of our business and may cause our insurance subsidiaries to incur greater customer retention and acquisition expenses, affecting the profitability of existing and new business.

Some of our competitors, particularly in the reinsurance business, have greater financial and/or marketing resources than we do. These competitors within the reinsurance market include Swiss Re, Munich Re, Berkshire Hathaway and Partner Re. We expect that perceived financial strength, in particular, will become more important as customers seek high quality reinsurers.

Recently, insurance prices have generally increased for most lines of business, excluding workers' compensation and certain professional liability lines of business. However, loss costs have also increased and the duration and magnitude of the improving pricing environment remains uncertain. Despite higher interest rates, current price levels for certain lines of business may remain below the prices required for us to achieve our long-term return objectives. We expect to continue to face strong competition in our business.

In recent years, various types of investors have increasingly sought to participate in the property and casualty insurance and reinsurance industries. Well-capitalized new entrants to the property and casualty insurance and reinsurance industries, or existing competitors that receive substantial infusions of capital or access to third-party capital, provide increasing competition, which may adversely impact our business and profitability. Further, an expanded supply of capital may lower costs for insurers and, as a consequence, those insurers may be able to price their products more competitively. In addition, technology companies or other third parties have created, and may in the future create, technology-enabled business models, processes, platforms or alternate distribution channels that may adversely impact our competitive position in some parts of our business.

This intense competition could cause the supply and/or demand for insurance or reinsurance to change, which affect our ability to price our products at attractive rates and retain existing business or write new products at adequate rates or on terms and conditions acceptable to us. If we are unable to retain existing business or write new business at adequate rates or on terms and conditions acceptable to us, our results of operations could be materially and adversely affected.

Our actual claims losses may exceed our reserves for claims, which may require us to establish additional reserves.

Our gross reserves for losses and loss expenses were approximately $18.7 billion as of December 31, 2023. Our loss reserves reflect our best estimates of the cost of settling claims and related expenses with respect to insured events that have occurred.

Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claims administration will cost for claims that have occurred, whether known or unknown. The major assumptions about anticipated loss emergence patterns are subject to unanticipated fluctuation. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as

well as estimates of future trends in claims severity and frequency, inflation, judicial theories of liability, reinsurance coverage, legislative changes and other factors, including the actions of third parties, which are beyond our control.

The inherent uncertainties of estimating reserves are greater for certain types of liabilities, where long periods of time elapse before a definitive determination of liability is made and settlement is reached. In periods with increased economic volatility, it becomes more difficult to accurately estimate claim costs. It is especially difficult to estimate the impact of inflation on loss reserves given the current economic environment and related government actions. Both inflation overall and medical cost inflation, which has historically been greater than inflation overall, can have an adverse impact. In addition, although the Company has estimated the potential COVID-19 impact to its contingency and event cancellation, workers' compensation, and other lines of business under a number of possible scenarios, there remains uncertainty around COVID-19's ultimate impact on the Company and its related reserves.

Reserve estimates are continually refined in an ongoing process as experience develops and further claims are reported and settled. Adjustments to reserves are reflected in the results of the periods in which such estimates are changed. Because setting reserves is inherently uncertain, we cannot assure that our current reserves will prove adequate in light of subsequent events. Should we need to increase our reserves, our pre-tax income for the reporting period would decrease by a corresponding amount.

We discount our reserves for excess and assumed workers' compensation business because of the long period of time over which losses are paid. Discounting is intended to appropriately match losses and loss expenses to income earned on investment securities supporting liabilities. The expected loss and loss expense payout pattern subject to discounting is derived from our loss payout experience. Changes in the loss and loss expense payout pattern are recorded in the period they are determined. If the actual loss payout pattern is shorter than anticipated, the discount will be reduced and pre-tax income will decrease by a corresponding amount.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and economic, legal, judicial, social, technological and other environmental conditions change, unexpected and unintended issues related to claim and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. Examples of emerging claims and coverage issues include, but are not limited to:

- judicial expansion of policy coverage and a greater propensity to grant claimants more favorable amounts and the impact of new theories of liability;
- plaintiffs targeting property and casualty insurers, including us, in purported class action litigation relating to claims-handling and other practices;
- social inflation trends, including higher and more frequent claims, more favorable judgments and legislated increases;
- medical developments that link health issues to particular causes, resulting in liability claims;
- claims relating to unanticipated consequences of current or new technologies, including cyber security related risks;
- claims relating to potentially changing climate conditions; and
- increased claims due to third party funding of litigation.

In some instances, these emerging issues may not become apparent for some time after we have issued the affected insurance policies. As a result, the full extent of liability under our insurance policies may not be known until many years after the policies are issued.

In addition, the potential passage of new legislation designed to expand the right to sue, to remove limitations on recovery, to extend the statutes of limitations or otherwise to repeal or weaken tort reforms could have an adverse impact on our business.

The effects of these and other unforeseen emerging claim and coverage issues are difficult to predict and could harm our business and materially and adversely affect our results of operations.

As a property casualty insurer, we face losses from natural and man-made catastrophes.

Property casualty insurers are subject to claims arising out of catastrophes that may have a significant effect on their results of operations, liquidity and financial condition. Catastrophe losses have had a significant impact on our results. For example, catastrophe losses net of reinsurance recoveries, including COVID-19 related losses, were $195 million in 2023, $212

million in 2022, and $202 million in 2021. Similarly, man-made catastrophes can also have a material impact on our financial results. Depending on market conditions and other factors, we may seek to increase our writing of property casualty insurance, and, accordingly, our exposure to catastrophic events would be increased.

Catastrophes can be caused by various events, including hurricanes, windstorms, earthquakes, tsunamis, hailstorms, explosions, severe winter weather and fires, pandemics, as well as terrorist and other man-made activities, including drilling, mining and other industrial accidents, the bankruptcy of a major company, war or other military actions, social unrest, cyber events or terrorist activities. The incidence and severity of catastrophes are inherently unpredictable, and longer-term natural catastrophe trends may be changing due to climate change causing increased variability and unpredictability. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Some catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, tsunamis and other disasters may produce significant damage in large, heavily populated areas. Catastrophes can cause losses in a variety of our property and casualty lines, and most of our past catastrophe-related claims have resulted from severe storms. Seasonal weather variations or the impact of climate change may affect the severity and frequency of our losses. Insurance companies are not permitted to reserve for a catastrophe until it has occurred. It is therefore possible that a catastrophic event or multiple catastrophic events could produce significant losses and have a material adverse effect on our results of operations and financial condition.

The COVID-19 pandemic materially and adversely affected our results of operations, and, whether as a result of COVID-19's long-term effects, or new or emerging variants, or other potential pandemics, may further materially and adversely affect our results of operations, financial position and liquidity in the future.

The COVID-19 pandemic, including the related impact on the U.S. and global economies, materially and adversely affected our results of operations. The pandemic's impact on our business may continue, and potentially even worsen, whether as a result of COVID-19's long-term effects, or new or emerging variants, or even other potential pandemics. We cannot predict the magnitude or duration of such impact, particularly given the uncertainties associated with COVID-19 or other potential pandemics. The ultimate impact of COVID-19 or other potential pandemics on our results of operations, financial position and liquidity is not yet known, but includes the following:

Adverse Legislative and Regulatory Action. Legislative and regulatory initiatives in response to COVID-19 or other similar future pandemics may adversely affect us, particularly in our workers' compensation and property coverages businesses. For example, our business may be subject to, certain initiatives, including, but not limited to: legislative and regulatory action that seeks to retroactively mandate coverage for losses that our insurance policies would not otherwise cover and which were not priced to cover; legislative and regulatory action providing for shifting presumptions with respect to the burdens of proof for "essential" workers on workers' compensation coverages and varying definitions of "essential" workers; actions prohibiting us from cancelling insurance policies in accordance with our policy terms or non-renewing policies at their natural expiration; and/or orders to provide premium refunds, grant extended grace periods for premium payments, and provide extended time to pay past due premiums. Any such action would likely increase both our underwriting losses and our expenses and any legal challenges to any such action could take years to resolve.

Claim Losses Related to COVID-19 May Exceed Reserves. As of December 31, 2023, we recorded approximately $384 million for COVID-19-related losses. Our reserves do not represent an exact calculation of liability, but represent an estimate of what management expects the ultimate settlement and claims administration will cost for claims that have occurred, whether known or unknown. Accordingly, given the uncertainties still associated with COVID-19 and its impact, our reserves and the underlying estimated level of claim losses and costs arising from COVID-19 may materially change.

Claim Losses and Adjustment Expenses May Increase. As the effects of COVID-19 or future pandemics on industry practices and economic, legal, judicial, social and other environmental conditions occur, unexpected and unintended issues related to claims and coverages may emerge. These issues may adversely affect our business by extending coverage beyond our underwriting intent (including in the area of property coverages where physical damage requirements and communicable disease exclusions are currently being challenged) or by increasing the number and/or size of claims, each of which could adversely impact our results.

Reinsurance. We purchase reinsurance in order to transfer part of the risk that we have assumed by writing insurance policies to reinsurance companies in exchange for part of the premium we receive in connection with assuming such risk. Although reinsurance makes the reinsurer contractually liable to us to the extent the risk is transferred to the reinsurer, it does not relieve us of our liability to our policyholders. There may be uncertainty surrounding the availability of reinsurance coverage for losses related to COVID-19 or any future pandemics as our reinsurers may dispute the applicability of reinsurance to such losses (including the application of reinsurance reinstatements) and, as a result, our reinsurers may refuse to pay reinsurance recoverables related thereto or they may not pay them on a timely basis. On December 22, 2023, one of the

Company's subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses paid to its policyholders under certain event cancellation and related insurance policies. See, "Item 3. Legal Proceedings." In addition, we may be unable to renew our current reinsurance coverages or obtain appropriate new reinsurance covers with respect to certain exposures under our policies, including exposures related to COVID-19 or any future pandemics, and therefore our net exposures could increase, or if we are unwilling to bear such increase in net exposure, we may reduce our level of underwriting commitments.

Premium Volumes May Be Negatively Impacted. The demand for insurance is significantly influenced by general economic conditions. Consequently, any reduced economic activity relating to potential pandemics is likely to decrease demand for our insurance products and services and negatively impact our premium volumes (and, in certain cases, may result in return of premiums due to a decrease in exposures).

Investments. Disruptions in global financial markets due to future pandemics could cause us to incur unrealized and/or realized investment losses, including impairments in our fixed maturity portfolio and other investments. In addition, the economic uncertainty may result in a decline in interest rates, which may negatively impact our net investment income from future investment activity.

Operational Disruptions and Costs. Our operations could be disrupted if key members of our senior management or a significant percentage of our workforce or the workforce of our agents, brokers, suppliers or other third party service providers are unable to continue to work because of illness, government directives or otherwise. In addition, our agents, brokers, suppliers and other third party service providers, which we rely on for key aspects of our operations, are subject to similar risks and uncertainties, which may interfere with their ability to fulfill their respective commitments and responsibilities to us in a timely manner and in accordance with the agreed-upon terms. Any remote working policies we implement may result in disruptions to our business routines, heightened risk to cybersecurity attacks and data security incidents and a greater dependency on internet and telecommunication access and capabilities.

Changing climate conditions may alter the frequency and increase the severity of catastrophic events and thereby adversely affect our financial condition and results.

In recent years, changing weather patterns and climatic conditions, such as global warming, appear to have contributed to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. There is a scientific consensus that global warming and other climate change are altering the frequency, severity and peril characteristics of catastrophic weather events, such as hurricanes, windstorms, floods and other natural disasters. Such changes make it more difficult for us to predict and model catastrophic events, reducing our ability to accurately price our exposure to such events and mitigate our risks. Any increase in the frequency or severity of natural disasters may adversely affect our financial condition and results.

We, as a primary insurer, may have significant exposure for terrorist acts.

To the extent an act of terrorism, whether a domestic or foreign act, is certified by the Secretary of Treasury, we may be covered under the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA"), for up to 80% of our covered losses for certain property/casualty lines of insurance. However, any such coverage would be subject to a mandatory deductible based on 20% of earned premium for the prior year for the covered lines of commercial property and casualty insurance. Based on our 2023 earned premiums, our aggregate deductible under TRIPRA during 2024 is approximately $1,464 million. In addition, the coverage provided under TRIPRA does not apply to reinsurance that we write. To the extent that our reinsurers have excluded coverage for certain terrorist acts or have priced this coverage at rates that make purchasing such coverage economically infeasible, we may not have reinsurance protection and could be exposed to potential losses as a result of any acts of terrorism.

We are exposed to, and may face adverse developments involving, mass tort claims.

We are exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances. We face potential exposure to mass tort claims, including claims related to exposure to potentially harmful products or substances, such as lead paint, polyfluoroalkyl substances, talc and opioids. Establishing loss reserves for mass tort claims is subject to uncertainties because of many factors, including adverse changes to the tort environment (e.g., increased and more aggressive attorney involvement in insurance claims, increased litigation, expanded theories of liability, higher jury awards, lawsuit abuse and third-party litigation finance, among others); evolving judicial interpretations, including application of various theories of joint and several liabilities; disputes concerning medical causation with respect to certain diseases; geographical concentration of the lawsuits asserting the claims; and the potential for a large rise in the total number of claims without underlying epidemiological developments suggesting an increase in disease rates. Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the current loss

reserves. In addition, our estimate of loss reserves may change. These additional liabilities or increases in estimates, or a range of either, could vary significantly from period to period and could materially and adversely affect our results of operations and/or our financial position.

We are subject to extensive governmental regulation, which increases our costs and could restrict the conduct of our business.

We are subject to extensive governmental regulation and supervision in both the United States and foreign jurisdictions. Most insurance regulations are designed to protect the interests of policyholders rather than stockholders and other investors. This system of regulation, generally administered in the United States by a department of insurance in each state in which we do business, relates to, among other things:

- standards of solvency, including risk-based capital measurements;
- restrictions on the nature, quality and concentration of investments;
- limitations on the amount of dividends, tax distributions, intercompany loans and other payments that can be made without prior regulatory approval;
- requirements pertaining to certain methods of accounting;
- evaluating enterprise risk to an insurer;
- privacy, data protection, and cybersecurity;
- rate and form regulation pertaining to certain of our insurance businesses;
- potential assessments for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies; and
- involvement in the payment or adjudication of catastrophe or other claims beyond the terms of the policies.

State insurance departments conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to the financial condition of insurance companies, holding company issues and other matters. Our Insurance business internationally is also generally subject to a similar regulatory scheme in each of the jurisdictions where we conduct operations outside the United States.

Federal financial services modernization legislation and legislative and regulatory initiatives taken or which may be taken in response to conditions in the financial markets, global insurance supervision and other factors may lead to additional federal regulation of the insurance industry in the coming years.

The Dodd-Frank Act effected sweeping changes to financial services regulation in the United States. The Dodd-Frank Act established the FSOC, which is authorized to recommend that certain systemically significant non-bank financial companies, including insurance companies, be regulated by the Board of Governors of the Federal Reserve. The Dodd-Frank Act also established a FIO which is authorized to study, monitor and report to Congress on the U.S. insurance industry and the significance of global reinsurance to the U.S. insurance market. The FIO also can recommend that the FSOC designate an insurer as an entity posing risks to the United States financial stability in the event of the insurer's material financial distress or failure. Our business could be affected by changes, whether as a result of potential changes to the Dodd-Frank Act, to the U.S. system of insurance regulation or our designation or the designation of insurers or reinsurers with which we do business as systemically significant non-bank financial companies.

The topic of climate risk has come under increased scrutiny by the NAIC and insurance regulators. For instance, in New York, the NYDFS's circular letter, which applies to our insurance subsidiaries licensed in New York, states that regulated insurers are expected to integrate financial risks related to climate change into their governance frameworks, risk management processes, business strategies and scenario analysis, and develop their approach to climate-related financial disclosure. The NYDFS also amended the regulation governing enterprise risk management, which applies to our insurance subsidiaries licensed in New York, that requires an insurance group's enterprise risk management function to address certain additional risks, including climate change risk. In addition, the FIO is assessing how the insurance sector may help mitigate climate-related risks and achieve national climate-related goals, and it released a report in June 2023 urging insurance regulators to adopt climate-related risk monitoring guidance. These measures may subject us to increased oversight at the state and federal level.

State regulation is the primary form of regulation of insurance and reinsurance in the United States, although Congress has considered various proposals regarding federal regulation of insurance, in addition to the changes brought about by the

Dodd-Frank Act, such as proposals for the creation of an optional federal charter for insurance companies. We may be subject to potentially increased federal oversight as a financial institution. In addition, the current U.S. administration and the volatile political environment (including, in particular, the upcoming U.S. presidential election in November 2024) increases the chance of other federal legislative and regulatory changes that could affect us in ways we cannot predict.

With respect to international measures, Solvency II, the EU regime concerning the capital adequacy, risk management and regulatory reporting for insurers and reinsurers may affect our insurance businesses. As described in "International Regulation" above, the EU is performing a review of Solvency II and various regulatory reforms are expected to be introduced during 2024, which EU member states will implement in their domestic regulation. In addition, despite the waiver of the Solvency II group capital requirements we received, Solvency II may have the effect of increasing the capital requirements of our EU domiciled insurers. Additionally, our capital requirements and compliance requirements may be adversely affected if the European Commission does not deem the insurance regulatory regimes of the jurisdictions outside the EU in which we have insurance or reinsurance companies domiciled to be "equivalent" to Solvency II.

Similar considerations apply to our U.K. subsidiaries, which are now subject to a separate U.K. prudential regime, which is broadly identical to Solvency II. However, the two regimes, and their respective requirements, are diverging due to both the EU's review of Solvency II described above and the recently adopted reforms to the U.K.'s domestic prudential regime (please see "International Regulation" above for more information). We therefore may be required to utilize additional resources to ensure compliance with the different rules in each regime.

If our compliance with Solvency II, the U.K.'s prudential regime or any other regulatory regime is challenged, we may be subject to monetary or other penalties. In addition, in order to ensure compliance with applicable regulatory requirements or as a result of any investigation, including remediation efforts, we could be required to incur significant expenses and undertake additional work, which in turn may divert resources from our business.

We may be unable to maintain all required licenses and approvals and our business may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations. Also, some regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or monetarily penalize us. Also, changes in the level of regulation of the insurance industry, whether federal, state or foreign, or changes in laws or regulations themselves or interpretations thereof by regulatory authorities, may further restrict the conduct of our business.

Risks Relating to Our Business

Our expanding international operations expose us to increased investment, political, legal/regulatory, and economic risks, including foreign currency and credit risk.

Our expanding international operations in the United Kingdom, Continental Europe, South America, Canada, Mexico, Scandinavia, the Asia-Pacific region, South Africa and Australia expose us to increased investment, political, legal/regulatory, and economic risks, including foreign currency and credit risk. Changes in the value of the U.S. dollar relative to other currencies have had and could in the future have an adverse effect on our results of operations and financial condition.

Our investments in non-U.S.-denominated assets are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. Non-U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the U.S.

We face additional risks as a result of our international operations which could have an adverse effect on our results of operations and financial condition including: burdens and costs of compliance with a variety of foreign laws and regulations and the associated risk and costs of non-compliance; exposure to undeveloped or evolving legal systems, which may result in unpredictable or inconsistent application of laws and regulations; exposure to commercial, political, legal or regulatory corruption; political, economic or other instability in countries in which we conduct business, including possible terrorist acts; the imposition of tariffs, trade barriers or other protectionist laws or business practices that favor local competition, increased costs and adverse effects on our business; changes to visa or immigration policies; diminished ability to enforce our contractual rights; potential increased risk of data breaches; differences in cultural environments; sociopolitical instability; social, political or economic instability resulting from climate change; changes in regulatory requirements, including changes in regulatory treatment of certain products or services; exposure to local economic conditions and its impact on our clients' performance and creditworthiness; and restrictions on the repatriation of non-U.S. investments and earnings.

Our U.K. business could be specifically adversely impacted by the imposition of trade barriers between the EU and the U.K. following Brexit, which has already reduced the level of trade between the two markets and the U.K.'s overall trade exports, thereby negatively affecting the attractiveness of the U.K. market.

We may be unable to attract and retain key personnel and qualified employees.

We depend on our ability to attract and retain key personnel, including our President and CEO, Executive Chairman, senior executive officers, presidents of our businesses, experienced underwriters and other skilled employees who are knowledgeable about our business. If the quality of our underwriting team and other personnel decreases, we may be unable to maintain our current competitive position in the specialized markets in which we operate, and be unable to expand our operations into new products and markets.

We cannot guarantee that our reinsurers will pay in a timely fashion, if at all, and, as a result, we could experience losses.

We purchase reinsurance by transferring part of the risk that we have assumed, known as ceding, to a reinsurance company in exchange for part of the premium we receive in connection with the risk. Although reinsurance makes the reinsurer contractually liable to us to the extent the risk is transferred or ceded to the reinsurer, it does not relieve us, the reinsured, of our liability to our policyholders. Our reinsurers may not pay the reinsurance recoverables that they owe to us or they may not pay such recoverables on a timely basis. This failure to pay or failure to pay on a timely basis may be due to factors such as whether reinsurers, their affiliates or certain indemnitors have the financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract. Accordingly, we bear credit risk with respect to our reinsurers, and if our reinsurers fail to pay us, our financial results would be adversely affected. Underwriting results and investment returns of some of our reinsurers may affect their future ability to pay claims. As of December 31, 2023, the amount due from our reinsurers was approximately $3,535 million, including amounts due from state funds and industry pools where it was intended that we would bear no risk. Certain of these amounts are secured by letters of credit or by funds held in trust on our behalf.

We are subject to credit risk relating to our policyholders, independent agents and brokers.

In addition to exposure to credit risk related to our reinsurance recoverables and investment portfolio, we are exposed to credit risk in several other areas of our business, including credit risk relating to policyholders, independent agents and brokers. For example our policyholders, independent agents or brokers may not pay a part of or the full amount of premiums owed to us or our brokers or other third party claim administrators may not deliver amounts owed on claims under our insurance and reinsurance contracts for which we have provided funds.

As credit risk is generally a function of the economy, we face a greater credit risk in an economic downturn. While we attempt to manage credit risks through underwriting guidelines, collateral requirements and other oversight mechanisms, our efforts may not be successful. For example, to reduce such credit risk, we require certain third parties to post collateral for some or all of their obligations to us. In cases where we receive pledged securities and the applicable counterparty is unable to honor its obligations, we may be exposed to credit risk on the securities pledged and/or the risk that our access to that collateral may be stayed as a result of bankruptcy. In cases where we receive letters of credit from banks as collateral and one of our counterparties is unable to honor its obligations, we are exposed to the credit risk of the banks that issued the letters of credit.

We are rated by A.M. Best, Standard & Poor's, Moody's, and Fitch, and a decline in these ratings could affect our standing in the insurance industry and cause our sales and earnings to decrease.

Ratings have become an increasingly important factor in establishing the competitive position of insurance companies. Certain of our insurance company subsidiaries are rated by A.M. Best, Standard & Poor's, Moody's and Fitch. Our ratings are subject to periodic review, and we cannot assure you that we will be able to retain our current or any future ratings, especially given that rating agencies may change their criteria or increase capital requirements for various rating levels. For instance, Standard & Poor's has recently proposed changes to its rating model which could impact our rating depending on final changes that are implemented.

If our ratings are reduced from their current levels by A.M. Best, Standard & Poor's, Moody's or Fitch, our competitive position in the insurance industry could suffer and it would be more difficult for us to market our products. A ratings downgrade could also adversely limit our access to capital markets, which may increase the cost of debt. A significant downgrade could result in a substantial loss of business as policyholders move to other companies with higher financial strength ratings.

If market conditions cause reinsurance to be more costly or unavailable, we may be required to bear increased risks or reduce the level of our underwriting commitments.

As part of our overall risk and capacity management strategy, we purchase reinsurance for certain amounts of risk underwritten by our insurance company subsidiaries, especially catastrophe risks and those risks with relatively high policy limits. We also purchase reinsurance on risks underwritten by others which we reinsure. Market conditions beyond our control determine the availability and cost of the reinsurance protection we seek to purchase, which may affect the level of our business and profitability. Our reinsurance contracts are generally subject to annual renewal, and we may be unable to maintain our current reinsurance contracts or to obtain other reinsurance contracts in adequate amounts and at favorable rates. In addition, we may be unable to obtain reinsurance on terms acceptable to us relating to certain lines of business that we intend to begin writing. If we are unable to renew our expiring contracts or to obtain new reinsurance contracts, either our net exposures would increase or, if we are unwilling to bear an increase in net exposures, we would have to reduce the level of our underwriting commitments, especially catastrophe exposed risks.

Depending on conditions in the financial markets and the general economy, we may be unable to raise debt or equity capital if needed.

If conditions in the financial markets and the general economy are unfavorable, which may result from disruptions, uncertainty or volatility in the capital and credit markets, we may be unable to access debt or equity capital on acceptable terms if needed, which could have a negative impact on our ability to invest in our insurance company subsidiaries and/or to take advantage of opportunities to expand our business, such as the creation of new ventures and possible acquisitions, and inhibit our ability to refinance our existing indebtedness if we desire to do so, on terms acceptable to us.

We may not find suitable new insurance ventures and acquisition candidates and even if we do, we may not successfully invest in such ventures or successfully integrate any such acquired companies.

As part of our present strategy, we continue to evaluate the possible start-up of complementary businesses and acquisition transactions on an ongoing basis, and at any given time we may be engaged in discussions with respect to possible new ventures and acquisitions. We cannot assure you that we will be able to identify suitable insurance ventures or acquisition targets, that such transactions will be financed and completed on acceptable terms or that our future start-up ventures or acquisitions will be successful. Our financial results could be adversely affected by acquired businesses not performing as projected, unforeseen liabilities, routine and unanticipated transaction-related charges, diversion of management time and resources to acquisition integration challenges or growth strategies, loss of key employees, challenges in integrating information technology systems of acquired companies with our own, amortization of expenses related to intangibles, charges for impairment of long-term assets or goodwill and indemnification. The process of investing in new ventures or integrating any companies we do acquire may have a material adverse effect on our results of operations and financial condition.

If our information technology, telecommunications or other computer systems become unavailable or unreliable, our ability to conduct our business could be negatively or severely impacted.

Our business is highly dependent upon our employees' ability to perform necessary business functions in an efficient and uninterrupted fashion. A shut-down of, or inability to access, one or more of our facilities, a power outage or a failure of one or more of our information technology, telecommunications or other computer systems could significantly impair our employees' ability to perform such functions on a timely basis. In the event of a disaster such as a natural catastrophe, terrorist attack or industrial accident, physical or electronic security breaches, such as breaches by computer hackers, the infection of our systems by a malicious computer virus, denial of service attack, or other cybersecurity incident, our systems could be inaccessible for an extended period of time. In addition, because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials or failures of controls if demand for our service exceeds capacity or a third-party system fails or experiences an interruption. If our business continuity plans or system security does not sufficiently address such a business interruption, system failure or service denial, our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions could be significantly impaired and our business could be harmed.

Failure to maintain the security of information technology systems and confidential data may expose us to liability.

Although we have taken steps intended to protect our data and information technology systems and mitigate the risk of harm caused by cybersecurity incidents or breaches, no safeguards are perfect and any failure of these safeguards could cause a substantial disruption of our business operations, which could result in service interruptions, data security compromises, regulatory action, and other similar operational and legal issues, as well as substantial remediation and other costs. Our operations rely on the secure processing, storage and transmission of confidential and other sensitive information, including personal information, in our computer systems and networks. Cybersecurity breaches, including physical or electronic break-ins, computer viruses, malware, attacks by hackers, ransomware attacks, phishing attacks, supply chain attacks, breaches due to employee error or misconduct and other similar breaches can create system disruptions, shutdowns or unauthorized access to, or disclosure of, information maintained in our information technology systems and in the information technology systems of our

vendors and other third parties. We have in the past experienced cybersecurity breaches of our information technology systems as well as the information technology systems of our vendors and other third parties, but, to our knowledge, we have not experienced any material cybersecurity breaches. We expect cybersecurity breaches to continue to occur in the future and we are constantly managing efforts to infiltrate and compromise our systems and data. Our electronic transmission of personal, confidential and proprietary information to third parties with whom we have business relationships and our outsourcing of certain technology and business process functions to third parties may expose us to enhanced risk related to data security. While we have implemented secure data transmission capabilities with these third-party vendors and others with whom we do business, such capabilities may not function as intended and our vendors and third parties could still suffer data breaches that could result in the exposure of sensitive data and the infiltration of our computer systems. Our failure to effectively protect sensitive personal and/or proprietary information, whether owing to breaches of our own systems or those of our vendors and other third parties, could result in significant monetary and reputational damages, material adverse effects to our financial condition, costly litigation, or other regulatory enforcement actions. These increased risks, and expanding regulatory requirements regarding data security, including required compliance with applicable privacy and data protection laws (e.g., the GDPR, CCPA, and other state-specific privacy statutes and regulations, could expose us to data loss, monetary and reputational damages and significant increases in compliance costs. As a result, our ability to conduct our business could be materially and adversely affected.

We could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective.

Our business is highly dependent on our ability to engage on a daily basis in a large number of insurance underwriting, claim processing and investment activities, many of which are highly complex. These activities often are subject to internal guidelines and policies, as well as legal and regulatory standards, including those related to privacy and data security, anti-corruption, anti-bribery and global finance and insurance matters. Our continued expansion into new international markets has brought about additional requirements. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. If our controls are not effective, it could lead to financial loss, unanticipated risk exposure (including underwriting, credit and investment risk), regulatory scrutiny, and/or damage to our reputation.

We could be adversely affected by changes in U.S. Federal income tax laws.

Tax legislation commonly referred to as the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, fundamentally overhauled the U.S. tax system by, among other significant changes, reducing the U.S. corporate income tax rate to 21%. In the context of the taxation of U.S. property/casualty insurance companies such as the Company, the Act also modified the loss reserve discounting rules and the proration rules that apply to reduce reserve deductions to reflect the lower corporate income tax rate. It is possible that other legislation could be introduced and enacted by the current Congress or future Congresses that could have an adverse impact on us. New regulations or pronouncements interpreting or clarifying provisions of the Act may be forthcoming. We cannot predict if, when or in what form such regulations or pronouncements may be provided, whether such guidance will have a retroactive effect or their potential impact on us.

Limitations in risk management and loss limitation methods may adversely impact our business.

We seek to effectively manage risk and limit our losses in a variety of ways including through effective underwriting, tailoring policy terms, and the use of reinsurance. However, there are certain limitations in these and similar tactics and as a result, loss levels may be higher than modeled or otherwise expected, which could have a material adverse effect on our business.

Increased scrutiny on social responsibility and the efforts we take to implement related measures, or the failure to take such measures, may adversely impact our business.

There is increased scrutiny from regulators and investors on the measures companies take to be socially responsible. Although we have made efforts to be responsible in this manner, for example through our commitment to fostering a unifying culture and encouraging innovation across our operating units, these types of pressures may nonetheless present challenges and have an adverse impact on our business. In addition, we may be subject to negative publicity based on a failure or perceived failure to achieve various social responsibility initiatives and goals relating to diversity, equity and inclusion, and commitment to long-term sustainability we may announce from time to time, or based on an actual or perceived increase in related risks as a result of our or our industry’s business activities.

Risks Relating to Our Investments

A significant amount of our assets is invested in fixed maturity securities and is subject to market fluctuations.

Our investment portfolio consists substantially of fixed maturity securities. As of December 31, 2023, our investment in fixed maturity securities was approximately $20.2 billion, or 75.8% of our total investment portfolio including cash and cash equivalents. As of that date, our portfolio of fixed maturity securities consisted of the following types of securities: U.S. Government securities (8.4%); state and municipal securities (13.3%); corporate securities (37.9%); asset-backed securities (20.8%); mortgage-backed securities (11.3%) and foreign government (8.3%).

The fair value of these assets and the investment income from these assets fluctuate depending on general economic and market conditions. The fair value of fixed maturity securities generally decreases as interest rates rise. If a significant increase in interest rates were to occur, the fair value of our fixed maturity securities would be negatively impacted, while investment income earned from future investments in fixed maturity securities would be higher. Conversely, if interest rates decline, the fair value of our fixed maturity securities would be positively impacted, and investment income earned from future investments in fixed maturity securities will be lower. Some fixed maturity securities, such as mortgage-backed and other asset-backed securities, also carry prepayment risk as a result of interest rate fluctuations. In low interest rate environments, we may not be able to successfully reinvest the proceeds from maturing securities at yields commensurate with our target performance goals.

The value of investments in fixed maturity securities is subject to impairment as a result of deterioration in the credit worthiness of the issuer, default by the issuer (including states and municipalities) in the performance of its obligations in respect of the securities and/or increases in market interest rates. To a large degree, the credit risk we face is a function of the economy; accordingly, we face a greater risk in an economic downturn or recession. During periods of market disruption, it may be difficult to value certain of our securities, particularly if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the then current financial environment. In such cases, more securities may require additional subjectivity and management judgment.

Although the historical rates of default on state and municipal securities have been relatively low, our state and municipal fixed maturity securities could be subject to a higher risk of default or impairment due to declining municipal tax bases and revenue. Many states and municipalities operate under deficits or projected deficits, the severity and duration of which could have an adverse impact on both the valuation of our state and municipal fixed maturity securities and the issuer's ability to perform its obligations thereunder. Additionally, our investments are subject to losses as a result of a general decrease in commercial and economic activity for an industry sector in which we invest, as well as risks inherent in particular securities.

Although we attempt to manage these risks through the use of investment guidelines and other oversight mechanisms and by diversifying our portfolio and emphasizing preservation of principal, our efforts may not be successful. Impairments, defaults and/or rate increases could reduce our net investment income or realized and unrealized investment gains or result in investment losses. Investment returns are currently, and will likely continue to be, impacted by economic uncertainty, more generally, and the shape of the yield curve. As a result, our exposure to the risks described above could materially and adversely affect our results of operations, liquidity and financial condition.

We have invested a portion of our assets in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets, which are subject to significant volatility and may decline in value.

We invest a portion of our investment portfolio in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. At December 31, 2023, our investment in these assets was approximately $5.1 billion, or 19.1%, of our investment portfolio, including cash and cash equivalents.

Merger and arbitrage trading securities were $0.9 billion, or 3.5% of our investment portfolio, including cash and cash equivalents at December 31, 2023. Merger arbitrage involves investing in the securities of publicly held companies that are the targets in announced tender offers and mergers. Merger arbitrage differs from other types of investments in its focus on transactions and events believed likely to bring about a change in value over a relatively short time period, usually four months or less. Our merger arbitrage positions are exposed to the risk associated with the completion of announced deals, which are subject to regulatory as well as political and other risks.

Real estate related investments, including directly owned, investment funds and loans receivable, were $1.7 billion, or 6.2% of our investment portfolio, including cash and cash equivalents, at December 31, 2023. We also invest in real estate, financial services, energy, transportation and other investment funds. The values of these investments are subject to fluctuation based on changes in the economy and interest rates in general and the related asset valuations in particular. In addition, our investments in real estate related assets and other alternative investments are less liquid than our other investments.

These investments are subject to significant volatility as a result of the conditions in the financial and commodity markets and the global economy.

Risks Relating to Limitations on Dividends from Subsidiaries and Anti-Takeover Provisions

We are an insurance holding company and, therefore, may not be able to receive dividends in needed amounts.

As an insurance holding company, our principal assets are the shares of capital stock of our insurance company subsidiaries. We have to rely on dividends from our insurance company subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying dividends to stockholders and repurchasing our shares and paying corporate expenses. The payment of dividends by our insurance company subsidiaries is subject to regulatory restrictions and competitive pressures on maintaining financial strength ratings and will depend on the surplus and future earnings of these subsidiaries. During 2024, the maximum amount of dividends that can be paid without regulatory approval is approximately $1.2 billion. Future regulatory actions could further restrict our insurance subsidiaries' ability to pay us dividends. As a result, in the future we may not be able to receive dividends from these subsidiaries at times and in amounts necessary to meet our obligations, pay dividends or repurchase shares.

Laws and regulations of the jurisdictions in which we conduct business could delay, deter or prevent an attempt to acquire control of us that stockholders might consider to be desirable, and may restrict a stockholder's ability to purchase our common stock.

Generally, United States insurance holding company laws require that, before a person can acquire control of an insurance company, prior written approval must be obtained from the insurance regulatory authority in the state in which that insurance company is domiciled. Pursuant to applicable laws and regulations, "control" over an insurer is generally presumed to exist if any person, directly or indirectly, owns, controls, holds the power to vote, or holds proxies representing 10% or more of the voting securities of that insurer or any parent company of such insurer. Indirect ownership includes ownership of the shares of our common stock. Thus, the insurance regulatory authorities of the states in which our insurance subsidiaries are domiciled are likely to apply these restrictions on acquisition of control to any proposed acquisition of our common stock. Some states require a person seeking to acquire control of an insurer licensed but not domiciled in that state to make a filing prior to completing an acquisition if the acquirer and its affiliates, on the one hand, and the target insurer and its affiliates, on the other hand, have specified market shares in the same lines of insurance in that state. Additionally, many foreign jurisdictions where we conduct business impose similar restrictions and requirements.

These provisions can also lead to the imposition of conditions on an acquisition that could delay or prevent its consummation. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change in control of us through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Certain provisions in our organizational documents may have the effect of hindering, delaying or preventing third party takeovers and thus may prevent our stockholders from receiving premium prices for their shares in an unsolicited takeover or make it more difficult for third parties to replace our current management.

Provisions of our Restated Certificate of Incorporation and By-Laws, as well as state insurance statutes, may hinder, delay or prevent unsolicited acquisitions or changes of our control. These provisions may also have the effect of making it more difficult for third parties to cause the replacement of our current management without the concurrence of our Board of Directors.

These provisions include:

- our classified board of directors and the ability of our board to increase its size and to appoint directors to fill newly created directorships;
- the requirement that the holders of 80% of our shares must approve mergers and other transactions between us and the holder of 5% or more of our shares, unless the transaction was approved by our board of directors prior to such holder's acquisition of 5% of our shares; and
- the need for advance notice in order to raise business or make nominations at stockholders' meetings.

These provisions may discourage potential acquisition proposals and may delay, deter or prevent a change in control of us through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the SEC staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934.

ITEM 1C. CYBERSECURITY

Cybersecurity Strategy and Risk Management Program

The Company has a documented information security program (the Program) to identify, assess, monitor and manage potential cybersecurity threats and incidents. The Program is designed to protect the confidentiality, integrity and availability of our information systems and assets that store, process, or transmit information. The Program is modeled on the global standard for risk assessment, International Organization for Standardization 27001, and is guided by the six domains of cybersecurity established by the National Institute of Standards and Technology Cybersecurity Framework (i.e., govern, identify, protect, detect, respond, and recovery). The Program seeks to adhere to applicable U.S. and international laws and regulations, including New York State's cybersecurity regulation applicable to financial services institutions authorized by the New York State Department of Financial Services.

The Program's security and risk policies and standards, implemented by either the Company or third party assessors or consultants, include:

- information security management tools, such as firewalls, intrusion prevention and detection systems, anti-malware functionality, and access privilege controls;
- vulnerability management, including penetration and control testing and vulnerability scans of information systems;
- incident monitoring, breach notification and escalation, including disaster recovery and incident response plans and resources;
- risk based assessment of third party service providers; and
- annual cybersecurity awareness training for employees and contractors.

The Company has not identified any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition, for the period covered by this annual report. For a discussion regarding risks associated with cybersecurity threats, see Risk Factors – Risks Relating to Our Business – "If our information technology, telecommunications or other computer systems become unavailable or unreliable, our ability to conduct our business could be negatively or severely impacted" and "Failure to maintain the security of information technology systems and confidential data may expose us to liability."

Board Oversight, Governance and Risk Management

The entire Board of Directors has oversight of risks from cybersecurity threats and receives periodic updates on such risks from the Company's management, including from the Company's President and CEO and its Vice President, Chief Information Security Officer (CISO).

Our CISO is principally responsible for assessing and managing all aspects of the Program, including the Company's Regional Information Security Officers (RISOs), third-party consultants, development of industry trends and control testing and tracking by risk level. Our CISO meets periodically with senior executives, including the Company's President and Chief Executive Officer, to discuss the Company's cybersecurity strategy, and its monitoring, prevention, detection, mitigation, and remediation of cybersecurity risks. Regular reporting on the Program is also provided to the Company's Enterprise Risk Management Committee, which is comprised of the President and CEO, Senior Vice President – Enterprise Risk Management, Executive Vice President – Investments, Executive Vice President – Chief Financial Officer, Executive Vice President – Secretary, and the Of Counsel and Assistant Secretary. Collectively, the CISO and RISOs, along with their teams, in collaboration with the technology and business owners, implement the Program. Legal, Compliance, and Internal Audit functions also assess the Program's adherence to regulatory requirements and internal controls.

In the event of a potentially material cybersecurity incident, the Company's incident response plans establish escalation protocols for relevant IT leaders and functional leaders within Enterprise Risk Management, Legal, Compliance and Internal Audit to engage management as appropriate.

Our CISO has over 25 years of information security experience and is licensed as a Certified Information Systems Security Professional.

ITEM 2. PROPERTIES

W. R. Berkley and its subsidiaries own or lease office buildings or office space suitable to conduct their operations. At December 31, 2023, the Company had aggregate office space of 4,333,225 square feet, of which 1,042,156 were owned and 3,291,069 were leased.

Rental expense for the Company's operations was approximately $44,256,000, $43,383,000 and $44,051,000 for 2023, 2022 and 2021, respectively. Future minimum lease payments, without provision for sublease income, are $50,222,000 in 2024, $41,249,000 in 2025 and $166,192,000 thereafter.

ITEM 3. LEGAL PROCEEDINGS

The Company's subsidiaries are subject to disputes, including litigation and arbitration, arising in the ordinary course of their insurance and reinsurance businesses. The Company's estimates of the costs of settling such matters are reflected in its aggregate reserves for losses and loss expenses, and the Company does not believe that the ultimate outcome of such matters will have a material adverse effect on its financial condition or results of operations.

On December 22, 2023, one of the Company’s subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses paid to its policyholders under certain event cancellation and related insurance policies. The Company believes its claims against the reinsurers are meritorious and expects a positive resolution to its lawsuit. While an adverse outcome is possible, the Company believes that the outcome, in any case, will not be material to the Company’s financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Company is traded on the New York Stock Exchange under the symbol “WRB”.

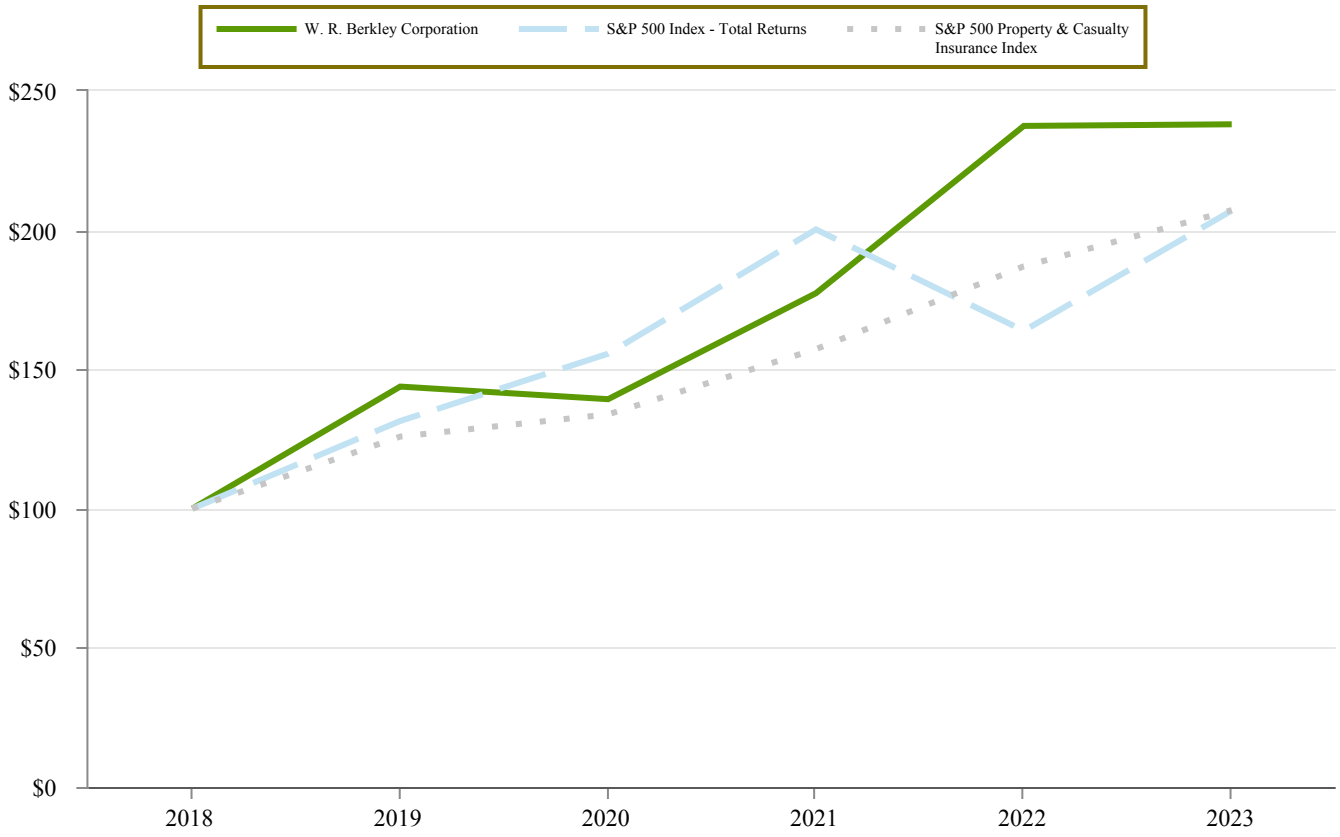
In 2023, the Board declared regular quarterly cash dividends of $0.10 per share in the first quarter and $0.11 per share in each of the remaining three quarters, as well as special dividends of $0.50 per share in the first, third, and fourth quarters, for a total of $501 million in aggregate dividends in 2023.

The approximate number of record holders of the common stock on February 15, 2024 was 327.

The chart below shows a comparison of 5 year cumulative total return.

Comparison of 5 Year Cumulative Total Return

Assumes initial investment of $100 on January 1, 2018, with dividends reinvested.



As of December 31, 2023, the S&P 500® Property and Casualty Insurance Index consists of The Allstate Corporation, Arch Capital Group Ltd. (added Nov. 2022), Chubb Limited, Cincinnati Financial Corporation, The Hartford Financial Services Group, Inc., Loews Corporation (CNA), The Progressive Corporation, The Travelers Companies, Inc., and W. R. Berkley Corporation (added Dec. 2019).

		2018	2019	2020	2021	2022	2023
W. R. Berkley Corporation	Cum $	100.00	143.83	139.30	177.37	237.46	238.04
S&P 500 Index - Total Returns	Cum $	100.00	131.48	155.64	200.28	163.89	207.05
S&P 500 Property and Casualty Insurance Index	Cum $	100.00	125.87	133.84	157.28	187.04	207.20

Set forth below is a summary of the shares repurchased by the Company during the fourth quarter of 2023 and the remaining number of shares authorized for purchase by the Company during such period.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs
October 2023	371,497	$ 63.75	371,497	14,430,487
November 2023	—	—	—	14,430,487
December 2023	1,189,204	69.75	1,189,204	13,241,283

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

W. R. Berkley Corporation is an insurance holding company that is among the largest commercial lines writers in the United States and operates worldwide in two segments of the property and casualty business: Insurance and Reinsurance & Monoline Excess. Our decentralized structure provides us with the flexibility to respond quickly and efficiently to local or specific market conditions and to pursue specialty business niches. It also allows us to be closer to our customers in order to better understand their individual needs and risk characteristics. While providing our business units with certain operating autonomy, our structure allows us to capitalize on the benefits of economies of scale through centralized capital, investment, reinsurance, enterprise risk management, and actuarial, financial and corporate compliance support. The Company's primary sources of revenues and earnings are its insurance operations and its investments.

An important part of our strategy is to form new businesses to capitalize on various opportunities. Over the years, the Company has formed numerous businesses that are focused on important parts of the economy in the U.S., including healthcare, cyber security, energy and agriculture, and on growing international markets, including the Asia-Pacific region, South America and Mexico.

The profitability of the Company's insurance business is affected primarily by the adequacy of premium rates. The ultimate adequacy of premium rates is not known with certainty at the time an insurance policy is issued because premiums are determined before claims are reported. The ultimate adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural and other disasters, regulatory measures and court decisions that define and change the extent of coverage and the effects of economic or social inflation on the amount of compensation for injuries or losses. General insurance prices are also influenced by available insurance capacity, i.e., the level of capital employed in the industry, and the industry's willingness to deploy that capital.

The Company's profitability is also affected by its investment income and investment gains. The Company's invested assets are invested principally in fixed maturity securities. The return on fixed maturity securities is affected primarily by general interest rates, as well as the credit quality and duration of the securities.

The Company also invests in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. The Company's investments in investment funds and its other alternative investments have experienced, and the Company expects to continue to experience, greater fluctuations in investment income. The Company's share of the earnings or losses from investment funds is generally reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

In March 2022, the Company sold a real estate investment consisting of an office building located in London for £718 million. The Company realized a pretax gain of $317 million in the first quarter of 2022, before transaction expenses and the impact of foreign currency, including the reversal of the currency translation adjustment. The gain was $251 million after such adjustments.

In June 2023, the Company completed a sale of the property and casualty insurance services division of Breckenridge IS, Inc. and recognized a pre-tax net realized gain on investment of $89 million.

The ultimate impact of COVID-19 on the Company's results of operations, financial position and liquidity is not within the Company's control and remains unclear due to, among other factors, its ongoing impact and uncertainty in connection with its claims, reserves and reinsurance recoverables.

Critical Accounting Estimates

The following presents a discussion of accounting policies and estimates relating to reserves for losses and loss expenses, assumed reinsurance premiums and other-than-temporary impairments of investments. Management believes these policies and estimates are the most critical to its operations and require the most difficult, subjective and complex judgments.

Reserves for Losses and Loss Expenses. To recognize liabilities for unpaid losses, either known or unknown, insurers establish reserves, which is a balance sheet account representing estimates of future amounts needed to pay claims and related expenses with respect to insured events which have occurred. Estimates and assumptions relating to reserves for losses and loss expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an insured loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer's payment of that loss.

In general, when a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment based upon known information about the claim at that time. The estimate represents an informed judgment based on general reserving practices and reflects the experience and knowledge of the claims personnel regarding the nature and value of the specific type of claim. Reserves are also established on an aggregate basis to provide for losses incurred but not reported ("IBNR") to the insurer, potential inadequacy of case reserves and the estimated expenses of settling claims, including legal and other fees and general expenses of administrating the claims adjustment process. Reserves are established based upon the then current legal interpretation of coverage provided.

In examining reserve adequacy, several factors are considered in estimating the ultimate economic value of losses. These factors include, among other things, historical data, legal developments, changes in social attitudes and economic conditions, including the effects of inflation. The actuarial process relies on the basic assumption that past experience, adjusted judgmentally for the effects of current developments and anticipated trends, is an appropriate basis for predicting future outcomes. Reserve amounts are based on management's informed estimates and judgments using currently available data. As additional experience and other data become available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in our results in periods in which such estimates and assumptions are changed.

Reserves do not represent a certain calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claim administration will cost. While the methods for establishing reserves are well tested over time, the major assumptions about anticipated loss emergence patterns are subject to uncertainty. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as well as estimates of trends in claims severity and frequency, judicial theories of liability and other factors, including the actions of third parties which are beyond the Company's control. These variables are affected by external and internal events, such as inflation and economic volatility, judicial and litigation trends, reinsurance coverage, legislative changes and claim handling and reserving practices, which make it more difficult to accurately predict claim costs. The inherent uncertainties of estimating reserves are greater for certain types of liabilities where long periods of time elapse before a definitive determination of liability is made. Because setting reserves is inherently uncertain, the Company cannot provide assurance that its current reserves will prove adequate in light of subsequent events.

Loss reserves included in the Company's financial statements represent management's best estimates based upon an actuarially derived point estimate and other considerations. The Company uses a variety of actuarial techniques and methods to derive an actuarial point estimate for each business. These methods include paid loss development, incurred loss development, paid and incurred Bornhuetter-Ferguson methods and frequency and severity methods. In circumstances where one actuarial method is considered more credible than the others, that method is used to set the point estimate. For example, the paid loss and incurred loss development methods rely on historical paid and incurred loss data. For new lines of business, where there is insufficient history of paid and incurred claims data, or in circumstances where there have been significant changes in claim practices, the paid and incurred loss development methods would be less credible than other actuarial methods. The actuarial point estimate may also be based on a judgmental weighting of estimates produced from each of the methods considered. Industry loss experience is used to supplement the Company's own data in selecting "tail factors" and in areas where the Company's own data is limited. The actuarial data is analyzed by line of business, coverage and accident or policy year, as appropriate, for each business.

The establishment of the actuarially derived loss reserve point estimate also includes consideration of qualitative factors that may affect the ultimate losses. These qualitative considerations include, among others, the impact of re-underwriting initiatives, changes in the mix of business, changes in distribution sources and changes in policy terms and conditions. Examples of changes in terms and conditions that can have a significant impact on reserve levels are the use of aggregate policy limits, the expansion of coverage exclusions, whether or not defense costs are within policy limits, and changes in deductibles and attachment points.

The key assumptions used to arrive at the best estimate of loss reserves are the expected loss ratios, rate of loss cost inflation, and reported and paid loss emergence patterns. Expected loss ratios represent management's expectation of losses at the time the business is priced and written, before any actual claims experience has emerged. This expectation is a significant determinant of the estimate of loss reserves for recently written business where there is little paid or incurred loss data to consider. Expected loss ratios are generally derived from historical loss ratios adjusted for the impact of rate changes, loss cost trends and known changes in the type of risks underwritten. Expected loss ratios are estimated for each key line of business within each business. Expected loss cost inflation is particularly important for the long-tail lines, such as excess casualty, and claims with a high medical component, such as workers' compensation. Reported and paid loss emergence patterns are used to project current reported or paid loss amounts to their ultimate settlement value. Loss development factors are based on the historical emergence patterns of paid and incurred losses, and are derived from the Company's own experience and industry data. The paid loss emergence pattern is also significant to excess and assumed workers' compensation reserves because those reserves are discounted to their estimated present value based upon such estimated payout patterns. Management believes the estimates and assumptions it makes in the reserving process provide the best estimate of the ultimate cost of settling claims and related expenses with respect to insured events which have occurred; however, different assumptions and variables could lead to significantly different reserve estimates.

Loss frequency and severity are measures of loss activity that are considered in determining the key assumptions described in our discussion of loss and loss expense reserves, including expected loss ratios, rate of loss cost inflation and reported and paid loss emergence patterns. Loss frequency is a measure of the number of claims per unit of insured exposure, and loss severity is a measure of the average size of claims. Factors affecting loss frequency include the effectiveness of loss controls and safety programs and changes in economic activity or weather patterns. Factors affecting loss severity include changes in policy limits, retentions, rate of inflation and judicial interpretations.

Another factor affecting estimates of loss frequency and severity is the loss reporting lag, which is the period of time between the occurrence of a loss and the date the loss is reported to the Company. The length of the loss reporting lag affects our ability to accurately predict loss frequency (loss frequencies are more predictable for lines with short reporting lags) as well as the amount of reserves needed for incurred but not reported losses (less IBNR is required for lines with short reporting lags). As a result, loss reserves for lines with short reporting lags are likely to have less variation from initial loss estimates. For lines with short reporting lags, which include auto, primary workers' compensation, other liability (claims-made) and property business, the key assumption is the loss emergence pattern used to project ultimate loss estimates from known losses paid or reported to date. For lines of business with long reporting lags, which include other liability (occurrence), products liability, excess workers' compensation and liability reinsurance, the key assumption is the expected loss ratio since there is often little paid or incurred loss data to consider. Historically, the Company has experienced less variation from its initial loss estimates for lines of businesses with short reporting lags than for lines of business with long reporting lags.

The key assumptions used in calculating the most recent estimate of the loss reserves are reviewed each quarter and adjusted, to the extent necessary, to reflect the latest reported loss data, current trends and other factors observed. If the actual level of loss frequency and severity are higher or lower than expected, the ultimate losses will be different than management's estimate. The following table reflects the impact of changes (which could be favorable or unfavorable) in frequency and severity, relative to our assumptions, on our loss estimate for claims occurring in 2023:

(In thousands)	**Frequency (+/-)**		
Severity (+/-)	**1%**	**5%**	**10%**
1%	$ 126,867	$ 381,863	$ 700,608
5%	381,863	646,957	978,326
10%	700,608	978,326	1,325,474

Our net reserves for losses and loss expenses of approximately $15.7 billion as of December 31, 2023 relate to multiple accident years. Therefore, the impact of changes in frequency or severity for more than one accident year could be higher or lower than the amounts reflected above. The impact of such changes would likely be manifested gradually over the course of many years, as the magnitude of the changes became evident.

Approximately $3.1 billion, or 20%, of the Company's net loss reserves as of December 31, 2023 relate to the Reinsurance & Monoline Excess segment. There is a higher degree of uncertainty and greater variability regarding estimates of excess workers' compensation and assumed reinsurance loss reserves. In the case of excess workers' compensation, our policies generally attach at $1 million or higher. The claims which reach our layer therefore tend to involve the most serious injuries and many remain open for the lifetime of the claimant, which extends the claim settlement tail. These claims also occur less frequently but tend to be larger than primary claims, which increases claim variability. In the case of assumed reinsurance our loss reserve estimates are based, in part, upon information received from ceding companies. If information received from ceding companies is not timely or correct, the Company's estimate of ultimate losses may not be accurate. Furthermore, due to

delayed reporting of claim information by ceding companies, the claim settlement tail for assumed reinsurance is also extended. Management considers the impact of delayed reporting and the extended tail in its selection of loss development factors for these lines of business.

Information received from ceding companies is used to set initial expected loss ratios, to establish case reserves and to estimate reserves for incurred but not reported losses on assumed reinsurance business. This information, which is generally provided through reinsurance intermediaries, is gathered through the underwriting process and from periodic claim reports and other correspondence with ceding companies. The Company performs underwriting and claim audits of selected ceding companies to determine the accuracy and completeness of information provided to the Company. The information received from the ceding companies is supplemented by the Company's own loss development experience with similar lines of business as well as industry loss trends and loss development benchmarks.

Following is a summary of the Company's reserves for losses and loss expenses by business segment as of December 31, 2023 and 2022:

(In thousands)	2023	2022
Insurance	$ 12,518,591	$ 11,233,924
Reinsurance & Monoline Excess	3,143,229	3,014,955
Net reserves for losses and loss expenses	15,661,820	14,248,879
Ceded reserves for losses and loss expenses	3,077,832	2,762,344
Gross reserves for losses and loss expenses	$ 18,739,652	$ 17,011,223

Following is a summary of the Company's net reserves for losses and loss expenses by major line of business as of December 31, 2023 and 2022:

(In thousands)	Reported Case Reserves	Incurred But Not Reported	Total
December 31, 2023			
Other liability	$ 1,927,701	$ 4,561,410	$ 6,489,111
Workers' compensation (1)	1,019,445	790,944	1,810,389
Professional liability	527,555	1,438,102	1,965,657
Auto	722,963	734,832	1,457,795
Short-tail lines (2)	377,278	418,361	795,639
Total Insurance	4,574,942	7,943,649	12,518,591
Reinsurance & Monoline Excess (1) (3)	1,579,069	1,564,160	3,143,229
Total	$ 6,154,011	$ 9,507,809	$ 15,661,820
December 31, 2022			
Other liability	$ 1,808,700	$ 3,826,444	$ 5,635,144
Workers' compensation (1)	1,023,961	899,215	1,923,176
Professional liability	501,572	1,243,604	1,745,176
Auto	629,149	528,398	1,157,547
Short-tail lines (2)	403,974	368,907	772,881
Total Insurance	4,367,356	6,866,568	11,233,924
Reinsurance & Monoline Excess (1) (3)	1,551,687	1,463,268	3,014,955
Total	$ 5,919,043	$ 8,329,836	$ 14,248,879

(1) Reserves for excess and assumed workers' compensation business are net of an aggregate net discount of $390 million and $416 million as of December 31, 2023 and 2022, respectively.

(2) Short-tail lines include commercial multi-peril (non-liability), inland marine, accident and health, fidelity and surety, boiler and machinery, high net worth homeowners and other lines.

(3) Reinsurance & Monoline Excess includes property and casualty reinsurance as well as operations that solely retain risk on an excess basis.

The Company evaluates reserves for losses and loss expenses on a quarterly basis. Changes in estimates of prior year losses are reported when such changes are made. The changes in prior year loss reserve estimates are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims and aggregate claim trends.

Certain of the Company's insurance and reinsurance contracts are retrospectively rated, whereby the Company collects more or less premiums based on the level of loss activity. For those contracts, changes in loss and loss expenses for prior years may be fully or partially offset by additional or return premiums.

Net prior year development (i.e, the sum of prior year reserve changes and prior year earned premiums changes) for each of the last three years ended December 31, are as follows:

(In thousands)	2023	2022	2021
Increase in prior year loss reserves	$ (29,681)	$ (54,511)	$ (863)
Increase in prior year earned premiums	10,782	18,106	7,510
Net (unfavorable) favorable prior year development	$ (18,899)	$ (36,405)	$ 6,647

The COVID-19 global pandemic has impacted, and may further impact, the Company's loss costs. Accordingly, the ultimate net impact of COVID-19 on the Company's reserves remains uncertain. As of December 31, 2023, the Company had recognized losses for COVID-19-related claims activity, net of reinsurance, of approximately $384 million, of which $326 million relates to the Insurance segment and $58 million relates to the Reinsurance & Monoline Excess segment. Such $384 million of COVID-19-related losses included $381 million of reported losses and $3 million of IBNR. For the year ended December 31, 2023, the Company recognized current accident year losses for COVID-19-related claims activity, net of reinsurance, of approximately $1 million, all of which relates to the Insurance segment.

Unfavorable prior year development (net of additional and return premiums) was $19 million in 2023.

Insurance – Reserves for the Insurance segment developed unfavorably by $24 million in 2023 (net of additional and return premiums). The unfavorable development for the segment was concentrated in the early part of the year, with reserve development being flat overall during the second half of 2023. A key driver of the unfavorable development early in 2023 was property catastrophe losses related to 2022 events which were still being adjusted and settled during the early part of 2023. In particular, losses related to U.S. winter storms which occurred during the month of December 2022 were a significant contributor to the development, as information gathering and evaluation of many of these claims were still ongoing into the new year.

In addition to the property prior year development discussed above, during 2023 the Insurance segment also experienced adverse prior year development on casualty lines of business for the 2016 through 2019 accident years, which was offset by favorable prior year development on casualty lines of business for the 2020 through 2022 accident years. The unfavorable development on the 2016 through 2019 accident years was concentrated in the general liability and commercial auto liability lines of business. The development, which particularly impacted business attaching excess of primary policy limits, was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

The favorable prior year development on casualty lines for the 2020 through 2022 accident years in the Insurance segment was concentrated in the professional liability, workers' compensation, and general liability lines of business. Due to elevated uncertainty regarding incurred loss frequency and severity as a result of ongoing social inflation and the impacts of the COVID-19 pandemic, the Company set its initial loss ratios for the 2020 through 2022 accident years prudently, and largely maintained these estimates through the end of each respective accident year. The reported loss experience to date for these lines of business for the 2020 through 2022 accident years has been significantly better than was expected, and the Company has begun to react to this favorable emergence as the accident years mature beyond the age of twelve months. It should also be noted that commercial auto liability experienced adverse prior year development for the 2020 through 2022 accident years, which partially offset the favorable development discussed above; the adverse development was driven by a larger than expected number of large losses reported.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $5 million in 2023 (net of additional and return premiums). The overall favorable prior year development for the segment was driven mainly by favorable development in excess workers' compensation, substantially offset by unfavorable development in the non-proportional reinsurance assumed liability and excess general liability (including umbrella) lines of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses

relative to our expectations, and to favorable claim settlements. The favorable development was spread across many prior accident years. The unfavorable development for non-proportional reinsurance assumed liability and excess general liability was associated primarily with our U.S. assumed reinsurance business, and related to accounts reinsuring excess and umbrella business and construction projects. The adverse development was concentrated mainly in accident years 2017 through 2020.

Unfavorable prior year development (net of additional and return premiums) was $36 million in 2022.

Insurance – Reserves for the Insurance segment developed unfavorably by $40 million in 2022 (net of additional and return premiums). The unfavorable development in the segment primarily related to COVID-19 losses at two businesses. These businesses wrote policies providing coverage for event cancellation and film production delay which were heavily impacted by losses directly caused by the COVID-19 pandemic. Most of this COVID-19 related unfavorable development emerged during the third quarter as a result of settlements of claims at values higher than our expectations. However, the Company believes that as a result of these settlements the remaining level of uncertainty around the ultimate value of its known COVID-19 claims has been significantly reduced.

The unfavorable development mentioned above also includes favorable prior year development for the Insurance segment primarily attributable to the 2020 and 2021 accident years and unfavorable development on the 2015 through 2019 accident years. The favorable development on the 2020 and 2021 accident years was concentrated in certain casualty lines of business including general liability, professional liability, and workers' compensation. The Company experienced lower reported claim frequency in these lines of business during 2020 and 2021 relative to historical averages, and continued to experience lower reported incurred losses relative to its expectations for these accident years as they developed during 2022. These trends began in 2020 and we believe were caused by the impacts of the COVID-19 pandemic, including for example, lockdowns, reduced driving/traffic and increased work from home. Due to the uncertainty regarding the ultimate impacts of the pandemic on accident years 2020 and 2021 incurred losses, the Company was cautious in reacting to these lower trends in setting and updating its loss ratio estimates for these years. As these accident years have continued to mature, the Company has continued to recognize some of the favorable reported experience in its ultimate loss estimates made during 2022.

The unfavorable development on the 2015 through 2019 accident years was concentrated in the general liability and professional liability, including medical professional, lines of business, as well as auto liability. The development was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $4 million in 2022 (net of additional and return premiums). The overall favorable development for the segment was driven mainly by favorable development in excess workers compensation, substantially offset by unfavorable development in the professional liability and non-proportional reinsurance assumed liability lines of business. The favorable excess workers' compensation development was spread across most prior accident years, including 2012 and prior years, and was driven by a review of the Company's claim reporting patterns as well as a number of favorable claim settlements relative to expectations. The unfavorable professional liability and non-proportional reinsurance assumed liability development was concentrated mainly in accident years 2016 through 2018 and was associated primarily with our U.S. assumed reinsurance business and related to accounts insuring construction projects and professional liability exposures.

Favorable prior year development (net of additional and return premiums) was $7 million in 2021.

Insurance – Reserves for the Insurance segment developed favorably by $20 million in 2021 (net of additional and return premiums). The overall favorable development in 2021 was attributable to favorable development on the 2020 accident year, partially offset by adverse development on the 2016 through 2019 accident years.

The favorable development on the 2020 accident year was largely concentrated in the auto liability and other liability lines of business, including commercial multi-peril liability. During 2020 the Company achieved larger rate increases in these lines of business than were contemplated in its budget and in its initial loss ratio selections. The Company also experienced significantly lower reported claim frequency in these lines in 2020 relative to historical averages, and lower reported incurred losses relative to its expectations. We believe that the lower claim frequency and lower reported incurred losses were caused by the impacts of the COVID-19 pandemic, for example, lockdowns, reduced driving and traffic, work from home, and court closures. However, due to the uncertainty regarding the ultimate impacts of the pandemic on accident year 2020 incurred losses, the Company elected not to react to these lower reported trends during 2020. As more information became available and the 2020 accident year continued to mature, during 2021 the Company started to recognize favorable accident year 2020 development in response to the continuing favorable reported loss experience relative to its expectations.

The adverse development on the 2016 through 2019 accident years is concentrated largely in the other liability line of business, including commercial multi-peril liability, but is also seen to a lesser extent in auto liability. The adverse development for these accident years is driven by a higher than expected number of large losses reported, and particularly impacted the directors and officers liability, lawyers professional liability, and excess and surplus lines casualty classes of business. We also believe that increased social inflation is contributing to the increased number of large losses, for example, higher jury awards on cases which go to trial, and the corresponding higher demands from plaintiffs and higher values required to reach settlement on cases which do not go to trial.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed unfavorably by $13 million in 2021. The unfavorable development in the segment was driven by the non-proportional reinsurance assumed liability and other liability lines of business, related primarily to accident years 2017 through 2019, and was partially offset by favorable development in excess workers' compensation business which was spread across many prior accident years. The unfavorable non-proportional reinsurance assumed liability and other liability development was associated with our U.S. and U.K. assumed reinsurance business, and related primarily to accounts insuring construction projects and professional liability exposures.

Reserve Discount. The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,352 million and $1,464 million at December 31, 2023 and 2022, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $390 million and $416 million at December 31, 2023 and 2022, respectively. At December 31, 2023, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.4%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2023) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2023), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates prescribed or permitted by the Department of Insurance of the State of Delaware.

Assumed Reinsurance Premiums. The Company estimates the amount of assumed reinsurance premiums that it will receive under treaty reinsurance agreements at the inception of the contracts. These premium estimates are revised as the actual amount of assumed premiums is reported to the Company by the ceding companies. As estimates of assumed premiums are made or revised, the related amount of earned premiums, commissions and incurred losses associated with those premiums are recorded. Estimated assumed premiums receivable were approximately $65 million and $60 million at December 31, 2023 and 2022, respectively. The assumed premium estimates are based upon terms set forth in reinsurance agreements, information received from ceding companies during the underwriting and negotiation of agreements, reports received from ceding companies and discussions and correspondence with reinsurance intermediaries. The Company also considers its own view of market conditions, economic trends and experience with similar lines of business. These premium estimates represent management's best estimate of the ultimate amount of premiums to be received under its assumed reinsurance agreements.

Allowance for Expected Credit Losses on Investments.

Fixed Maturity Securities – For fixed maturity securities in an unrealized loss position where the Company intends to sell, or it is more likely than not that it will be required to sell the security before recovery in value, the amortized cost basis is written down to fair value through net investment gains (losses). For fixed maturity securities in an unrealized loss position where the Company does not intend to sell, or it is more likely than not that it will not be required to sell the security before recovery in value, the Company evaluates whether the decline in fair value has resulted from credit losses or all other factors (non-credit factors). In making this assessment, the Company considers the extent to which fair value is less than amortized cost, changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for expected credit losses is recorded for the credit loss through net investment gains (losses), limited by the amount that the fair value is less than the amortized cost basis. The allowance is adjusted for any change in expected credit losses and subsequent recoveries through net investment gains (losses). The

impairment related to non-credit factors is recognized in other comprehensive income (loss).

The Company's credit assessment of allowance for expected credit losses uses a third party model for available for sale and held to maturity securities, as well as loans receivable. The allowance for expected credit losses is generally based on the performance of the underlying collateral under various economic and default scenarios that involve subjective judgments and estimates by management. Modeling these securities involves various factors, such as projected default rates, the nature and realizable value of the collateral, if any, the ability of the issuer to make scheduled payments, historical performance and other relevant economic and performance factors. A discounted cash flow analysis is used to ascertain the amount of the allowance for expected credit losses, if any. In general, the model reverts to the rating-level long-term average marginal default rates based on 10 years of historical data, beyond the forecast period. For other inputs, the model in most cases reverts to the baseline long-term assumptions linearly over 5 years beyond the forecast period. The long-term assumptions are based on the historical averages.

The Company classifies its fixed maturity securities by credit rating, primarily based on ratings assigned by credit rating agencies. For purposes of classifying securities with different ratings, the Company uses the average of the credit ratings assigned, unless in limited situations the Company's own analysis indicates an internal rating is more appropriate. Securities that are not rated by a rating agency are evaluated and classified by the Company on a case-by-case basis.

A summary of the Company's non-investment grade fixed maturity securities that were in an unrealized loss position at December 31, 2023 is presented in the table below.

($ in thousands)	Number of Securities	Aggregate Fair Value	Unrealized Loss
Foreign government	33	$ 102,689	$ 107,301
State and municipal	5	22,830	6,469
Corporate	16	21,424	1,928
Mortgage-backed securities	15	4,393	185
Asset-backed securities	5	197	148
Total	74	$ 151,533	$ 116,031

As of December 31, 2023, the Company has recorded an allowance for expected credit losses on fixed maturity securities of $37 million. The Company has evaluated the remaining fixed maturity securities in an unrealized loss position and believes the unrealized losses are due primarily to temporary market and sector-related factors rather than to issuer-specific factors. None of these securities are delinquent or in default under financial covenants. Based on its assessment of these issuers, the Company expects them to continue to meet their contractual payment obligations as they become due.

Loans Receivable – For loans receivable, the Company estimates an allowance for expected credit losses based on relevant information about past events, including historical loss experience, current conditions and forecasts that affect the expected collectability of the amortized cost of the financial asset. The allowance for expected credit losses is presented as a reduction to amortized cost of the financial asset in the consolidated balance sheet and changes to the estimate for expected credit losses are recognized through net investment gains (losses). Loans receivable are reported net of an allowance for expected credit losses of $3 million and $2 million as of December 31, 2023 and 2022, respectively.

Fair Value Measurements. The Company's fixed maturity available for sale securities, equity securities, and its trading account securities are carried at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for similar assets in active markets. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs may only be used to measure fair value to the extent that observable inputs are not available. The fair value of the vast majority of the Company's portfolio is based on observable data (other than quoted prices) and, accordingly, is classified as Level 2.

In classifying particular financial securities in the fair value hierarchy, the Company uses its judgment to determine whether the market for a security is active and whether significant pricing inputs are observable. The Company determines the existence of an active market by assessing whether transactions occur with sufficient frequency and volume to provide reliable pricing information. The Company determines whether inputs are observable based on the use of such information by pricing services and external investment managers, the uninterrupted availability of such inputs, the need to make significant

adjustments to such inputs and the volatility of such inputs over time. If the market for a security is determined to be inactive or if significant inputs used to price a security are determined to be unobservable, the security is categorized in Level 3 of the fair value hierarchy.

Because many fixed maturity securities do not trade on a daily basis, the Company utilizes pricing models and processes which may include benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. Market inputs used to evaluate securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Quoted prices are often unavailable for recently issued securities that are infrequently traded or securities that are only traded in private transactions. For publicly traded securities for which quoted prices are unavailable, the Company determines fair value based on independent broker quotations and other observable market data. For securities traded only in private negotiations, the Company determines fair value based primarily on the cost of such securities, which is adjusted to reflect prices of recent placements of securities of the same issuer, financial data, projections and business developments of the issuer and other relevant information.

The following is a summary of pricing sources for the Company's fixed maturity securities available for sale as of December 31, 2023:

(In thousands)	Carrying Value	Percent of Total
Pricing source:		
Independent pricing services	$ 19,589,441	97.3 %
Syndicate manager	85,139	0.4
Directly by the Company based on:		
Observable data	450,356	2.3
Total	$ 20,124,936	100.0 %

Independent pricing services - Substantially all of the Company’s fixed maturity securities available for sale were priced by independent pricing services (generally one U.S. pricing service plus additional pricing services with respect to a limited number of foreign securities held by the Company). The prices provided by the independent pricing services are generally based on observable market data in active markets (e.g., broker quotes and prices observed for comparable securities). The determination of whether markets are active or inactive is based upon the volume and level of activity for a particular asset class. The Company reviews the prices provided by pricing services for reasonableness based upon current trading levels for similar securities. If the prices appear unusual to the Company, they are re-examined and the value is either confirmed or revised. In addition, the Company periodically performs independent price tests of a sample of securities to ensure proper valuation and to verify our understanding of how securities are priced. As of December 31, 2023, the Company did not make any adjustments to the prices provided by the pricing services. Based upon the Company’s review of the methodologies used by the independent pricing services, these securities were classified as Level 2.

Syndicate manager – The Company has a 15% participation in a Lloyd’s syndicate, and the Company’s share of the securities owned by the syndicate is priced by the syndicate’s manager. The majority of the securities are liquid, short duration fixed maturity securities. The Company reviews the syndicate manager’s pricing methodology and audited financial statements and holds discussions with the syndicate manager as necessary to confirm its understanding and agreement with security prices. Based upon the Company’s review of the methodologies used by the syndicate manager, these securities were classified as Level 2.

Observable data – If independent pricing is not available, the Company prices the securities directly. Prices are based on observable market data where available, including current trading levels for similar securities and non-binding quotations from brokers. The Company generally requests two or more quotes. If more than one quote is received, the Company sets a price within the range of quotes received based on its assessment of the credibility of the quote and its own evaluation of the security. The Company generally does not adjust quotes obtained from brokers. Since these securities were priced based on observable data, they were classified as Level 2.

Cash flow model – If the above methodologies are not available, the Company prices securities using a discounted cash flow model based upon assumptions as to prevailing credit spreads, interest rates and interest rate volatility, time to maturity and subordination levels. Discount rates are adjusted to reflect illiquidity where appropriate. These securities were classified as Level 3.

Results of Operations for the Years Ended December 31, 2023 and 2022

Business Segment Results

Following is a summary of gross and net premiums written, net premiums earned, loss ratios (losses and loss expenses incurred expressed as a percentage of net premiums earned), expense ratios (underwriting expenses expressed as a percentage of net premiums earned) and GAAP combined ratios (sum of loss ratio and expense ratio) for each of our business segments for the years ended December 31, 2023 and 2022. The GAAP combined ratio represents a measure of underwriting profitability, excluding investment income. A GAAP combined ratio in excess of 100 indicates an underwriting loss; a number below 100 indicates an underwriting profit.

(In thousands)	2023	2022
Insurance		
Gross premiums written	$ 11,561,138	$ 10,583,785
Net premiums written	9,657,121	8,784,146
Net premiums earned	9,130,324	8,369,062
Loss ratio	62.3 %	61.3 %
Expense ratio	28.4	27.9
GAAP combined ratio	90.7	89.2
Reinsurance & Monoline Excess		
Gross premiums written	$ 1,410,868	$ 1,325,267
Net premiums written	1,297,346	1,219,924
Net premiums earned	1,270,363	1,192,367
Loss ratio	53.8 %	61.3 %
Expense ratio	28.3	28.4
GAAP combined ratio	82.1	89.7
Consolidated		
Gross premiums written	$ 12,972,006	$ 11,909,052
Net premiums written	10,954,467	10,004,070
Net premiums earned	10,400,687	9,561,429
Loss ratio	61.3 %	61.3 %
Expense ratio	28.4	28.0
GAAP combined ratio	89.7	89.3

Net Income to Common Stockholders. The following table presents the Company's net income to common stockholders and net income per diluted share for the years ended December 31, 2023 and 2022.

(In thousands, except per share data)	2023	2022
Net income to common stockholders	$ 1,381,359	$ 1,381,062
Weighted average diluted shares	273,298	279,461
Net income per diluted share	$ 5.05	$ 4.94

The Company reported net income of $1,381 million in both 2023 and 2022. The 2023 net income reflected an after-tax increase in net investment income of $216 million primarily due to rising interest rates and a larger investment portfolio related to fixed maturity securities, an after-tax increase in underwriting income of $38 million mainly due to the growth in premium rates, an after-tax reduction in interest expenses of $2 million due to debt repayment in 2022, an after-tax increase in profit from insurance service businesses of $1 million and an after-tax increase of $1 million in minority interest, offset by an after-tax reduction in net investment gains of $123 million mainly due to the gain on sale of a real estate investment in 2022, an after-tax increase in foreign currency losses of $65 million mainly due to weakening of the U.S. dollar against other currencies in 2023, an after-tax increase in corporate expenses of $37 million due to increased compensation-related costs, an increase of $28 million in tax expense due to a change in the effective tax rate and an after-tax decrease in profits from non-insurance businesses of $5 million. The number of weighted average diluted shares decreased by 6.2 million for 2023 compared to 2022, mainly reflecting shares repurchased in 2023.

Premiums. Gross premiums written were $12,972 million in 2023, an increase of 9% from $11,909 million in 2022. The increase was due to the growth in the Insurance segment of $977 million and $86 million in the Reinsurance & Monoline Excess segment. Approximately 81% and 82% of premiums expiring were renewed in 2023 and 2022, respectively.

Average renewal premium rates for insurance and facultative reinsurance increased 7.1% in 2023 and 6.4% in 2022, when adjusted for changes in exposures. Average renewal premium rates for insurance and facultative reinsurance excluding workers' compensation increased 8.1% in 2023 and 7.5% in 2022, when adjusted for changes in exposures.

A summary of gross premiums written in 2023 compared with 2022 by line of business within each business segment follows:

- Insurance gross premiums increased 9% to $11,561 million in 2023 from $10,584 million in 2022. Gross premiums increased $516 million (13%) for other liability, $454 million (19%) for short-tail lines, $141 million (11%) for auto and $10 million (1%) for workers' compensation, partially offset by a reduction of $144 million (9%) for professional liability.
- Reinsurance & Monoline Excess gross premiums increased 6% to $1,411 million in 2023 from $1,325 million in 2022. Gross premiums written increased $79 million (30%) for property lines and $28 million (12%) for monoline excess, partially offset by a reduction of $22 million (3%) for casualty lines.

Net premiums written were $10,954 million in 2023, an increase of 10% from $10,004 million in 2022. Ceded reinsurance premiums as a percentage of gross written premiums were 16% in both 2023 and 2022.

Premiums earned increased 9% to $10,401 million in 2023 from $9,561 million in 2022. Insurance premiums (including the impact of rate changes) are generally earned evenly over the policy term, and accordingly recent rate increases will be earned over the upcoming quarters. Premiums earned in 2023 are related to business written during both 2023 and 2022. Audit premiums were $363 million in 2023 compared with $312 million in 2022.

Net Investment Income. Following is a summary of net investment income (loss) for the years ended December 31, 2023 and 2022:

	Amount		Average Annualized Yield	
(In thousands)	**2023**	**2022**	**2023**	**2022**
Fixed maturity securities, including cash and cash equivalents and loans receivable	$ 929,098	$ 549,281	4.4 %	2.9 %
Arbitrage trading account	69,369	45,213	5.7	3.9
Equity securities	55,726	52,600	5.1	4.9
Investment funds	16,743	145,099	1.0	8.9
Real estate	(11,185)	(3,087)	(0.9)	(0.2)
Gross investment income	1,059,751	789,106	4.0	3.2
Investment expenses	(6,916)	(9,921)	—	—
Total	$ 1,052,835	$ 779,185	4.0 %	3.2 %

Net investment income increased 35% to $1,053 million in 2023 from $779 million in 2022 due primarily to a $380 million increase in income from fixed maturity securities mainly driven by higher interest rates and a larger investment portfolio, a $24 million increase from the arbitrage trading account (including investment income from trading account receivables from brokers and clearing organizations), a $3 million increase from equity securities and a $3 million reduction in investment expenses, partially offset by a $128 million decrease in income from investment funds primarily due to financial service funds and real estate funds and an $8 million decrease in real estate. Investment funds are reported on a one quarter lag. The average annualized yield for fixed maturity securities was 4.4% in 2023 and 2.9% in 2022. The effective duration of the fixed maturity portfolio was 2.4 years at both December 31, 2023 and 2022. The Company maintained the shortened duration of its fixed maturity security portfolio, thereby reducing the potential impact of mark-to-market on the portfolio and positioning the Company to react quickly to changes in the current interest rate environment. Average invested assets, at cost (including cash and cash equivalents), were $26.4 billion in 2023 and $24.4 billion in 2022.

Insurance Service Fees. The Company earns fees from an insurance distribution business (part of which was sold in June 2023), a third-party administrator, and as a servicing carrier of workers' compensation assigned risk plans for certain states. Insurance service fees were $106 million in 2023 and $111 million in 2022. The decrease in service fees resulted from the sale of the property and casualty insurance services division of Breckenridge IS, Inc.

Net Realized and Unrealized Gains on Investments. The Company buys and sells securities and other investment assets on a regular basis in order to maximize its total return on investments. Decisions to sell securities and other investment assets are based on management’s view of the underlying fundamentals of specific investments as well as management’s expectations regarding interest rates, credit spreads, currency values and general economic conditions. Net realized and unrealized gains on investments were $48 million in 2023 compared with $217 million in 2022. In 2023, the gains reflected a change in unrealized

gains on equity securities of $70 million, partially offset by net realized losses on investments of $23 million. In 2022, the gains reflected net realized gains on investments of $218 million (primarily due to a $251 million net gain from the sale of a real estate investment in London after transaction expenses and the foreign currency impact including reversal of the currency translation adjustment), partially offset by a change in unrealized losses on equity securities of $1 million.

Change in Allowance for Expected Credit Losses on Investments. Based on credit factors, the allowance for expected credit losses is increased or decreased depending on the percentage of unrealized loss relative to amortized cost by security, changes in rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. In 2023, the pre-tax change in allowance for expected credit losses on investments increased by $498 thousand ($393 thousand after-tax), which is reflected in net investment gains. In 2022, the pre-tax change in allowance for expected credit losses on investments increased by $15 million ($12 million after-tax), which is reflected in net investment gains, primarily due to change in estimate.

Revenues from Non-Insurance Businesses. Revenues from non-insurance businesses were derived from businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aviation-related businesses that provide services to aviation markets, including (i) the distribution, manufacturing, repair and overhaul of aircraft parts and components, (ii) the sale of new and used aircraft, and (iii) avionics, fuel, maintenance, storage and charter services. Revenues from non-insurance businesses were $536 million in 2023 and $510 million in 2022. The increase mainly relates to aviation-related business and the commercial and residential textile business, which we acquired in 2022, partially offset by the decrease of promotional merchandise and existing textile business.

Losses and Loss Expenses. Losses and loss expenses increased to $6,372 million in 2023 from $5,862 million in 2022. The consolidated loss ratio was 61.3% in both 2023 and 2022. Catastrophe losses, net of reinsurance recoveries, were $195 million (including current accident year losses of approximately $1 million related to COVID-19) in 2023 compared with $212 million (including losses of approximately $5 million related to COVID-19) in 2022. Adverse prior year reserve development (net of premium offsets) was $19 million in 2023 and $36 million in 2022 (refer to Note 13 of our consolidated financial statements for more detail). The loss ratio excluding catastrophe losses and prior year reserve development was 59.2% and 58.7% in 2023 and 2022, respectively.

A summary of loss ratios in 2023 compared with 2022 by business segment follows:

- Insurance - The loss ratio was 62.3% in 2023 and 61.3% in 2022. Catastrophe losses were $160 million in 2023 compared with $127 million in 2022. Adverse prior year reserve development was $24 million in 2023, principally from property catastrophe losses, and $40 million in 2022. The loss ratio excluding catastrophe losses and prior year reserve development increased 1.0 points to 60.3% in 2023 from 59.3% in 2022.
- Reinsurance & Monoline Excess - The loss ratio was 53.8% in 2023 and 61.3% in 2022. Catastrophe losses were $35 million in 2023 compared with $85 million in 2022. Favorable prior year reserve development was $5 million in 2023 and $4 million in 2022. The loss ratio excluding catastrophe losses and prior year reserve development decreased 3.1 points to 51.4% in 2023 from 54.5% in 2022.

Other Operating Costs and Expenses. Following is a summary of other operating costs and expenses:

(In thousands)	2023	2022
Policy acquisition and insurance operating expenses	$ 2,954,686	$ 2,673,903
Insurance service expenses	91,714	96,419
Net foreign currency losses (gains)	31,799	(50,930)
Other costs and expenses	285,737	242,113
Total	$ 3,363,936	$ 2,961,505

Policy acquisition and insurance operating expenses are comprised of commissions paid to agents and brokers, premium taxes and other assessments and internal underwriting costs. Policy acquisition and insurance operating expenses increased 11% and net premiums earned increased 9% from 2022. The expense ratio (underwriting expenses expressed as a percentage of net premiums earned) increased by 0.4 points to 28.4% in 2023 from 28.0% in 2022 mainly due to lower ceding commissions, increased compensation costs and new start-up operating unit expenses.

Service expenses, which represent the costs associated with the fee-based businesses, was $92 million in 2023, down from $96 million in 2022, as a result of the sale of the property and casualty insurance services division of Breckenridge IS, Inc.

Net foreign currency losses (gains) result from transactions denominated in a currency other than a businesses' functional currency. Net foreign currency losses were $32 million in 2023 compared to gains of $51 million in 2022, primarily related to the strengthening of the U.K. sterling and Euro against the U.S. dollar in 2023.

Other costs and expenses represent general and administrative expenses of the parent company and other expenses not allocated to business segments, including the cost of certain long-term incentive plans and new business ventures. Other costs and expenses increased to $286 million in 2023 from $242 million in 2022, primarily due to the increase in compensation-related costs in 2023.

Expenses from Non-Insurance Businesses. Expenses from non-insurance businesses represent costs associated with businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aviation-related businesses that include (i) cost of goods sold related to aircraft and products sold and services provided and (ii) general and administrative expenses. Expenses from non-insurance businesses were $525 million in 2023 compared to $493 million in 2022. The increase mainly relates to the aviation-related business and the residential and commercial textile business, which we acquired in 2022, partially offset by the decrease of promotional merchandise and existing textile business.

Interest Expense. Interest expense was $127 million in 2023, down from $130 million in 2022, primarily due to the repayment at maturity of its $77 million aggregate principal amount of 8.7% senior notes and its $350 million aggregate principal amount of 4.625% senior notes in the first quarter of 2022.

Income Taxes. The effective income tax rate was 21.1% in 2023 and 19.5% in 2022. The higher effective income tax rate for the year, as compared to 2022, was primarily due to a net reduction to the Company's valuation allowance against foreign tax credits and foreign net operating losses in the earlier period. See Note 16 of the Consolidated Financial Statements for a reconciliation of the income tax expense and the amounts computed by applying the Federal income tax rate of 21%.

The Company has not provided U.S. deferred income taxes on the undistributed earnings of approximately $261 million of its non-U.S. subsidiaries since these earnings are intended to be permanently reinvested in the non-U.S. subsidiaries. In the future, if such earnings were distributed the Company projects that the incremental tax, if any, will be immaterial.

On August 16, 2022, the Inflation Reduction Act of 2022 was enacted. Among other things, the legislation introduced a corporate alternative minimum tax on certain corporations. The tax is applicable for taxable years beginning after December 31, 2022 and imposes a 15% minimum tax on a corporation's applicable financial statement income. While we are not subject to this tax in 2023, we continue to evaluate the overall impact of this tax legislation on our operations and U.S. federal income tax position. In addition, a 1% excise tax on the value of corporate share repurchases (net of issuance) went into effect on January 1, 2023, but was not material for 2023.

Further, the Company is monitoring the impact of the implementation of a global minimum tax rate of 15%, also known as Pillar Two, as introduced by the Organization for Economic Co-operation and Development, which applies in some countries commencing in 2024. Our initial assessment is that the impact will not be significant, as the Company mainly operates in jurisdictions with a statutory tax rate above 15%.

The "Bermuda Corporate Income Tax Act 2023" was passed into law December 27, 2023 in Bermuda. The income tax will be based on a statutory tax rate of 15% on Bermuda businesses, subject to reductions for foreign tax credits, and will be effective for fiscal years beginning on or after January 1, 2025. Although we do not currently believe that this will have a material impact on our income tax position, we will continue to evaluate this tax legislation in 2024.

Results of Operations for the Years Ended December 31, 2022 and 2021

For a comparison of the Company's results of operations for the year ended December 31, 2022 to the year ended December 31, 2021, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission on February 24, 2023.

Investments

As part of its investment strategy, the Company establishes a level of cash and highly liquid short-term and intermediate-term securities that, combined with expected cash flow, it believes is adequate to meet its payment obligations. In addition to fixed maturity securities, the Company invests in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. The Company's investments in investment funds and its other alternative investments have experienced, and the Company expects to continue to experience, greater fluctuations in investment income.

The Company also attempts to maintain an appropriate relationship between the effective duration of the investment portfolio and the approximate duration of its liabilities (i.e., policy claims and debt obligations). The effective duration of the investment portfolio was 2.4 years at both December 31, 2023 and 2022. The Company's investment portfolio and investment-related assets as of December 31, 2023 were as follows:

($ in thousands)	Carrying Value	Percent of Total
Fixed maturity securities:		
U.S. government and government agencies	$ 1,716,731	6.4 %
State and municipal:		
Special revenue	1,606,195	6.0
State general obligation	432,078	1.6
Local general obligation	387,336	1.5
Corporate backed	154,839	0.6
Pre-refunded (1)	104,478	0.4
Total state and municipal	2,684,926	10.1
Mortgage-backed securities:		
Agency	1,429,956	5.4
Commercial	644,313	2.4
Residential-Prime	192,193	0.7
Residential-Alt A	2,861	—
Total mortgage-backed securities	2,269,323	8.5
Asset-backed securities	4,187,040	15.7
Corporate:		
Industrial	3,559,555	13.4
Financial	2,779,234	10.4
Utilities	684,924	2.6
Other	630,346	2.4
Total corporate	7,654,059	28.8
Foreign government	1,666,229	6.3
Total fixed maturity securities	20,178,308	75.8
Equity securities available for sale:		
Common stocks	838,054	3.1
Preferred stocks	252,293	0.9
Total equity securities available for sale	1,090,347	4.0
Investment funds	1,621,655	6.1
Cash and cash equivalents	1,363,195	5.1
Real estate	1,249,874	4.7
Arbitrage trading account	938,049	3.5
Loans receivable	201,271	0.8
Total investments	$ 26,642,699	100.0 %

(1) Pre-refunded securities are securities for which an escrow account has been established to fund the remaining payments of principal and interest through maturity. Such escrow accounts are funded almost exclusively with U.S. Treasury and U.S. government agency securities.

Fixed Maturity Securities. The Company's investment policy with respect to fixed maturity securities is generally to purchase instruments with the expectation of holding them to their maturity. However, management of the available for sale

portfolio is considered necessary to maintain an approximate matching of assets and liabilities as well as to adjust the portfolio as a result of changes in financial market conditions and tax considerations.

The Company's philosophy related to holding or selling fixed maturity securities is based on its objective of maximizing total return. The key factors that management considers in its investment decisions as to whether to hold or sell fixed maturity securities are its view of the underlying fundamentals of specific securities as well as its expectations regarding interest rates, credit spreads and currency values. In a period in which management expects interest rates to rise, the Company may sell longer duration securities in order to mitigate the impact of an interest rate rise on the fair value of the portfolio. Similarly, in a period in which management expects credit spreads to widen, the Company may sell lower quality securities, and in a period in which management expects certain foreign currencies to decline in value, the Company may sell securities denominated in those foreign currencies. The sale of fixed maturity securities in order to achieve the objective of maximizing total return may result in realized gains; however, there is no reason to expect these gains to continue in future periods.

Equity Securities. Equity securities primarily represent investments in common and preferred stocks in companies with potential growth opportunities in different sectors, mainly in the financial institutions and energy sectors.

Investment Funds. At December 31, 2023, the carrying value of investment funds was $1,622 million, including investments in financial services funds of $433 million, other funds of $397 million (which includes a deferred compensation trust asset of $36 million), transportation funds of $344 million, real estate funds of $202 million, infrastructure funds of $131 million and energy funds of $115 million. Investment funds are primarily reported on a one-quarter lag.

Real Estate. Real estate is directly owned property held for investment. At December 31, 2023, real estate properties in operation included a long-term ground lease in Washington D.C., an office complex in New York City and the completed portion of a mixed-use project in Washington D.C. In addition, part of the previously mentioned mixed-use project in Washington D.C. is under development. The Company expects to fund further development costs for the project with a combination of its own funds and external financing. The Company recognized impairments on real estate of $72 million in 2023. During the first quarter of 2022, the Company sold an office building in London.

Arbitrage Trading Account. The arbitrage trading account is comprised of direct investments in arbitrage securities. Merger arbitrage is the business of investing in the securities of publicly held companies that are the targets in announced tender offers and mergers.

Loans Receivable. Loans receivable, net of allowance for expected credit losses, had an amortized cost of $201 million and an aggregate fair value of $198 million at December 31, 2023. The amortized cost of loans receivable is net of an allowance for expected credit losses of $3 million as of December 31, 2023. Loans receivable include real estate loans of $200 million that are secured by commercial and residential real estate located primarily in London and New York. Real estate loans generally earn interest at fixed or stepped interest rates and have maturities through 2026. Loans receivable include commercial loans of $1 million that are secured by business assets and have fixed interest rates with varying maturities not exceeding 10 years.

Liquidity and Capital Resources

Cash Flow. Cash flow provided from operating activities increased to $2,929 million in 2023 from $2,569 million in 2022, primarily due to an increase in premium receipts partially offset by increased loss and loss expense payments.

The Company's insurance subsidiaries' principal sources of cash are premiums, investment income, service fees and proceeds from sales and maturities of portfolio investments. The principal uses of cash are payments for claims, taxes, operating expenses and dividends. The Company expects its insurance subsidiaries to fund the payment of losses with cash received from premiums, investment income and fees. The Company generally targets an average duration for its investment portfolio that is within 1.5 years of the average number of years held for its liabilities so that portions of its investment portfolio mature throughout the claim cycle and are available for the payment of claims if necessary. In the event operating cash flow and proceeds from maturities and prepayments of fixed maturity securities are not sufficient to fund claim payments and other cash requirements, the remainder of the Company's cash and investments is available to pay claims and other obligations as they become due. The Company's investment portfolio is highly liquid, with approximately 81% invested in cash, cash equivalents and marketable fixed maturity securities as of December 31, 2023. If the sale of fixed maturity securities were to become necessary, a realized gain or loss equal to the difference between the cost and sales price of securities sold would be recognized.

Debt. At December 31, 2023, the Company had senior notes, subordinated debentures and other debt outstanding with a carrying value of $2,837 million and a face amount of $2,865 million. The maturities of the outstanding debt are $7 million in 2024, $3 million in 2025, $250 million in 2037, $350 million in 2044, $470 million in 2050, $400 million in 2052, $185 million in 2058, $300 million in 2059, $250 million in 2060, and $650 million in 2061.

On April 1, 2022, the Company entered into a senior unsecured revolving credit facility that provides for revolving, unsecured borrowings up to an aggregate of $300 million with a $50 million sublimit for letters of credit. The Company may increase the amount available under the facility to a maximum of $500 million subject to obtaining lender commitments for the increase and other customary conditions. Borrowings under the facility may be used for working capital and other general corporate purposes. All borrowings under the facility must be repaid by April 1, 2027, except that letters of credit outstanding on that date may remain outstanding until April 1, 2028 (or such later date approved by all lenders). Our ability to utilize the facility is conditioned on the satisfaction of representations, warranties and covenants that are customary for facilities of this type. As of December 31, 2023, there were no borrowings outstanding under the facility.

Equity. At December 31, 2023, total common stockholders’ equity was $7.5 billion, common shares outstanding were 256,544,757 and stockholders’ equity per outstanding share was $29.06. The Company repurchased 8,707,676 and 1,370,394 shares of its common stock in 2023 and 2022, respectively. The aggregate cost of the repurchases was $537 million in 2023 and $94 million in 2022. In 2023, the Board declared regular quarterly cash dividends of $0.10 per share in the first quarter and $0.11 per share in each of the remaining three quarters, as well as special dividends of $0.50 per share in the first, third, and fourth quarters, for a total of $501 million in aggregate dividends in 2023.

Total Capital. Total capitalization (equity, debt and subordinated debentures) was $10.3 billion at December 31, 2023. The percentage of the Company’s capital attributable to senior notes, subordinated debentures and other debt was 28% and 30% at December 31, 2023 and 2022, respectively.

Federal and Foreign Income Taxes

The Company files a consolidated income tax return in the U.S. and foreign tax returns in each of the countries in which it has overseas operations. At December 31, 2023, the Company had a gross deferred tax asset of $777 million (which primarily relates to, loss and loss expense reserves, unearned premium reserves and unrealized losses on investments). The Company also has a $36 million valuation allowance against the gross deferred tax asset and a gross deferred tax liability of $473 million (which primarily relates to deferred policy acquisition costs, and various investment funds) resulting in a net deferred tax asset of $267 million. The realization of this asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for future operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of this asset.

Reinsurance

The Company follows customary industry practice of reinsuring a portion of its exposures in exchange for paying reinsurers a part of the premiums received on the policies it writes. Reinsurance is purchased by the Company principally to reduce its net liability on individual risks and to protect against catastrophic losses. Although reinsurance does not legally discharge an insurer from its primary liability for the full amount of the policies, it does make the assuming reinsurer liable to the insurer to the extent of the reinsurance coverage. The Company monitors the financial condition of its reinsurers and attempts to place its coverages only with financially sound carriers. Reinsurance coverage and retentions vary depending on the line of business, location of the risk and nature of loss. The Company's reinsurance purchases include the following:

- Property reinsurance treaties - The Company purchases property reinsurance to reduce its exposure to large individual property losses and catastrophe events. Following is a summary of significant property reinsurance treaties in effect as of January 1, 2024:
    - The Company's property per risk reinsurance generally covers losses between $2.5 million and $85 million.
    - The Company's catastrophe excess of loss reinsurance program provides protection for business written by its Insurance segment businesses and U.S. and non-U.S. business written by Lloyd's Syndicate, excluding offshore energy. For 2024, some of our property catastrophe reinsurance is placed via industry loss warranty (ILW) covers and the equivalent W. R. Berkley limit and retention (and resulting net position) are estimated based on our market share and modeled outcome when applying the ILW layering. Retentions by territory and peril range between $62.1 million and $83.6 million. Limits purchased are the difference between the corresponding retention and the following amounts:
        - For terrorism: $700 million.
        - For Northeast wind exposures: $600 million.
        - For all other perils and/or territories: $500 million.
- Casualty reinsurance treaties - The Company purchases casualty reinsurance to reduce its exposure to large individual casualty losses, workers' compensation catastrophe losses and casualty losses involving multiple claimants or insureds for the majority of business written by its U.S. companies. A significant casualty treaty (casualty catastrophe) in effect as of January 1, 2024 provides protection for losses between $10 million and $70 million from single events with claims involving two or more insurable interests or for systemic events involving multiple insureds and/or policy years. The treaty also covers casualty contingency losses in excess of $5 million and up to $100 million. We have a co-participation on this casualty catastrophe treaty. For losses involving two or more claimants for primary workers' compensation business, coverage is generally in place for losses between $10 million and $500 million. For excess workers' compensation business, such coverage is generally in place for losses between $25 million and $500 million. Our workers' compensation catastrophe reinsurance program is a shared cover for both excess and primary workers' compensation business.
- Facultative reinsurance - The Company also purchases facultative reinsurance on certain individual policies or risks that are in excess of treaty reinsurance capacity.
- Other reinsurance - Depending on the business, the Company purchases specific additional reinsurance to supplement the above programs.
- Lifson Re will continue to be a participant on the majority of the Company's reinsurance placements for a 30.0% share of the placed amounts. This pertains to all traditional treaty reinsurance/retrocessional placements for both property and casualty business where there is more than one open market reinsurer participating. Lifson Re is currently capitalized with $380 million of equity from a small group of sophisticated global investors with long-term investment horizons, including a minority participation by the Company. Lifson Re will participate on a fully collateralized basis.

The Company places a number of its casualty treaties on a "risk attaching" basis. Under risk attaching treaties, all claims from policies incepting during the period of the reinsurance contract are covered even if they occur after the expiration date of the reinsurance contract. If the Company is unable to renew or replace its existing reinsurance coverage, protection for unexpired policies would remain in place until their expiration. In such case, the Company could revise its underwriting strategy for new business to reflect the absence of reinsurance protection. The casualty catastrophe treaty highlighted above was purchased on a "losses discovered" basis. Property catastrophe and workers' compensation catastrophe reinsurance is generally placed on a "losses occurring basis," whereby only claims occurring during the period are covered. If the Company is unable to renew or replace these reinsurance coverages, unexpired policies would not be protected, though we generally have the option to purchase run-off coverage in our treaties.

Following is a summary of earned premiums and loss and loss expenses ceded to reinsurers for each of the three years ended December 31, 2023:

	Year Ended December 31,		
(In thousands)	**2023**	**2022**	**2021**
Earned premiums	$ 1,958,581	$ 1,883,263	$ 1,805,341
Losses and loss expenses	1,376,144	1,269,338	1,236,960

Ceded earned premiums increased 4.0% in 2023 to $1,959 million. The ceded losses and loss expenses ratio increased 3 points to 70% in 2023 from 67% in 2022.

The following table presents the credit quality of amounts due from reinsurers as of December 31, 2023.

(In thousands)

Reinsurer	**Rating** (1)	**Amount**
Amounts due in excess of $20 million:		
Lloyd's of London	A+	$ 402,210
Partner Re	A+	314,471
Munich Re	AA-	310,985
Berkshire Hathaway	AA+	307,878
Hannover Re Group	AA-	231,172
Renaissance Re	A+	217,008
Swiss Re	AA-	176,377
Everest Re	A+	145,155
Liberty Mutual	A	117,556
Axis Capital	A+	86,680
Fairfax Financial	A	64,300
Korean Re	A	57,530
Arch Capital Group	A+	54,175
Sompo Holdings Group	A+	47,520
Axa Insurance	AA-	45,680
TOA RE	A	37,140
Nationwide Group	A+	32,411
Markel Corp Group	A	31,827
Helvetia Holdings Group	A+	31,429
Chubb Group	AA	24,459
MS & AD Insurance Group	A	20,144
Other reinsurers:		
Rated A- or better		115,696
Secured (2)		485,906
All Others		50,429
Subtotal		$ 3,408,138
Residual market pools (3)		134,793
Allowance for expected credit losses		(8,404)
Total		$ 3,534,527

(1) S&P rating, or if not rated by S&P, A.M. Best rating.

(2) Secured by letters of credit or other forms of collateral.

(3) Many states require licensed insurers that provide workers' compensation insurance to participate in programs that provide workers' compensation to employers that cannot procure coverage from an insurer on a voluntary basis. Insurers can fulfill this residual market obligation by participating in pools where results are shared by the participating companies. The Company acts as a servicing carrier for workers' compensation pools in certain states. As a servicing carrier, the Company writes residual market business directly and then cedes 100% of this business to the respective pool. As a servicing carrier, the Company receives fee income for its services. The Company does not retain underwriting risk, and credit risk is limited as ceded balances are jointly shared by all the pool members.

Contractual Obligations

Following is a summary of the Company's contractual obligations as of December 31, 2023:

(In thousands) Estimated Payments By Periods	2024	2025	2026	2027	2028	Thereafter
Gross reserves for losses	$ 4,910,394	$ 3,535,759	$ 2,737,474	$ 2,076,132	$ 1,498,912	$ 4,382,688
Operating lease obligations	50,222	41,249	34,072	24,900	23,206	84,014
Purchase obligations	248,326	109,243	64,741	53,865	55,842	—
Subordinated debentures	—	—	—	—	—	1,035,000
Senior notes and other debt	—	—	—	—	—	1,820,000
Interest payments	125,580	125,580	125,580	125,235	125,120	3,029,044
Other long-term liabilities	2,279	2,079	1,901	1,738	1,582	19,077
Total	$ 5,336,801	$ 3,813,910	$ 2,963,768	$ 2,281,870	$ 1,704,662	$ 10,369,823

The estimated payments for reserves for losses and loss expenses in the above table represent the projected (undiscounted) payments for gross loss and loss expense reserves related to losses incurred as of December 31, 2023. The estimated payments in the above table do not consider payments for losses to be incurred in future periods. These amounts include reserves for reported losses and reserves for incurred but not reported losses. Estimated amounts recoverable from reinsurers are not reflected. The estimated payments by year are based on historical loss payment patterns.The actual payments may differ from the estimated amounts due to changes in ultimate loss reserves and in the timing of the settlement of those reserves. In addition, at December 31, 2023, the Company had commitments to invest up to $339 million and $106 million in certain investment funds and real estate construction projects, respectively. These amounts are not included in the above table.

The Company utilizes letters of credit to back certain reinsurance payments and obligations. Outstanding letters of credit were $29 million as of December 31, 2023. The Company has made certain guarantees to state regulators that the statutory capital of certain subsidiaries will be maintained above certain minimum levels.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (1) made guarantees, (2) a retained or contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company, or that engages in leasing, hedging or research and development arrangements with the Company. The Company has no arrangements of these types that management believes may have a material current or future effect on our financial condition, liquidity or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk. The fair value of the Company's investments is subject to risks of fluctuations in credit quality and interest rates. The Company uses various models and stress test scenarios to monitor and manage interest rate risk. The Company attempts to manage its interest rate risk by maintaining an appropriate relationship between the effective duration of the investment portfolio and the average number of years held for its liabilities (i.e., policy claims and debt obligations). The effective duration for the fixed maturity portfolio (including cash and cash equivalents) was 2.4 years at both December 31, 2023 and 2022.

In addition, the fair value of the Company's international investments is subject to currency risk. The Company attempts to manage its currency risk by matching its foreign currency assets and liabilities where considered appropriate.

The following table outlines the groups of fixed maturity securities and their effective duration at December 31, 2023:

($ in thousands)	Effective Duration (Years)	Fair Value
Mortgage-backed securities	3.9	$ 2,269,430
State and municipal	3.2	2,688,058
U.S. government and government agencies	3.1	1,716,731
Foreign government	2.7	1,666,229
Corporate	2.5	7,654,059
Loans receivable	1.4	198,244
Asset-backed securities	1.1	4,187,040
Cash and cash equivalents	0.0	1,363,195
Total	2.4	$ 21,742,986

Duration is a common measure of the price sensitivity of fixed maturity securities to changes in interest rates. The Company determines the estimated change in fair value of the fixed maturity securities, assuming parallel shifts in the yield curve for treasury securities while keeping spreads between individual securities and treasury securities static. The estimated fair value at specified levels at December 31, 2023 would be as follows:

(In thousands) Change in interest rates:	Estimated Fair Value	Change in Fair Value
300 basis point rise	$ 20,180,450	$ (1,562,536)
200 basis point rise	20,691,790	(1,051,196)
100 basis point rise	21,215,431	(527,555)
Base scenario	21,742,986	—
100 basis point decline	22,265,903	522,917
200 basis point decline	22,780,386	1,037,400
300 basis point decline	23,286,292	1,543,306

Arbitrage investing differs from other types of investments in that its focus is on transactions and events believed likely to bring about a change in value over a relatively short time period (usually four months or less). The Company believes that this makes arbitrage investments less vulnerable to changes in general stock market conditions. Potential changes in market conditions are also mitigated by the implementation of hedging strategies, including short sales.

Additionally, the arbitrage positions are generally hedged against market declines by purchasing put options, selling call options or entering into swap contracts. The Company's merger arbitrage securities are primarily exposed to the risk of completion of announced deals, which are subject to regulatory as well as transactional and other risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
W. R. Berkley Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of W. R. Berkley Corporation and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes and financial statement schedules II to VI (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 23, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Reserves for losses and loss expenses

As discussed in Notes 1 and 13 to the consolidated financial statements, the Company estimates the reserves for losses and loss expenses (reserves) using a variety of actuarial techniques and methods. The key assumptions used to arrive at the best estimate of recorded reserves are expected loss ratios, rate of loss cost inflation, reported and paid loss emergence patterns, loss frequency and severity, and the loss reporting lag. Such amounts are adjusted for certain qualitative factors. The reserves as of December 31, 2023 were $18.7 billion.

We identified the assessment of the estimate of reserves as a critical audit matter because it involved significant measurement uncertainty, which required complex auditor judgement. Specialized actuarial skills and knowledge were required to evaluate the actuarial method or methods and assumptions used. Assumptions included loss development

factors; the weighting of actuarial methods when more than one was used; the impact of qualitative factors; and whether payments are fixed and reliably determinable for certain reserves subject to discounting.

The following are the primary procedures we performed to address the critical audit matter. With the assistance of actuarial professionals, when appropriate, we evaluated the design and tested the operating effectiveness of certain internal controls over the Company's reserving process. This included controls over the Company's process to develop the Company's best estimate of reserves based on actuarial methodologies and assumptions employed by the Company's actuaries. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- examining the Company's actuarial methodologies for compliance with Actuarial Standards of Practice
- evaluating the Company's ability to discount certain reserves by comparing the expected payout pattern of claims paid to actual claims paid
- evaluating the Company's actuarial point estimate by performing independent actuarial analyses for certain of the larger, more complex businesses
- evaluating the Company's actuarial point estimate by examining the Company actuaries' process, and key assumptions for certain of the remaining businesses
- developing an independent range of reserves based on actuarial methodologies and assumptions and comparing to the Company's recorded reserves
- evaluating the Company's recorded reserves and year-over-year movements of the Company's reserves relative to, and within, the independently developed range of reserves.

/S/ KPMG LLP

We have served as the Company's auditor since 1972.

New York, New York
February 23, 2024

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year Ended December 31, 2023	2022	2021
REVENUES:			
Net premiums written	$ 10,954,467	$ 10,004,070	$ 8,862,867
Change in net unearned premiums	(553,780)	(442,641)	(756,836)
Net premiums earned	10,400,687	9,561,429	8,106,031
Net investment income	1,052,835	779,185	671,618
Net investment gains:			
Net realized and unrealized gains on investments	47,540	217,311	106,958
Change in allowance for expected credit losses on investments	(498)	(14,914)	(16,326)
Net investment gains	47,042	202,397	90,632
Revenues from non-insurance businesses	535,508	509,548	489,151
Insurance service fees	106,485	110,544	93,857
Other income	381	3,396	4,177
Total revenues	12,142,938	11,166,499	9,455,466
OPERATING COSTS AND EXPENSES:			
Losses and loss expenses	6,372,142	5,861,750	4,953,960
Other operating costs and expenses	3,363,936	2,961,505	2,599,270
Expenses from non-insurance businesses	524,998	493,189	472,151
Interest expense	127,459	130,374	147,180
Total operating costs and expenses	10,388,535	9,446,818	8,172,561
Income before income taxes	1,754,403	1,719,681	1,282,905
Income tax expense	(370,557)	(334,727)	(251,890)
Net income before noncontrolling interests	1,383,846	1,384,954	1,031,015
Noncontrolling interests	(2,487)	(3,892)	(8,525)
Net income to common stockholders	$ 1,381,359	$ 1,381,062	$ 1,022,490
NET INCOME PER SHARE:			
Basic	$ 5.10	$ 4.99	$ 3.69
Diluted	$ 5.05	$ 4.94	$ 3.66

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
(In thousands)	**2023**	**2022**	**2021**
Net income before noncontrolling interests	$ 1,383,846	$ 1,384,954	$ 1,031,015
Other comprehensive gain (loss):			
Change in unrealized translation adjustments	32,192	1,179	(20,969)
Change in unrealized investment gains (losses), net of taxes	306,553	(983,803)	(198,812)
Other comprehensive gain (loss)	338,745	(982,624)	(219,781)
Comprehensive income	1,722,591	402,330	811,234
Noncontrolling interests	(2,485)	(3,890)	(8,523)
Comprehensive income to common stockholders	$ 1,720,106	$ 398,440	$ 802,711

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31, 2023	December 31, 2022
Assets		
Investments:		
Fixed maturity securities (amortized cost of $20,915,245 and $18,715,483; allowance for expected credit losses of $36,751 and $37,466 at December 31, 2023 and 2022)	$ 20,178,308	$ 17,587,349
Investment funds	1,621,655	1,608,548
Real estate	1,249,874	1,340,622
Arbitrage trading account	938,049	944,230
Equity securities	1,090,347	1,185,894
Loans receivable (net of allowance for expected credit losses of $3,004 and $1,791 at December 31, 2023 and 2022)	201,271	193,002
Total investments	25,279,504	22,859,645
Cash and cash equivalents	1,363,195	1,449,346
Premiums and fees receivable (net of allowance for expected credit losses of $35,110 and $30,660 at December 31, 2023 and 2022)	3,109,334	2,779,244
Due from reinsurers (net of allowance for expected credit losses of $8,404 and $8,064 at December 31, 2023 and 2022)	3,534,527	3,187,730
Deferred policy acquisition costs	861,609	763,486
Prepaid reinsurance premiums	758,927	696,468
Trading account receivable from brokers and clearing organizations	303,614	233,863
Property, furniture and equipment	426,803	423,232
Goodwill	174,597	185,509
Accrued investment income	213,408	166,784
Current federal and foreign income taxes	1,318	39,123
Deferred federal and foreign income taxes	309,623	340,647
Other assets	865,556	736,022
Total assets	$ 37,202,015	$ 33,861,099
Liabilities and Equity		
Liabilities:		
Reserves for losses and loss expenses	$ 18,739,652	$ 17,011,223
Unearned premiums	5,922,326	5,297,654
Due to reinsurers	631,164	523,131
Trading account securities sold but not yet purchased	9,357	—
Current federal and foreign income taxes	47,525	34,350
Deferred federal and foreign income taxes	42,660	11,646
Senior notes and other debt	1,827,951	1,828,823
Subordinated debentures	1,009,090	1,008,371
Other liabilities	1,503,053	1,377,740
Total liabilities	29,732,778	27,092,938
Equity:		
Preferred stock, par value $.10 per share:		
Authorized 5,000,000 shares; issued and outstanding — none	—	—
Common stock, par value $.20 per share:		
Authorized 1,250,000,000 shares; issued and outstanding, net of treasury shares, 256,544,757 and 264,546,100 shares, respectively	105,803	105,803
Additional paid-in capital	1,017,691	997,534
Retained earnings	11,040,908	10,161,005
Accumulated other comprehensive loss	(925,838)	(1,264,581)
Treasury stock, at cost, 272,469,871 and 264,468,528 shares, respectively	(3,783,133)	(3,251,429)
Total common stockholders' equity	7,455,431	6,748,332
Noncontrolling interests	13,806	19,829
Total equity	7,469,237	6,768,161
Total liabilities and equity	$ 37,202,015	$ 33,861,099

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except per share data)	Year Ended December 31, 2023	2022	2021
COMMON STOCK:			
Beginning and end of period	$ 105,803	$ 105,803	$ 105,803
ADDITIONAL PAID IN CAPITAL:			
Beginning of period	$ 997,534	$ 981,104	$ 977,215
Restricted stock units issued	(29,043)	(32,622)	(44,041)
Restricted stock units expensed	49,200	49,052	47,930
End of period	$ 1,017,691	$ 997,534	$ 981,104
RETAINED EARNINGS:			
Beginning of period	$ 10,161,005	$ 9,015,135	$ 8,348,381
Net income to common stockholders	1,381,359	1,381,062	1,022,490
Dividends ($1.93, $0.89, and $1.34 per share, respectively)	(501,456)	(235,192)	(355,736)
End of period	$ 11,040,908	$ 10,161,005	$ 9,015,135
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Unrealized investment (losses) gains:			
Beginning of period	$ (892,905)	$ 90,900	$ 289,714
Change in unrealized gains (losses) on securities without an allowance for expected credit losses	305,908	(955,435)	(208,938)
Change in unrealized gains (losses) on securities with an allowance for expected credit losses	643	(28,370)	10,124
End of period	(586,354)	(892,905)	90,900
Currency translation adjustments:			
Beginning of period	(371,676)	(372,855)	(351,886)
Net change in period	32,192	1,179	(20,969)
End of period	(339,484)	(371,676)	(372,855)
Total accumulated other comprehensive loss	$ (925,838)	$ (1,264,581)	$ (281,955)
TREASURY STOCK:			
Beginning of period	$ (3,251,429)	$ (3,167,076)	$ (3,058,425)
Stock exercised/vested	10,381	9,787	13,775
Stock repurchased	(537,163)	(94,140)	(122,426)
Other	(4,922)	—	—
End of period	$ (3,783,133)	$ (3,251,429)	$ (3,167,076)
NONCONTROLLING INTERESTS:			
Beginning of period	$ 19,829	$ 14,719	$ 14,995
(Distributions) contributions	(8,508)	1,220	(8,799)
Net income	2,487	3,892	8,525
Other comprehensive loss, net of tax	(2)	(2)	(2)
End of period	$ 13,806	$ 19,829	$ 14,719

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2023	2022	2021
CASH FROM OPERATING ACTIVITIES:			
Net income to common stockholders	$ 1,381,359	$ 1,381,062	$ 1,022,490
Adjustments to reconcile net income to net cash from operating activities:			
Net investment gains	(47,042)	(202,397)	(90,632)
Depreciation and (accretion) amortization	(20,861)	55,872	129,682
Noncontrolling interests	2,487	3,892	8,525
Investment funds	(16,743)	(145,099)	(220,015)
Stock incentive plans	51,000	49,411	46,680
Change in:			
Arbitrage trading account	(54,213)	(53,291)	(268,649)
Premiums and fees receivable	(334,178)	(268,171)	(364,395)
Reinsurance accounts	(306,017)	(266,307)	(433,644)
Deferred policy acquisition costs	(99,387)	(88,844)	(121,663)
Current income taxes	52,451	(3,534)	(43,890)
Deferred income taxes	(26,691)	(64,712)	7,630
Reserves for losses and loss expenses	1,715,076	1,684,254	1,635,774
Unearned premiums	617,535	466,590	786,627
Other	14,462	19,878	89,467
Net cash from operating activities	2,929,238	2,568,604	2,183,987
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Proceeds from sale of fixed maturity securities	1,011,195	797,948	1,842,139
Proceeds from sale of equity securities	318,852	82,319	126,980
(Contributions to) distributions from investment funds	(19,904)	24,623	101,050
Proceeds from maturities and prepayments of fixed maturity securities	3,506,903	4,891,179	6,067,230
Purchase of fixed maturity securities	(6,664,763)	(8,036,680)	(10,716,748)
Purchase of equity securities	(80,454)	(340,482)	(464,645)
Real estate (purchased) sold	(2,074)	(45,920)	166,886
Change in loans receivable	(29,719)	(83,212)	(27,421)
Net additions to property, furniture and equipment	(53,080)	(52,684)	(66,634)
Change in balances due from security brokers	(33,929)	14,337	(17,983)
Cash received in connection with business disposition	96,567	906,789	—
Payment for business purchased, net of cash acquired	(11,558)	(49,572)	—
Net cash used in investing activities	(1,961,964)	(1,891,355)	(2,989,146)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES:			
Net (payments) proceeds from issuance of debt	(974)	(3,309)	1,034,107
Repayment of senior notes and other debt	—	(426,503)	(504,952)
Cash dividends to common stockholders	(501,456)	(235,192)	(355,736)
Purchase of common treasury shares	(537,163)	(94,140)	(122,426)
Other, net	(22,902)	(12,848)	(45,162)
Net cash (used in) from financing activities	(1,062,495)	(771,992)	5,831
Net impact on cash due to change in foreign exchange rates	9,070	(24,754)	(4,195)
Net decrease in cash and cash equivalents	(86,151)	(119,497)	(803,523)
Cash and cash equivalents at beginning of year	1,449,346	1,568,843	2,372,366
Cash and cash equivalents at end of year	$ 1,363,195	$ 1,449,346	$ 1,568,843

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(A) Principles of consolidation and basis of presentation

The consolidated financial statements, which include the accounts of W. R. Berkley Corporation and its subsidiaries (the "Company"), have been prepared on the basis of U.S. generally accepted accounting principles ("GAAP"). All significant intercompany transactions and balances have been eliminated. Reclassifications have been made in the 2022 and 2021 financial statements as originally reported to conform to the presentation of the 2023 financial statements. For the year ended December 31, 2021, the Company did not correct the proceeds from sale of fixed maturity securities and purchase of fixed maturity securities lines within the consolidated statements of cash flows for an incremental inter-company elimination as the effects were not material and had no impact on the total amount of investing activities.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the revenues and expenses reflected during the reporting period. The most significant items on our balance sheet that involve a greater degree of accounting estimates that are subject to change in the future are the valuation of investments, allowance for expected credit losses on investments, reserves for losses and loss expenses and premium estimates. Actual results could differ from those estimates.

(B) Revenue recognition

Insurance premiums are recognized as written at the inception of the policy. Reinsurance premiums are estimated based upon information received from ceding companies, and subsequent differences from such estimates are recorded in the period they are determined. Insurance and reinsurance premiums are primarily earned on a pro rata basis over the policy term. Fees for services are earned over the period that the services are provided. Premiums and fees receivable are reported net of an allowance for expected credit losses, with the allowance being estimated based on current and future expected conditions, historical loss data and specific identification of collectability concerns where applicable. Changes in the allowance are reported within other operating costs and expenses.

Audit premiums are recognized when they are reliably determinable. The change in accruals for earned but unbilled audit premiums increased net premiums written and premiums earned by $19 million, $25 million and $10 million in 2023, 2022 and 2021, respectively.

Revenues from non-insurance businesses are derived from businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aircraft services provided to the general, commercial and military aviation markets. These aircraft services include (i) the distribution, manufacturing, repair and overhaul of aircraft parts and components, (ii) the sale of new and used aircraft, and (iii) avionics, fuel, maintenance, storage and charter services. Revenue is recognized upon the shipment of products and parts, the delivery of aircraft, the delivery of fuel, and over the completion period of services.

Insurance service fee revenue represents servicing fees for program administration and claims management services provided by the Company, including workers' compensation assigned risk plans, as well as insurance brokerage and risk management services. Fees for program administration, claims management and risk management services are primarily recognized ratably over the related contract period for which the underlying services are rendered.

(C) Cash and cash equivalents

Cash equivalents consist of funds invested in money market accounts and investments with an effective maturity of three months or less when purchased.

(D) Investments

Fixed maturity securities classified as available for sale are carried at estimated fair value, with unrealized gains and losses, net of applicable income taxes, excluded from earnings and reported as a component of comprehensive income and a separate component of stockholders' equity. Fixed maturity securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost. Investment income from fixed maturity securities is recognized based on the constant effective yield method. Premiums and discounts on mortgage-backed securities are adjusted for the effects of actual and anticipated prepayments on a retrospective basis.

Equity securities with readily determinable fair values are measured at fair value, with changes in the fair value recognized in net income within net realized and unrealized gains on investments.

Fixed maturity securities that the Company purchased with the intent to sell in the near-term are classified as trading account securities and are reported at estimated fair value. Realized and unrealized gains and losses from trading activity are reported as net investment income and are recorded at the trade date. Short sales and short call options are presented as trading securities sold but not yet purchased. Unsettled trades and the net margin balances held by the clearing broker are presented as a trading account receivable from brokers and clearing organizations.

Investment funds are carried under the equity method of accounting. The Company's share of the earnings or losses of investment funds is primarily reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

Loans receivable primarily represent commercial and real estate loans and are carried at amortized cost. The accrual of interest on loans receivable is discontinued if the loan is 90 days past due based on the contractual terms of the loan unless the loan is adequately secured and in process of collection. In general, loans are placed on non-accrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. Interest on these loans is accounted for on a cash basis until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value of investments is determined based on a fair value hierarchy that prioritizes the use of observable inputs over the use of unobservable inputs and requires the use of observable inputs when available. (See Note 12 of the Notes to Consolidated Financial Statements.)

Realized gains or losses represent the difference between the cost of securities sold and the proceeds realized upon sale and are recorded at the trade date. The Company uses primarily the first-in, first-out method to determine the cost of securities sold.

For available for sale securities in an unrealized loss position where the Company intends to sell, or it is more likely than not that it will be required to sell the security before recovery in value, the amortized cost basis is written down to fair value through net investment gains. For available for sale securities in an unrealized loss position where the Company does not intend to sell, or it is more likely than not that it will not be required to sell the security before recovery in value, the Company evaluates whether the decline in fair value has resulted from credit losses or all other factors (non-credit factors). In making this assessment, the Company considers the extent to which fair value is less than amortized cost, changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for expected credit losses is recorded for the credit loss through net investment gains, limited by the amount that the fair value is less than the amortized cost basis. The allowance is adjusted for any change in expected credit losses and subsequent recoveries through net investment gains. The impairment related to non-credit factors is recognized in comprehensive income (loss).

For financial assets carried at amortized cost, which includes held to maturity securities and loans receivable, the Company estimates an allowance for expected credit losses based on relevant information about past events, including historical loss experience, current conditions and forecasts that affect the expected collectability of the amortized cost of the financial asset. The allowance for expected credit losses is presented as a reduction to amortized cost of the financial asset in the consolidated balance sheet and changes to the estimate for expected credit losses are recognized through net investment gains.

The Company’s credit assessment of allowance for expected credit losses uses a third party model for available for sale and held to maturity securities, as well as loans receivable. The allowance for expected credit losses is generally based on the performance of the underlying collateral under various economic and default scenarios that involve subjective judgments and estimates by management. Modeling these securities involves various factors, such as projected default rates, the nature and realizable value of the collateral, if any, the ability of the issuer to make scheduled payments, historical performance and other relevant economic and performance factors. A discounted cash flow analysis is used to ascertain the amount of the allowance for expected credit losses, if any. In general, the model reverts to the rating-level long-term average marginal default rates based on 10 years of historical data, beyond the forecast period. For other inputs, the model in most cases reverts to the baseline long-term assumptions linearly over 5 years beyond the forecast period. The long-term assumptions are based on the historical averages.

The Company reports accrued investment income separately from fixed maturity securities, and has elected not to measure an allowance for expected credit losses for accrued investment income. Accrued investment income is written off through net investment income at the time the issuer of the bond defaults or is expected to default on payments.

Real estate held for investment purposes is initially recorded at the purchase price, which is generally fair value, and is subsequently reported at cost less accumulated depreciation. Real estate taxes, interest and other costs incurred during development and construction are capitalized. Buildings are depreciated on a straight-line basis over the estimated useful lives of the building. Minimum rental income is recognized on a straight-line basis over the lease term. Income and expenses from real estate are reported as net investment income. The carrying value of real estate is reviewed for impairment and an impairment loss is recognized if the estimated undiscounted cash flows from the use and disposition of the property are less than the carrying value of the property.

(E) Per share data

The Company presents both basic and diluted net income per share (“EPS”) amounts. Basic EPS is calculated by dividing net income by weighted average number of common shares outstanding during the year (including 11,663,450 common shares held in a grantor trust). The common shares held in the grantor trust are for delivery upon settlement of vested but mandatorily deferred restricted stock units ("RSUs"). Shares held by the grantor trust do not affect diluted shares outstanding since the shares deliverable under vested RSUs were already included in diluted shares outstanding. Diluted EPS is based upon the weighted average number of basic and common equivalent shares outstanding during the year and is calculated using the treasury stock method for stock incentive plans. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect.

(F) Deferred policy acquisition costs

Acquisition costs associated with the successful acquisition of new and renewed insurance and reinsurance contracts are deferred and amortized ratably over the terms of the related contracts. Ceding commissions received on reinsurance contracts are netted against acquisition costs and are recognized ratably over the life of the contract. Deferred policy acquisition costs are presented net of unearned ceding commissions. Deferred policy acquisition costs are comprised primarily of commissions, as well as employment-related underwriting costs and premium taxes. Deferred policy acquisition costs are reviewed to determine if they are recoverable from future income and, if not, are charged to expense. The recoverability of deferred policy acquisition costs is evaluated separately by each of our operating units. Future investment income is taken into account in measuring the recoverability of deferred policy acquisition costs.

(G) Reserves for losses and loss expenses

Reserves for losses and loss expenses are an accumulation of amounts determined on the basis of (1) evaluation of claims for business written directly by the Company; (2) estimates received from other companies for reinsurance assumed by the Company; and (3) estimates for losses incurred but not reported (based on Company and industry experience). These estimates are periodically reviewed and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments are reflected in the statements of income in the period in which they are determined. The Company discounts its reserves for excess and assumed workers' compensation claims using a risk-free or statutory rate. (See Note 13 of Notes to Consolidated Financial Statements.)

(H) Reinsurance ceded

The unearned portion of premiums ceded to reinsurers is reported as prepaid reinsurance premiums and earned ratably over the policy term. The estimated amounts of reinsurance recoverable on unpaid losses are reported as due from reinsurers. To the extent any reinsurer does not meet its obligations under reinsurance agreements, the Company must discharge its liability. Amounts due from reinsurers are reflected net of funds held where the right of offset is present. The Company has provided an allowance for expected credit losses for estimated uncollectible reinsurance. The allowance is estimated based on the composition of the recoverable balance, considering reinsurer credit ratings, collateral received from financial institutions and funds withheld arrangements, length of collection periods, probability of default methodology, and specific identification of collectability concerns. Changes in the allowance are reported within losses and loss expenses.

(I) Deposit accounting

Contracts that do not meet the risk transfer requirements of GAAP are accounted for using the deposit accounting method. Under this method, an asset or liability is recognized at the inception of the contract based on consideration paid or received. The amount of the deposit asset or liability is adjusted at subsequent reporting dates using the interest method with a

corresponding credit or charge to interest income or expense. Deposit liabilities for assumed reinsurance contracts were $31 million and $33 million at December 31, 2023 and 2022, respectively.

(J) Federal and foreign income taxes

The Company files a consolidated income tax return in the U.S. and foreign tax returns in countries where it has overseas operations. The Company's method of accounting for income taxes is the asset and liability method. Under this method, deferred tax assets and liabilities are measured using tax rates currently in effect or expected to apply in the years in which those temporary differences are expected to reverse. Interest and penalties, if any, are reported as income tax expense. The Company believes there are no uncertain tax positions that would require disclosure under GAAP. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

(K) Foreign currency

Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are reported on the statements of income as other operating costs and expenses. Unrealized gains or losses resulting from translating the results of non-U.S. dollar denominated operations are reported in accumulated other comprehensive income. Revenues and expenses denominated in currencies other than U.S. dollars are generally translated at the weighted average exchange rate during the year. Assets and liabilities are translated at the rate of exchange in effect at the balance sheet date.

(L) Property, furniture and equipment

Property, furniture and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the estimated useful lives of the respective assets. Depreciation expense was $51 million, $52 million and $52 million for 2023, 2022 and 2021, respectively.

(M) Comprehensive income

Comprehensive income encompasses all changes in stockholders' equity (except those arising from transactions with stockholders) and includes net income, net unrealized holding gains or losses on available for sale securities and unrealized foreign currency translation adjustments.

(N) Goodwill and other intangible assets

Goodwill and other intangible assets are tested for impairment on an annual basis and at interim periods where circumstances require. The Company's impairment test as of December 31, 2023 indicated that there were no material impairment losses related to goodwill and other intangible assets. Intangible assets of $119 million and $102 million are included in other assets as of December 31, 2023 and 2022, respectively.

(O) Restricted stock units

The costs resulting from all share-based payment transactions with employees are recognized in the consolidated financial statements using a fair-value-based measurement method. Compensation cost is recognized for financial reporting purposes over the period in which the employee is required to provide service in exchange for the award (generally the vesting period).

(P) Statements of cash flows

Interest payments were $114 million, $138 million and $141 million in 2023, 2022 and 2021, respectively. Income taxes paid were $332 million, $295 million and $244 million in 2023, 2022 and 2021, respectively. Other non-cash items include unrealized investment gains and losses. (See Note 10 of Notes to Consolidated Financial Statements.)

(Q) Recent accounting pronouncements

Recently adopted accounting pronouncements:

All accounting and reporting standards that became effective in 2023 were either not applicable to the Company or their adoption did not have a material impact on the Company.

Accounting and reporting standards that are not yet effective:

All recently issued but not yet effective accounting and reporting standards are either not applicable to the Company or are not expected to have a material impact on the Company.

(2) Consolidated Statements of Comprehensive Income (Loss)

The following tables present the components of the changes in accumulated other comprehensive income (loss) (AOCI) as of and for the years ended December 31, 2023 and 2022:

(In thousands)				
December 31, 2023	**Unrealized Investment Gains (Losses)**		**Currency Translation Adjustments**	**Accumulated Other Comprehensive Income (Loss)**
Changes in AOCI				
Beginning of period	$ (892,905)		$ (371,676)	$ (1,264,581)
Other comprehensive income before reclassifications	252,782		32,192	284,974
Amounts reclassified from AOCI	53,771		—	53,771
Other comprehensive income	306,553		32,192	338,745
Unrealized investment loss related to noncontrolling interest	(2)		—	(2)
Ending balance	$ (586,354)		$ (339,484)	$ (925,838)
Amounts reclassified from AOCI				
Pre-tax	$ 68,065	(1)	$ —	$ 68,065
Tax effect	(14,294)	(2)	—	(14,294)
After-tax amounts reclassified	$ 53,771		$ —	$ 53,771
Other comprehensive income				
Pre-tax	$ 392,903		$ 32,192	$ 425,095
Tax effect	(86,350)		—	(86,350)
Other comprehensive income	$ 306,553		$ 32,192	$ 338,745

(In thousands)				
December 31, 2022	**Unrealized Investment (Losses) Gains**		**Currency Translation Adjustments**	**Accumulated Other Comprehensive Income (Loss)**
Changes in AOCI				
Beginning of period	$ 90,900		$ (372,855)	$ (281,955)
Other comprehensive (loss) income before reclassifications	(1,054,838)		1,179	(1,053,659)
Amounts reclassified from AOCI	71,035		—	71,035
Other comprehensive (loss) income	(983,803)		1,179	(982,624)
Unrealized investment loss related to non-controlling interest	(2)		—	(2)
Ending balance	$ (892,905)		$ (371,676)	$ (1,264,581)
Amounts reclassified from AOCI				
Pre-tax	$ 89,918	(1)	$ —	$ 89,918
Tax effect	(18,883)	(2)	—	(18,883)
After-tax amounts reclassified	$ 71,035		$ —	$ 71,035
Other comprehensive (loss) income				
Pre-tax	$ (1,248,128)		$ 1,179	$ (1,246,949)
Tax effect	264,325		—	264,325
Other comprehensive (loss) income	$ (983,803)		$ 1,179	$ (982,624)

(1) Net investment gains in the consolidated statements of income.
(2) Income tax expense in the consolidated statements of income.

(3) Investments in Fixed Maturity Securities

At December 31, 2023 and 2022, investments in fixed maturity securities were as follows:

(In thousands)	Amortized Cost	Allowance for Expected Credit Losses (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2023						
Held to maturity:						
State and municipal	$ 50,547	$ (43)	$ 3,132	$ —	$ 53,636	$ 50,504
Residential mortgage-backed	2,868	—	107	—	2,975	2,868
Total held to maturity	53,415	(43)	3,239	—	56,611	53,372
Available for sale:						
U.S. government and government agency	1,762,997	—	11,403	(57,669)	1,716,731	1,716,731
State and municipal:						
Special revenue	1,682,550	—	5,651	(82,006)	1,606,195	1,606,195
State general obligation	394,429	—	3,550	(16,405)	381,574	381,574
Pre-refunded	103,029	—	1,634	(185)	104,478	104,478
Corporate backed	166,873	(757)	696	(11,973)	154,839	154,839
Local general obligation	396,041	—	3,188	(11,893)	387,336	387,336
Total state and municipal	2,742,922	(757)	14,719	(122,462)	2,634,422	2,634,422
Mortgage-backed securities:						
Residential	1,773,206	—	12,780	(163,844)	1,622,142	1,622,142
Commercial	657,157	(158)	626	(13,312)	644,313	644,313
Total mortgage-backed securities	2,430,363	(158)	13,406	(177,156)	2,266,455	2,266,455
Asset-backed securities	4,252,883	(1,164)	8,527	(73,206)	4,187,040	4,187,040
Corporate:						
Industrial	3,679,219	(40)	24,312	(143,936)	3,559,555	3,559,555
Financial	2,838,220	(4,986)	14,681	(68,681)	2,779,234	2,779,234
Utilities	701,865	—	6,471	(23,412)	684,924	684,924
Other	635,975	—	1,605	(7,234)	630,346	630,346
Total corporate	7,855,279	(5,026)	47,069	(243,263)	7,654,059	7,654,059
Foreign government	1,817,386	(29,603)	15,865	(137,419)	1,666,229	1,666,229
Total available for sale	20,861,830	(36,708)	110,989	(811,175)	20,124,936	20,124,936
Total investments in fixed maturity securities	$ 20,915,245	$ (36,751)	$ 114,228	$ (811,175)	$ 20,181,547	$ 20,178,308

(In thousands)	Amortized Cost	Allowance for Expected Credit Losses (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2022						
Held to maturity:						
State and municipal	$ 47,802	$ (114)	$ 4,239	$ —	$ 51,927	$ 47,688
Residential mortgage-backed	3,608	—	38	—	3,646	3,608
Total held to maturity	51,410	(114)	4,277	—	55,573	51,296
Available for sale:						
U.S. government and government agency	960,479	—	937	(69,158)	892,258	892,258
State and municipal:						
Special revenue	1,837,309	—	3,662	(119,474)	1,721,497	1,721,497
State general obligation	387,709	—	2,651	(21,335)	369,025	369,025
Pre-refunded	156,106	—	2,741	(7)	158,840	158,840
Corporate backed	210,228	—	334	(10,923)	199,639	199,639
Local general obligation	454,983	—	2,967	(16,853)	441,097	441,097
Total state and municipal	3,046,335	—	12,355	(168,592)	2,890,098	2,890,098
Mortgage-backed securities:						
Residential	1,308,019	(18)	395	(171,595)	1,136,801	1,136,801
Commercial	547,757	—	215	(19,363)	528,609	528,609
Total mortgage-backed securities	1,855,776	(18)	610	(190,958)	1,665,410	1,665,410
Asset-backed securities	4,132,365	—	2,730	(152,322)	3,982,773	3,982,773
Corporate:						
Industrial	3,491,645	(1,704)	4,439	(241,381)	3,252,999	3,252,999
Financial	2,585,247	(2,997)	5,505	(117,383)	2,470,372	2,470,372
Utilities	586,066	—	1,307	(36,325)	551,048	551,048
Other	441,230	—	—	(11,657)	429,573	429,573
Total corporate	7,104,188	(4,701)	11,251	(406,746)	6,703,992	6,703,992
Foreign government	1,564,930	(32,633)	4,283	(135,058)	1,401,522	1,401,522
Total available for sale	18,664,073	(37,352)	32,166	(1,122,834)	17,536,053	17,536,053
Total investments in fixed maturity securities	$ 18,715,483	$ (37,466)	$ 36,443	$ (1,122,834)	$ 17,591,626	$ 17,587,349

(1) Represents the amount of impairment that has resulted from credit-related factors. The change in the allowance for expected credit losses is recognized in the consolidated statements of income. Amount excludes unrealized losses relating to non-credit factors.

The following table presents the rollforward of the allowance for expected credit losses for held to maturity securities for the years ended December 31, 2023 and 2022:

(In thousands)	State and Municipal 2023	State and Municipal 2022
Allowance for expected credit losses, beginning of period	$ 114	$ 387
Change in allowance for expected credit losses	(71)	(273)
Allowance for expected credit losses, end of period	$ 43	$ 114

The following table presents the rollforward of the allowance for expected credit losses for available for sale securities for the years ended December 31, 2023 and 2022:

	2023						2022			
(In thousands)	Foreign Government	Corporate	Mortgage-Backed	Asset-backed	State and Municipal	Total	Foreign Government	Corporate	Mortgage-Backed	Total
Allowance for expected credit losses, beginning of period	$ 32,633	$ 4,701	$ 18	$ —	$ —	$37,352	$ 22,222	$ 16	$ —	$22,238
Expected credit losses on securities for which credit losses were not previously recorded	—	982	1,766	1,444	821	5,013	1,910	2,648	21	4,579
Expected credit (gains) losses on securities for which credit losses were previously recorded	(3,030)	(650)	(1,624)	(280)	(64)	(5,648)	8,534	2,042	(3)	10,573
Reduction due to disposals	—	(7)	(2)	—	—	(9)	(33)	(5)	—	(38)
Allowance for expected credit losses, end of period	$ 29,603	$ 5,026	$ 158	$ 1,164	$ 757	$36,708	$ 32,633	$ 4,701	$ 18	$37,352

During the year ended December 31, 2023, the Company decreased the allowance for expected credit losses for available for sale securities utilizing its credit loss assessment process and inputs used in its credit loss model due to a reduction in unrealized losses primarily associated with foreign government securities. During the year ended December 31, 2022, the Company increased the allowance for expected credit losses for available for sale securities due to an increase in unrealized losses primarily associated with foreign government securities.

The amortized cost and fair value of fixed maturity securities at December 31, 2023, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations.

(In thousands)	Amortized Cost (1)	Fair Value
Due in one year or less	$ 1,937,329	$ 1,860,397
Due after one year through five years	9,608,345	9,327,652
Due after five years through ten years	4,368,259	4,260,217
Due after ten years	2,568,038	2,463,851
Mortgage-backed securities	2,433,231	2,269,430
Total	$ 20,915,202	$ 20,181,547

(1) Amortized cost is reduced by the allowance for expected credit losses of $43 thousand related to held to maturity securities.

At December 31, 2023 and 2022, there were no investments, other than investments in United States government and government agency securities, which exceeded 10% of common stockholders' equity. At December 31, 2023, investments with a carrying value of $2,162 million were on deposit in custodial or trust accounts, of which $1,180 million was on deposit with insurance regulators, $921 million was on deposit in support of the Company's underwriting activities at Lloyd's, $32 million was on deposit as security for reinsurance clients and $29 million was on deposit as security for letters of credit issued in support of the Company's reinsurance operations.

(4) Investments in Equity Securities

At December 31, 2023 and 2022, investments in equity securities were as follows:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2023					
Common stocks	$ 664,997	$ 191,806	$ (18,749)	$ 838,054	$ 838,054
Preferred stocks	284,335	3,075	(35,117)	252,293	252,293
Total	$ 949,332	$ 194,881	$ (53,866)	$ 1,090,347	$ 1,090,347
December 31, 2022					
Common stocks	$ 855,987	$ 192,165	$ (65,401)	$ 982,751	$ 982,751
Preferred stocks	259,341	1,053	(57,251)	203,143	203,143
Total	$ 1,115,328	$ 193,218	$ (122,652)	$ 1,185,894	$ 1,185,894

(5) Arbitrage Trading Account

At December 31, 2023 and 2022, the fair value and carrying value of the arbitrage trading account were $938 million and $944 million, respectively. The primary focus of the trading account is merger arbitrage. Merger arbitrage is the business of investing in the securities of publicly held companies which are the targets in announced tender offers and mergers. Arbitrage investing differs from other types of investing in its focus on transactions and events believed likely to bring about a change in value over a relatively short time period (usually four months or less).

The Company uses put options and call options in order to mitigate the impact of potential changes in market conditions on the merger arbitrage trading account. These options are reported at fair value. As of December 31, 2023, the fair value of long option contracts outstanding was $185 thousand (notional amount of $75 million) and the fair value of short option contracts outstanding was $9 million (notional amount of $75 million). Other than with respect to the use of these trading account securities, the Company does not make use of derivatives.

(6) Net Investment Income

Net investment income consists of the following:

(In thousands)	2023	2022	2021
Investment income (loss) earned on:			
Fixed maturity securities, including cash and cash equivalents and loans receivable	$ 929,098	$ 549,281	$ 382,001
Arbitrage trading account (1)	69,369	45,213	37,676
Equity securities	55,726	52,600	32,020
Investment funds	16,743	145,099	220,014
Real estate	(11,185)	(3,087)	7,703
Gross investment income	1,059,751	789,106	679,414
Investment expense	(6,916)	(9,921)	(7,796)
Net investment income	$ 1,052,835	$ 779,185	$ 671,618

(1) Net investment income includes earnings from trading account receivables from brokers and clearing organizations.

(7) Investment Funds

The Company evaluates whether it is an investor in a variable interest entity ("VIE"). Such entities do not have sufficient equity at risk to finance their activities without additional subordinated financial support, or the equity investors, as a group, do not have the characteristics of a controlling financial interest (primary beneficiary). The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose, and the Company's relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE and on an ongoing basis. The Company is not the primary beneficiary in any of its investment funds, and accordingly, carries its interests in investments funds under the equity method of accounting.

The Company's maximum exposure to loss with respect to these investments is limited to the carrying amount reported on the Company's consolidated balance sheet and its unfunded commitments of $339 million as of December 31, 2023.

Investment funds consist of the following:

	Carrying Value as of December 31,		Income (Loss) From Investment Funds For the Year Ended		
(In thousands)	2023	2022	2023	2022	2021
Financial services	$ 433,407	$ 465,683	$ (10,911)	$ 34,030	$ 98,893
Transportation	344,278	336,753	40,607	53,180	42,424
Real estate	201,625	204,644	(6,676)	48,723	29,484
Energy	114,794	116,432	5,058	1,425	22,118
Infrastructure	130,589	115,428	13,049	4,603	1,372
Other funds	396,962	369,608	(24,384)	3,138	25,723
Total	$ 1,621,655	$ 1,608,548	$ 16,743	$ 145,099	$ 220,014

The Company's share of the earnings or losses of investment funds is primarily reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

Financial services investment funds include the Company's minority investment in Lifson Re, a Bermuda reinsurance company. Effective January 1, 2021, Lifson Re participated on a fully collateralized basis in a majority of the Company's reinsurance placements for a 22.5% share of placed amounts. The percentage increased from 22.5% to 30.0% effective July 1, 2022. This pertains to all traditional reinsurance/retrocessional placements for both property and casualty business where there is more than one open market reinsurer participating. For the years ended December 31, 2023 and 2022, the Company ceded approximately $437 million and $399 million, respectively, of written premiums to Lifson Re.

Other funds include deferred compensation trust assets of $36 million and $30 million in 2023 and 2022, respectively. These assets support other liabilities reflected in the balance sheet of an equal amount for employees who have elected to defer a portion of their compensation. The change in the net asset value of the trust is recorded in other funds within net investment income with an offsetting equal amount within corporate expenses.

(8) Real Estate

Investment in real estate represents directly owned property held for investment, as follows:

	As of December 31,	
(In thousands)	2023	2022
Properties in operation	$ 1,022,654	$ 1,114,167
Properties under development	227,220	226,455
Total	$ 1,249,874	$ 1,340,622

In 2023, properties in operation included a long-term ground lease in Washington, D.C., an office complex in New York City and the completed portion of a mixed-use project in Washington D.C. Properties in operation are net of accumulated depreciation and amortization of $32,745,000 and $33,206,000 as of December 31, 2023 and 2022, respectively. Related

depreciation expense was $8,935,000 and $12,269,000 for the years ended December 31, 2023 and 2022, respectively. Future minimum rental income expected on operating leases relating to properties in operation is $35,757,855 in 2024, $35,614,848 in 2025, $33,617,000 in 2026, $32,748,310 in 2027, $33,186,534 in 2028 and $503,569,887 thereafter.

The Company recognized impairments on real estate of $72 million in 2023.

During the first quarter of 2022, the Company sold a real estate investment in London (proceeds from the real estate and related entity is presented on the business disposition line within the consolidated statements of cash flows).

A mixed-use project in Washington, D.C. had been under development in 2023 and 2022, with the completed portion as noted above reported in properties in operation as of December 31, 2023.

(9) Loans Receivable

At December 31, 2023 and 2022, loans receivable were as follows:

	As of December 31,	
(In thousands)	**2023**	**2022**
Amortized cost (net of allowance for expected credit losses):		
Real estate loans	$ 200,381	$ 173,616
Commercial loans	890	19,386
Total	$ 201,271	$ 193,002
Fair value:		
Real estate loans	$ 197,354	$ 168,595
Commercial loans	890	19,386
Total	$ 198,244	$ 187,981

The real estate loans are secured by commercial and residential real estate primarily located in London and New York. These loans generally earn interest at fixed or stepped interest rates and have maturities through 2026. The commercial loans are with small business owners who have secured the related financing with the assets of the business. Commercial loans primarily earn interest on a fixed basis and have varying maturities generally not exceeding 10 years.

In 2023, the Company recognized an $18.8 million impairment on commercial loans.

Loans receivable in non-accrual status was none and $0.2 million as of December 31, 2023 and 2022, respectively.

The following table presents the rollforward of the allowance for expected credit losses for loans receivable for the years ended December 31, 2023 and 2022:

	2023			2022		
(In thousands)	**Real Estate Loans**	**Commercial Loans**	**Total**	**Real Estate Loans**	**Commercial Loans**	**Total**
Allowance for expected credit losses, beginning of period	$ 1,100	$ 691	$ 1,791	$ 1,362	$ 356	$ 1,718
Reduction due to write-offs	—	(569)	(569)	—	—	—
Change in allowance for expected credit losses	1,883	(101)	1,782	(262)	335	73
Allowance for expected credit losses, end of period	$ 2,983	$ 21	$ 3,004	$ 1,100	$ 691	$ 1,791

During the year ended December 31, 2023, the Company increased the allowance for expected credit losses due to changes in economic assumptions utilized in its credit loss model.

The Company monitors the performance of its loans receivable and assesses the ability of the borrower to pay principal and interest based upon loan structure, underlying property values, cash flow and related financial and operating performance of the property and market conditions.

In evaluating the real estate loans, the Company considers their credit quality indicators, including loan to value ratios, which compare the outstanding loan amount to the estimated value of the property, the borrower’s financial condition and performance with respect to loan terms, the position in the capital structure, the overall leverage in the capital structure and other market conditions.

(10) Net Investment Gains

Net investment gains were as follows:

(In thousands)	2023	2022	2021
Net investment gains:			
Fixed maturity securities:			
Gains	$ 2,003	$ 4,224	$ 18,981
Losses	(25,429)	(11,654)	(6,975)
Equity securities (1):			
Net realized gains (losses) on investment sales (2)	161,271	(12,879)	16,365
Change in unrealized gains (losses)	70,448	(632)	(38,455)
Investment funds	(25,625)	12,407	44,778
Real estate (3) (4)	(70,934)	293,525	94,911
Loans receivable	(18,841)	(32)	(881)
Other	(45,353)	(67,648)	(21,766)
Net realized and unrealized gains on investments in earnings before allowance for expected credit losses	47,540	217,311	106,958
Change in allowance for expected credit losses on investments:			
Fixed maturity securities	715	(14,841)	(20,045)
Loans receivable	(1,213)	(73)	3,719
Change in allowance for expected credit losses on investments	(498)	(14,914)	(16,326)
Net investment gains	47,042	202,397	90,632
Income tax expense	(10,250)	(42,670)	(17,710)
After-tax net investment gains	$ 36,792	$ 159,727	$ 72,922
Change in unrealized investment gains (losses):			
Fixed maturity securities without allowance for expected credit losses	$ 389,839	$ (1,216,292)	$ (262,221)
Fixed maturity securities with allowance for expected credit losses	643	(28,370)	10,124
Investment funds	3,989	(2,019)	(1,270)
Other	(1,568)	(1,447)	(1,572)
Total change in unrealized investment gains (losses)	392,903	(1,248,128)	(254,939)
Income tax (expense) benefit	(86,350)	264,325	56,127
Noncontrolling interests	(2)	(2)	(2)
After-tax change in unrealized investment gains (losses)	$ 306,551	$ (983,805)	$ (198,814)

(1) The net realized gains or losses on investment sales represent the total gains or losses from the purchase dates of the equity securities. The change in unrealized gains (losses) consists of two components: (i) the reversal of the gain or loss recognized in previous periods on equity securities sold and (ii) the change in unrealized gain or loss resulting from mark-to-market adjustments on equity securities still held.

(2) In June 2023, the Company completed a sale of the property and casualty insurance services division of Breckenridge IS, Inc. and recognized a pre-tax net realized gain on investment of $89 million on the sale (proceeds from the sale is presented on the business disposition line within the Consolidated Statements of Cash Flows).

(3) The Company recognized impairments on real estate of $72 million in 2023.

(4) During March 2022, the Company realized a gain on the sale of a real estate investment in London, U.K. of $251 million, net of transaction expenses and the foreign currency impact, including the reversal of the currency translation adjustment.

(11) Fixed Maturity Securities in an Unrealized Loss Position

The following tables summarize all fixed maturity securities in an unrealized loss position at December 31, 2023 and 2022 by the length of time those securities have been continuously in an unrealized loss position.

	Less Than 12 Months		12 Months or Greater		Total	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2023						
U.S. government and government agency	$ 384,392	$ 6,655	$ 614,623	$ 51,014	$ 999,015	$ 57,669
State and municipal	264,273	3,013	1,680,034	119,449	1,944,307	122,462
Mortgage-backed securities	278,819	2,025	1,360,748	175,131	1,639,567	177,156
Asset-backed securities	413,511	2,070	2,176,035	71,136	2,589,546	73,206
Corporate	874,754	11,975	4,418,309	231,288	5,293,063	243,263
Foreign government	204,908	1,758	794,174	135,661	999,082	137,419
Fixed maturity securities	$ 2,420,657	$ 27,496	$ 11,043,923	$ 783,679	$ 13,464,580	$ 811,175
December 31, 2022						
U.S. government and government agency	$ 285,391	$ 10,219	$ 453,520	$ 58,939	$ 738,911	$ 69,158
State and municipal	1,720,443	89,272	598,797	79,320	2,319,240	168,592
Mortgage-backed securities	1,099,549	75,430	473,318	115,528	1,572,867	190,958
Asset-backed securities	1,569,647	48,390	2,176,638	103,932	3,746,285	152,322
Corporate	3,690,856	150,115	2,349,281	256,631	6,040,137	406,746
Foreign government	477,672	29,815	711,786	105,243	1,189,458	135,058
Fixed maturity securities	$ 8,843,558	$ 403,241	$ 6,763,340	$ 719,593	$ 15,606,898	$ 1,122,834

Substantially all of the securities in an unrealized loss position are rated investment grade, except for the securities in the foreign government classification. A significant amount of the unrealized loss on foreign government securities is the result of changes in currency exchange rates.

Fixed Maturity Securities — A summary of the Company's non-investment grade fixed maturity securities that were in an unrealized loss position at December 31, 2023 is presented in the table below:

($ in thousands)	Number of Securities	Aggregate Fair Value	Gross Unrealized Loss
Foreign government	33	$ 102,689	$ 107,301
State and municipal	5	22,830	6,469
Corporate	16	21,424	1,928
Mortgage-backed securities	15	4,393	185
Asset-backed securities	5	197	148
Total	74	$ 151,533	$ 116,031

For fixed maturity securities that management does not intend to sell or to be required to sell, the portion of the decline in value that is considered to be due to credit factors is recognized in earnings, and the portion of the decline in value that is considered to be due to non-credit factors is recognized in other comprehensive income.

The Company has evaluated its fixed maturity securities in an unrealized loss position and believes the unrealized losses are due primarily to temporary market and sector-related factors rather than to issuer-specific factors. None of these securities are delinquent or in default under financial covenants. Based on its assessment of these issuers, the Company expects them to continue to meet their contractual payment obligations as they become due.

(12) Fair Value Measurements

The Company's fixed maturity and equity securities classified as available for sale and its trading account securities are carried at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Quoted prices for similar assets or valuations based on inputs that are observable.

Level 3 - Estimates of fair value based on internal pricing methodologies using unobservable inputs. Unobservable inputs are only used to measure fair value to the extent that observable inputs are not available.

Substantially all of the Company's fixed maturity securities were priced by independent pricing services. The prices provided by the independent pricing services are estimated based on observable market data in active markets utilizing pricing models and processes, which may include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, sector groupings, matrix pricing and reference data. The pricing services may prioritize inputs differently on any given day for any security based on market conditions, and not all inputs are available for each security evaluation on any given day. The pricing services used by the Company have indicated that they will only produce an estimate of fair value if objectively verifiable information is available. The determination of whether markets are active or inactive is based upon the volume and level of activity for a particular asset class. The Company reviews the prices provided by pricing services for reasonableness and periodically performs independent price tests of a sample of securities to ensure proper valuation.

If prices from independent pricing services are not available for fixed maturity securities, the Company estimates the fair value. For Level 2 securities, the Company utilizes pricing models and processes which may include benchmark yields, sector groupings, matrix pricing, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers and reference data. Where broker quotes are used, the Company generally requests two or more quotes and sets a price within the range of quotes received based on its assessment of the credibility of the quote and its own evaluation of the security. The Company generally does not adjust quotes received from brokers. For securities traded only in private negotiations, the Company determines fair value based primarily on the cost of such securities, which is adjusted to reflect prices of recent placements of securities of the same issuer, financial projections, credit quality and business developments of the issuer and other relevant information.

For Level 3 securities, the Company generally uses a discounted cash flow model to estimate the fair value of fixed maturity securities. The cash flow models are based upon assumptions as to prevailing credit spreads, interest rate and interest rate volatility, time to maturity and subordination levels. Projected cash flows are discounted at rates that are adjusted to reflect illiquidity, where appropriate.

The following tables present the assets and liabilities measured at fair value as of December 31, 2023 and 2022 by level:

(In thousands)	Total	Level 1	Level 2	Level 3
December 31, 2023				
Assets:				
Fixed maturity securities available for sale:				
U.S. government and government agency	$ 1,716,731	$ —	$ 1,716,731	$ —
State and municipal	2,634,422	—	2,634,422	—
Mortgage-backed securities	2,266,455	—	2,266,455	—
Asset-backed securities	4,187,040	—	4,187,040	—
Corporate	7,654,059	—	7,654,059	—
Foreign government	1,666,229	—	1,666,229	—
Total fixed maturity securities available for sale	20,124,936	—	20,124,936	—
Equity securities:				
Common stocks	838,054	835,338	1,158	1,558
Preferred stocks	252,293	—	248,598	3,695
Total equity securities	1,090,347	835,338	249,756	5,253
Arbitrage trading account	938,049	546,110	388,167	3,772
Total	$ 22,153,332	$ 1,381,448	$ 20,762,859	$ 9,025
Liabilities:				
Trading account securities sold but not yet purchased	$ 9,357	$ 9,357	$ —	$ —
December 31, 2022				
Assets:				
Fixed maturity securities available for sale:				
U.S. government and government agency	$ 892,258	$ —	$ 892,258	$ —
State and municipal	2,890,098	—	2,890,098	—
Mortgage-backed securities	1,665,410	—	1,665,410	—
Asset-backed securities	3,982,773	—	3,982,773	—
Corporate	6,703,992	—	6,703,992	—
Foreign government	1,401,522	—	1,401,522	—
Total fixed maturity securities available for sale	17,536,053	—	17,536,053	—
Equity securities:				
Common stocks	982,751	978,991	1,161	2,599
Preferred stocks	203,143	—	191,844	11,299
Total equity securities	1,185,894	978,991	193,005	13,898
Arbitrage trading account	944,230	822,192	118,448	3,590
Total	$ 19,666,177	$ 1,801,183	$ 17,847,506	$ 17,488
Liabilities:				
Trading account securities sold but not yet purchased	$ —	$ —	$ —	$ —

The following tables summarize changes in Level 3 assets and liabilities for the years ended December 31, 2023 and 2022:

		Gains (Losses) Included in:							
(In thousands)	Beginning Balance	Earnings (Losses)	Other Comprehensive Income (Losses)	Impairments	Purchases	Sales	Paydowns/ Maturities	Transfers In / Out	Ending Balance
Year ended December 31, 2023									
Assets:									
Fixed maturity securities available for sale:									
Corporate	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total	—	—	—	—	—	—	—	—	—
Equity securities:									
Common stocks	2,599	(1,041)	—	—	—	—	—	—	1,558
Preferred stocks	11,299	(3)	—	(7,601)	—	—	—	—	3,695
Total	13,898	(1,044)	—	(7,601)	—	—	—	—	5,253
Arbitrage trading account	3,590	117	—	—	—	—	—	65	3,772
Total	$ 17,488	$ (927)	$ —	$ (7,601)	$ —	$ —	$ —	$ 65	$ 9,025
Liabilities:									
Trading account securities sold but not yet purchased	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Year ended December 31, 2022									
Assets:									
Fixed maturity securities available for sale:									
Corporate	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total	—	—	—	—	—	—	—	—	—
Equity securities:									
Common stocks	9,294	(6,695)	—	—	—	—	—	—	2,599
Preferred stocks	11,296	3	—	—	925	(925)	—	—	11,299
Total	20,590	(6,692)	—	—	925	(925)	—	—	13,898
Arbitrage trading account	—	(179)	—	—	4,686	(917)	—	—	3,590
Total	$ 20,590	$ (6,871)	$ —	$ —	$ 5,611	$ (1,842)	$ —	$ —	$ 17,488
Liabilities:									
Trading account securities sold but not yet purchased	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

For the year ended December 31, 2023, an equity security, which no longer had a publicly traded price, was transferred into Level 3. For the year ended December 31, 2022, there were no securities transferred into or out of Level 3.

(13) Reserves for Losses and Loss Expenses

The Company's reserves for losses and loss expenses are comprised of case reserves and incurred but not reported liabilities (IBNR). When a claim is reported, a case reserve is established for the estimated ultimate payment based upon known information about the claim. As more information about the claim becomes available over time, case reserves are adjusted up or down as appropriate. Reserves are also established on an aggregate basis to provide for IBNR liabilities and expected loss reserve development on reported claims.

Loss reserves included in the Company’s financial statements represent management’s best estimates based upon an actuarially derived point estimate and other considerations. The Company uses a variety of actuarial techniques and methods to derive an actuarial point estimate for each business. These methods may include paid loss development, incurred loss development, paid and incurred Bornhuetter-Ferguson methods and frequency and severity methods. In circumstances where one actuarial method is considered more credible than the others, that method is used to set the point estimate. The actuarial point estimate may also be based on a judgmental weighting of estimates produced from each of the methods considered. Industry loss experience is used to supplement the Company’s own data in selecting “tail factors” in areas where the Company’s own data is limited. The actuarial data is analyzed by line of business, coverage and accident or policy year, as appropriate, for each business.

The establishment of the actuarially derived loss reserve point estimate also includes consideration of qualitative factors that may affect the ultimate losses. These qualitative considerations include, among others, the impact of re-underwriting initiatives, changes in claims handling procedures, changes in the mix of business, changes in distribution sources and changes in policy terms and conditions.

The key assumptions used to arrive at the best estimate of loss reserves are the expected loss ratios, rate of loss cost inflation, and reported and paid loss emergence patterns. Expected loss ratios represent management’s expectation of losses at the time the business is priced and written, before any actual claims experience has emerged. This expectation is a significant determinant of the estimate of loss reserves for recently written business where there is little paid or incurred loss data to consider. Expected loss ratios are generally derived from historical loss ratios adjusted for the impact of rate changes, loss cost trends and known changes in the type of risks underwritten. Expected loss ratios are estimated for each key line of business within each business. Expected loss cost inflation is particularly important for the long-tail lines, such as excess casualty, and claims with a high medical component, such as workers’ compensation. Reported and paid loss emergence patterns are used to project current reported or paid loss amounts to their ultimate settlement value. Loss development factors are based on the historical emergence patterns of paid and incurred losses, and are derived from the Company’s own experience and industry data. The paid loss emergence pattern is also significant to excess and assumed workers’ compensation reserves because those reserves are discounted to their estimated present value based upon such estimated payout patterns.

Loss frequency and severity are measures of loss activity that are considered in determining the key assumptions described in our discussion of loss and loss expense reserves, including expected loss ratios, rate of loss cost inflation and reported and paid loss emergence patterns. Loss frequency is a measure of the number of claims per unit of insured exposure, and loss severity is a measure of the average size of claims. Factors affecting loss frequency include the effectiveness of loss controls and safety programs and changes in economic activity or weather patterns. Factors affecting loss severity include changes in policy limits, retentions, rate of inflation and judicial interpretations.

Another factor affecting estimates of loss frequency and severity is the loss reporting lag, which is the period of time between the occurrence of a loss and the date the loss is reported to the Company. The length of the loss reporting lag affects our ability to accurately predict loss frequency (loss frequencies are more predictable for lines with short reporting lags) as well as the amount of reserves needed for incurred but not reported losses (less IBNR is required for lines with short reporting lags). As a result, loss reserves for lines with short reporting lags are likely to have less variation from initial loss estimates. For lines with short reporting lags, which include auto, primary workers’ compensation, other liability (claims-made) and property business, the key assumption is the loss emergence pattern used to project ultimate loss estimates from known losses paid or reported to date. For lines of business with long reporting lags, which include other liability (occurrence), products liability, excess workers’ compensation and liability reinsurance, the key assumption is the expected loss ratio since there is often little paid or incurred loss data to consider. Historically, the Company has experienced less variation from its initial loss estimates for lines of businesses with short reporting lags than for lines of business with long reporting lags.

The key assumptions used in calculating the most recent estimate of the loss reserves are reviewed each quarter and adjusted, to the extent necessary, to reflect the latest reported loss data, current trends and other factors observed.

A claim may be defined as an event, as a claimant (number of parties claiming damages from an event) or by exposure type (e.g., an event may give rise to two parties, each claiming loss for bodily injury and property damage).

The most commonly used claim count method is by event. Most of the Company's businesses use the number of events to define and quantify the number of claims. However, in certain lines of business, where it is common for multiple parties to claim damages arising from a single event, a business may quantify claims on the basis of the number of separate parties involved in an event. This may be the case with businesses writing substantial auto or transportation exposure.

Claim counts for assumed reinsurance will vary based on whether the business is written on a facultative or treaty basis. Further variability as respects treaty claim counts may be reflective of the nature of the treaty, line of business coverage, and type of participation such as quota share or excess of loss contracts. Accordingly, the claim counts have been excluded from the below Reinsurance & Monoline Excess segment tables due to this variability.

The claim count information set forth in the tables presented below may not provide an accurate reflection of ultimate loss payouts by product line.

The following tables present undiscounted incurred and paid claims development as of December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR). The information about incurred and paid claims development for the years ended December 31, 2014 to 2022 is presented as supplementary information. To enhance the comparability of the loss development data, the Company has removed the impact of foreign exchange rate movements by using the December 31, 2023 exchange rate for all periods.

Insurance

Other Liability
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023	
	For the Year Ended December 31,											
	Unaudited											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR	Cumulative Number of Reported Claims
2014	$846,005	$847,308	$845,254	$849,657	$862,568	$868,639	$863,890	$862,440	$863,636	$ 863,342	$ 28,447	28
2015		949,853	985,529	960,136	963,237	965,497	975,534	982,145	1,011,753	1,018,418	42,923	28
2016			1,017,074	1,010,016	1,019,067	1,030,490	1,044,563	1,060,478	1,092,036	1,134,162	80,989	28
2017				1,065,837	1,099,566	1,121,979	1,138,821	1,178,596	1,249,086	1,267,359	95,118	28
2018					1,104,011	1,131,672	1,121,429	1,156,233	1,232,803	1,299,691	141,108	28
2019						1,240,667	1,237,516	1,237,950	1,294,768	1,371,217	205,380	29
2020							1,339,702	1,212,875	1,158,966	1,167,753	317,212	23
2021								1,534,634	1,390,800	1,347,336	537,640	25
2022									1,823,703	1,830,125	1,116,619	25
2023										2,120,365	1,815,051	19
Total										$13,419,768		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 78,811	$190,637	$337,870	$479,657	$593,577	$679,351	$729,573	$759,003	$782,462	$ 810,687
2015		82,664	210,421	381,682	537,415	675,274	756,353	814,964	873,489	928,793
2016			69,404	208,851	389,988	558,176	676,957	766,774	871,252	955,951
2017				79,937	255,591	453,073	638,879	774,674	930,529	1,048,203
2018					86,788	264,261	435,711	615,688	806,757	986,108
2019						88,173	275,315	471,186	704,851	909,617
2020							72,203	224,991	423,186	621,085
2021								76,568	267,564	492,271
2022									93,477	356,621
2023										92,758
Total										$7,202,094
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	154,001
									Reserves for loss and loss adjustment expenses, net of reinsurance	$6,371,675

Workers' Compensation
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023	
	For the Year Ended December 31,											
	Unaudited											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR	Cumulative Number of Reported Claims
2014	$639,436	$637,307	$627,767	$617,242	$615,435	$604,030	$600,194	$602,000	$598,977	$ 589,283	$ 12,555	57
2015		712,800	690,525	650,997	641,169	626,432	620,741	617,478	612,687	603,732	18,013	58
2016			702,716	696,339	684,700	660,520	651,278	657,972	654,385	641,549	19,823	58
2017				762,093	733,505	689,622	673,216	683,880	682,153	675,871	22,933	58
2018					778,964	724,697	715,055	724,056	721,170	715,018	27,179	56
2019						784,281	721,018	732,762	734,034	722,456	39,081	54
2020							725,245	716,430	704,008	668,222	36,045	42
2021								742,687	701,703	667,517	67,127	46
2022									772,620	745,218	153,476	46
2023										784,906	352,511	43
Total										$6,813,772		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$148,405	$319,743	$412,611	$471,235	$503,915	$521,141	$531,475	$538,914	$547,894	$ 553,739
2015		139,320	323,744	421,734	477,541	512,933	531,512	544,849	557,215	564,658
2016			142,998	338,835	446,072	504,850	537,861	558,934	572,669	584,330
2017				153,456	362,299	468,817	525,753	559,198	583,258	603,006
2018					171,006	397,464	508,546	574,889	613,675	642,292
2019						184,715	397,376	515,914	581,003	618,324
2020							172,478	380,454	485,203	548,585
2021								172,729	384,867	490,648
2022									180,982	408,929
2023										195,204
Total										$5,209,715
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	208,451
									Reserves for loss and loss adjustment expenses, net of reinsurance	$1,812,508

Professional Liability
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023	
	For the Year Ended December 31,											
	Unaudited											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR	Cumulative Number of Reported Claims
2014	$252,473	$245,854	$258,874	$242,903	$238,388	$257,205	$256,157	$255,527	$254,514	$ 256,527	$ 10,067	7
2015		259,122	257,634	274,233	275,604	291,157	282,452	282,806	286,950	286,320	13,275	8
2016			310,140	324,043	360,778	401,569	438,761	468,154	463,625	449,678	15,850	9
2017				333,255	332,317	338,526	377,209	384,107	393,054	401,661	45,095	10
2018					335,128	322,297	333,413	359,493	382,239	397,593	81,991	10
2019						336,397	332,426	345,548	354,121	362,983	89,944	11
2020							394,304	375,559	337,796	313,386	100,150	11
2021								525,389	471,456	446,596	215,820	11
2022									649,725	586,327	405,848	11
2023										648,231	509,380	12
Total										$4,149,302		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 19,318	$ 83,246	$137,931	$175,230	$198,176	$214,915	$226,323	$235,581	$238,277	$ 243,397
2015		20,319	85,169	139,396	187,007	215,821	232,506	239,514	246,501	258,988
2016			28,503	102,232	201,167	254,994	297,088	357,094	405,052	412,645
2017				36,450	96,179	162,660	242,929	261,033	306,535	329,303
2018					28,108	99,540	155,102	198,546	244,068	283,639
2019						31,635	97,302	147,767	200,259	235,124
2020							27,996	80,180	128,869	169,000
2021								28,542	85,886	153,063
2022									33,417	90,594
2023										41,064
Total										$2,216,817
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	38,814
									Reserves for loss and loss adjustment expenses, net of reinsurance	$1,971,299

Auto
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023	
	For the Year Ended December 31,											
	Unaudited											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR	Cumulative Number of Reported Claims
2014	$363,882	$385,214	$417,539	$415,490	$412,929	$412,757	$408,304	$407,435	$408,816	$ 408,743	$ 291	47
2015		389,529	416,251	422,344	430,503	431,514	429,950	427,079	428,898	428,339	1,013	53
2016			430,132	429,762	441,051	442,122	438,917	438,616	440,412	442,164	2,410	52
2017				430,445	428,420	430,205	434,186	440,004	444,483	445,263	3,148	47
2018					442,701	462,657	479,085	494,442	521,794	530,374	6,234	45
2019						483,120	488,379	504,901	530,967	548,688	11,878	45
2020							523,739	428,761	442,165	469,184	16,227	30
2021								614,422	596,810	632,918	54,629	38
2022									792,553	825,359	192,025	44
2023										916,722	444,715	40
Total										$5,647,754		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$155,553	$237,622	$327,548	$364,768	$393,428	$401,368	$404,067	$405,061	$405,817	$ 407,212
2015		159,932	264,377	324,175	369,223	396,832	410,275	416,060	419,891	421,749
2016			183,777	278,289	340,319	389,233	408,676	419,203	427,662	433,882
2017				180,494	267,309	326,851	371,755	401,846	419,548	431,165
2018					180,110	281,564	350,212	412,985	463,232	498,094
2019						185,289	290,194	374,545	440,449	495,111
2020							142,816	228,358	308,452	374,990
2021								180,860	319,941	429,419
2022									253,206	428,621
2023										277,634
Total										$4,197,877
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	2,953
									Reserves for loss and loss adjustment expenses, net of reinsurance	$1,452,830

Short-tail lines
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023	
	For the Year Ended December 31,											
	Unaudited											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR	Cumulative Number of Reported Claims
2014	$697,102	$701,133	$658,437	$656,704	$657,637	$657,968	$660,388	$658,600	$656,931	$ 656,326	$ 1,483	30
2015		737,494	725,927	722,556	721,082	713,225	711,665	709,937	710,266	714,974	2,044	32
2016			771,829	775,358	762,449	757,010	751,510	753,926	752,541	752,960	3,288	34
2017				752,865	753,274	747,521	746,878	746,475	747,710	746,406	4,267	42
2018					759,748	748,859	746,183	744,467	742,212	741,264	7,835	48
2019						721,072	701,168	690,928	684,606	684,707	14,592	43
2020							900,816	904,545	922,258	926,379	7,624	38
2021								828,347	832,240	815,228	24,478	36
2022									945,041	928,562	54,776	36
2023										1,075,325	286,870	27
Total										$8,042,131		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$369,514	$590,511	$608,396	$626,751	$641,861	$649,068	$651,560	$652,054	$652,379	$ 652,449
2015		392,762	608,056	663,402	685,314	694,780	700,569	707,271	707,447	716,682
2016			416,513	669,738	711,238	726,462	731,552	738,302	739,143	744,157
2017				445,208	689,587	718,436	730,584	734,415	741,582	746,917
2018					414,833	661,607	708,101	725,027	725,128	730,199
2019						404,870	615,748	645,251	657,699	665,789
2020							460,351	784,553	845,590	900,682
2021								405,461	698,030	754,448
2022									472,020	799,125
2023										565,586
Total										$7,276,034
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	5,171
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 771,268

Reinsurance & Monoline Excess

Casualty
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023
	For the Year Ended December 31,										
	Unaudited										
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR
2014	$319,818	$319,210	$318,559	$330,354	$324,470	$323,855	$335,560	$336,622	$341,244	$ 343,235	$ 13,680
2015		259,244	231,574	230,136	252,249	293,032	303,053	304,503	308,986	313,327	16,235
2016			240,868	252,786	245,317	267,808	301,629	301,242	310,273	309,126	19,483
2017				231,313	220,878	238,916	261,438	281,132	298,284	314,895	28,441
2018					221,393	210,492	230,817	246,861	261,004	292,927	37,287
2019						236,517	230,620	239,206	240,879	272,393	52,998
2020							299,888	293,574	290,037	313,904	103,742
2021								360,399	347,054	344,272	190,749
2022									447,231	437,358	325,597
2023										449,816	396,340
Total										$3,391,253	

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 21,302	$ 68,906	$115,585	$154,811	$197,644	$227,038	$251,736	$271,062	$283,876	$ 296,469
2015		17,876	48,371	91,016	141,073	178,280	204,981	233,281	250,504	266,497
2016			19,884	61,710	100,074	140,104	171,465	205,052	224,739	241,884
2017				16,457	40,013	69,190	123,404	147,049	174,745	207,378
2018					11,056	40,884	77,371	109,290	141,309	182,326
2019						14,544	39,035	63,945	94,735	142,501
2020							20,746	49,637	81,710	137,043
2021								10,910	43,791	89,076
2022									11,574	45,625
2023										10,603
Total										$1,619,402
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	402,281
									Reserves for loss and loss adjustment expenses, net of reinsurance	$2,174,132

Monoline Excess
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2023
	For the Year Ended December 31,										
	Unaudited										
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR
2014	$ 63,465	$ 57,558	$ 49,478	$ 45,758	$ 41,671	$ 42,541	$ 42,618	$ 40,652	$ 35,707	$ 32,185	$ 3,400
2015		69,977	57,897	50,099	45,115	39,682	39,781	36,774	30,104	27,590	4,664
2016			72,657	70,281	71,404	64,957	65,485	65,222	61,432	53,304	6,192
2017				76,701	80,508	70,749	71,025	66,795	62,647	55,713	9,442
2018					77,820	72,505	71,448	66,180	57,847	50,744	12,964
2019						78,929	77,482	76,242	73,978	66,071	12,977
2020							84,354	83,468	80,452	72,376	26,582
2021								98,110	87,980	77,220	31,581
2022									98,923	76,725	35,307
2023										110,446	73,881
Total										$ 622,374	

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 358	$ 1,729	$ 3,354	$ 4,175	$ 5,808	$ 7,595	$ 11,154	$ 11,938	$ 13,491	$ 14,632
2015		2,069	2,481	3,272	4,099	4,416	5,083	5,421	6,457	6,844
2016			2,498	4,783	5,573	5,928	7,685	9,883	11,819	13,569
2017				6,282	12,810	15,356	17,327	18,375	19,275	21,275
2018					6,141	8,230	9,368	10,359	12,414	13,583
2019						6,241	10,884	12,728	15,436	18,836
2020							4,869	8,699	10,471	12,869
2021								4,586	6,026	8,872
2022									5,898	10,564
2023										6,390
Total										$ 127,434
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	576,491
									Reserves for loss and loss adjustment expenses, net of reinsurance	$1,071,431

Property
(In thousands)

Accident Year	Loss and Loss Expenses Incurred, Net of Reinsurance For the Year Ended December 31, Unaudited										As of December 31, 2023
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR
2014	$113,055	$ 96,586	$ 97,261	$ 99,973	$ 99,200	$ 98,846	$ 99,244	$ 97,308	$ 96,648	$ 96,135	$ 344
2015		127,315	117,503	131,722	130,389	129,472	131,133	130,697	131,393	131,947	1,007
2016			167,998	174,440	181,595	180,816	186,086	184,053	185,133	186,176	1,303
2017				206,666	200,487	199,481	198,039	191,941	192,458	193,551	1,452
2018					108,348	112,133	103,192	105,165	103,015	101,498	1,898
2019						103,316	77,255	82,036	81,192	81,157	2,479
2020							114,645	117,885	116,786	121,417	4,291
2021								133,989	146,726	144,429	13,709
2022									167,223	167,351	30,362
2023										137,685	60,458
Total										$1,361,346	

Accident Year	Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31, Unaudited									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 38,734	$ 66,816	$ 82,113	$ 88,240	$ 91,376	$ 93,087	$ 94,552	$ 95,186	$ 95,620	$ 94,996
2015		53,435	89,120	109,053	118,615	122,630	125,494	126,895	128,037	128,947
2016			78,887	133,478	157,341	168,433	175,867	177,961	182,300	184,208
2017				72,114	141,390	171,736	179,799	182,680	185,895	188,497
2018					33,972	65,071	82,327	87,789	94,931	96,262
2019						23,129	54,709	68,693	71,264	73,234
2020							26,606	65,563	86,885	95,643
2021								15,245	71,800	109,179
2022									25,515	91,718
2023										24,737
Total										$1,087,421
									Reserves for loss and loss adjustment expenses before 2014, net of reinsurance	1,472
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 275,397

The reconciliation of the net incurred and paid claims development tables to the reserves for losses and loss expenses in the consolidated balance sheet is as follows:

(In thousands)	December 31, 2023
Undiscounted reserves for loss and loss expenses, net of reinsurance:	
Other liability	$ 6,371,675
Workers' compensation	1,812,508
Professional liability	1,971,299
Auto	1,452,830
Short-tail lines	771,268
Other	151,204
Insurance	12,530,784
Casualty	2,174,132
Monoline excess	1,071,431
Property	275,397
Reinsurance & Monoline Excess	3,520,960
Total undiscounted reserves for loss and loss expenses, net of reinsurance	$ 16,051,744

(In thousands)	December 31, 2023
Due from reinsurers on unpaid claims:	
Other liability	$ 951,773
Workers' compensation	189,182
Professional liability	1,138,129
Auto	81,334
Short-tail lines	379,621
Other	127,581
Insurance	2,867,620
Casualty	116,198
Monoline excess	40,467
Property	53,547
Reinsurance & Monoline Excess	210,212
Total due from reinsurers on unpaid claims	$ 3,077,832

(In thousands)		December 31, 2023
Loss reserve discount:		
	Other liability	$ —
	Workers' compensation	(12,193)
	Professional liability	—
	Auto	—
	Short-tail lines	—
	Other	—
	Insurance	(12,193)
	Casualty	(72,503)
	Monoline excess	(305,228)
	Property	—
	Reinsurance & Monoline Excess	(377,731)
Total loss reserve discount		$ (389,924)
Total gross reserves for loss and loss expenses		$ 18,739,652

The following is supplementary information regarding average historical claims duration as of December 31, 2023:

Insurance

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9	10
Other liability	6.4 %	13.4 %	15.8 %	15.6 %	12.9 %	10.4 %	7.5 %	5.5 %	4.1 %	3.3 %
Workers' compensation	24.4 %	30.6 %	16.0 %	9.2 %	5.3 %	3.4 %	2.3 %	1.7 %	1.4 %	1.0 %
Professional liability	7.3 %	17.1 %	17.2 %	14.5 %	9.0 %	9.4 %	5.8 %	2.6 %	4.0 %	2.0 %
Auto	34.5 %	20.6 %	15.8 %	11.3 %	7.3 %	3.6 %	1.6 %	0.8 %	0.3 %	0.3 %
Short-tail lines	54.4 %	33.4 %	5.5 %	2.8 %	1.0 %	0.9 %	0.5 %	0.3 %	0.4 %	0.3 %

Reinsurance & Monoline Excess

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9	10
Casualty	4.7 %	10.0 %	11.7 %	13.9 %	11.7 %	10.1 %	8.2 %	5.6 %	4.4 %	3.7 %
Monoline excess	7.2 %	5.1 %	3.1 %	2.7 %	3.4 %	3.2 %	4.9 %	3.2 %	3.1 %	3.5 %
Property	28.8 %	33.5 %	17.1 %	5.6 %	3.5 %	1.6 %	1.6 %	0.6 %	0.2 %	— %

The table below provides a reconciliation of the beginning and ending reserve balances:

(In thousands)	2023	2022	2021
Net reserves at beginning of year	$ 14,248,879	$ 12,848,362	$ 11,620,393
Net provision for losses and loss expenses:			
Claims occurring during the current year (1)	6,311,780	5,774,713	4,921,191
Increase in estimates for claims occurring in prior years (2)	29,681	54,511	863
Loss reserve discount accretion	30,681	32,526	31,906
Total	6,372,142	5,861,750	4,953,960
Net payments for claims:			
Current year	1,217,078	1,068,577	887,896
Prior year	3,764,532	3,279,333	2,777,798
Total	4,981,610	4,347,910	3,665,694
Foreign currency translation	22,409	(113,323)	(60,297)
Net reserves at end of year	15,661,820	14,248,879	12,848,362
Ceded reserve at end of year	3,077,832	2,762,344	2,542,526
Gross reserves at end of year	$ 18,739,652	$ 17,011,223	$ 15,390,888
Net change in premiums and losses occurring in prior years:			
Increase in estimates for claims occurring in prior years (2)	$ (29,681)	$ (54,511)	$ (863)
Retrospective premium adjustments for claims occurring in prior years (3)	10,782	18,106	7,510
Net premium and reserve development on prior years	$ (18,899)	$ (36,405)	$ 6,647

(1) Claims occurring during the current year are net of loss reserve discounts of $47 million, $35 million and $21 million in 2023, 2022, and 2021, respectively.
(2) The change in estimates for claims occurring in prior years is net of loss reserve discount. On an undiscounted basis, the estimates for claims occurring in prior years decreased by $13 million in 2023, increased by $16 million in 2022, and decreased by $19 million in 2021.
(3) For certain retrospectively rated insurance polices and reinsurance agreements, changes in loss and loss expenses for prior years are offset by additional or return premiums.

The COVID-19 global pandemic impacted, and may further impact, the Company's loss costs. Accordingly, the ultimate net impact of COVID-19 on the Company's reserves remains uncertain. As of December 31, 2023, the Company had recognized losses for COVID-19-related claims activity, net of reinsurance, of approximately $384 million, of which $326 million relates to the Insurance segment and $58 million relates to the Reinsurance & Monoline Excess segment. Such $384 million of COVID-19-related losses included $381 million of reported losses and $3 million of IBNR. For the year ended December 31, 2023, the Company recognized current accident year losses for COVID-19-related claims activity, net of reinsurance, of approximately $1 million, all of which relates to the Insurance segment.

Unfavorable prior year development (net of additional and return premiums) was $19 million in 2023.

Insurance – Reserves for the Insurance segment developed unfavorably by $24 million in 2023 (net of additional and return premiums). The unfavorable development for the segment was concentrated in the early part of the year, with reserve development being flat overall during the second half of 2023. A key driver of the unfavorable development early in 2023 was property catastrophe losses related to 2022 events which were still being adjusted and settled during the early part of 2023. In particular, losses related to U.S. winter storms which occurred during the month of December 2022 were a significant contributor to the development, as information gathering and evaluation of many of these claims were still ongoing into the new year.

In addition to the property prior year development discussed above, during 2023 the Insurance segment also experienced adverse prior year development on casualty lines of business for the 2016 through 2019 accident years, which was offset by favorable prior year development on casualty lines of business for the 2020 through 2022 accident years. The unfavorable development on the 2016 through 2019 accident years was concentrated in the general liability and commercial auto liability

lines of business. The development, which particularly impacted business attaching excess of primary policy limits, was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

The favorable prior year development on casualty lines for the 2020 through 2022 accident years in the Insurance segment was concentrated in the professional liability, workers' compensation, and general liability lines of business. Due to elevated uncertainty regarding incurred loss frequency and severity as a result of ongoing social inflation and the impacts of the COVID-19 pandemic, the Company set its initial loss ratios for the 2020 through 2022 accident years prudently, and largely maintained these estimates through the end of each respective accident year. The reported loss experience to date for these lines of business for the 2020 through 2022 accident years has been significantly better than was expected, and the Company has begun to react to this favorable emergence as the accident years mature beyond the age of twelve months. It should also be noted that commercial auto liability experienced adverse prior year development for the 2020 through 2022 accident years, which partially offset the favorable development discussed above; the adverse development was driven by a larger than expected number of large losses reported.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $5 million in 2023 (net of additional and return premiums). The overall favorable prior year development for the segment was driven mainly by favorable development in excess workers' compensation, substantially offset by unfavorable development in the non-proportional reinsurance assumed liability and excess general liability (including umbrella) lines of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses relative to our expectations, and to favorable claim settlements. The favorable development was spread across many prior accident years. The unfavorable development for non-proportional reinsurance assumed liability and excess general liability was associated primarily with our U.S. assumed reinsurance business, and related to accounts reinsuring excess and umbrella business and construction projects. The adverse development was concentrated mainly in accident years 2017 through 2020.

Unfavorable prior year development (net of additional and return premiums) was $36 million in 2022.

Insurance – Reserves for the Insurance segment developed unfavorably by $40 million in 2022 (net of additional and return premiums). The unfavorable development in the segment primarily related to COVID-19 losses at two businesses. These businesses wrote policies providing coverage for event cancellation and film production delay which were heavily impacted by losses directly caused by the COVID-19 pandemic. Most of this COVID-19 related unfavorable development emerged during the third quarter as a result of settlements of claims at values higher than our expectations. However, the Company believes that as a result of these settlements the remaining level of uncertainty around the ultimate value of its known COVID-19 claims has been significantly reduced.

The unfavorable development mentioned above also includes favorable prior year development for the Insurance segment primarily attributable to the 2020 and 2021 accident years and unfavorable development on the 2015 through 2019 accident years. The favorable development on the 2020 and 2021 accident years was concentrated in certain casualty lines of business including general liability, professional liability, and workers' compensation. The Company experienced lower reported claim frequency in these lines of business during 2020 and 2021 relative to historical averages, and continued to experience lower reported incurred losses relative to its expectations for these accident years as they developed during 2022. These trends began in 2020 and we believe were caused by the impacts of the COVID-19 pandemic, including for example, lockdowns, reduced driving/traffic and increased work from home. Due to the uncertainty regarding the ultimate impacts of the pandemic on accident years 2020 and 2021 incurred losses, the Company was cautious in reacting to these lower trends in setting and updating its loss ratio estimates for these years. As these accident years have continued to mature, the Company has continued to recognize some of the favorable reported experience in its ultimate loss estimates made during 2022.

The unfavorable development on the 2015 through 2019 accident years was concentrated in the general liability and professional liability, including medical professional, lines of business, as well as auto liability. The development was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $4 million in 2022 (net of additional and return premiums). The overall favorable development for the segment was driven mainly by favorable development in excess workers compensation, substantially offset by unfavorable development in the

professional liability and non-proportional reinsurance assumed liability lines of business. The favorable excess workers' compensation development was spread across most prior accident years, including 2012 and prior years, and was driven by a review of the Company's claim reporting patterns as well as a number of favorable claim settlements relative to expectations. The unfavorable professional liability and non-proportional reinsurance assumed liability development was concentrated mainly in accident years 2016 through 2018 and was associated primarily with our U.S. assumed reinsurance business and related to accounts insuring construction projects and professional liability exposures.

Favorable prior year development (net of additional and return premiums) was $7 million in 2021.

Insurance – Reserves for the Insurance segment developed favorably by $20 million in 2021 (net of additional and return premiums). The overall favorable development in 2021 was attributable to favorable development on the 2020 accident year, partially offset by adverse development on the 2016 through 2019 accident years.

The favorable development on the 2020 accident year was largely concentrated in the auto liability and other liability lines of business, including commercial multi-peril liability. During 2020 the Company achieved larger rate increases in these lines of business than were contemplated in its budget and in its initial loss ratio selections. The Company also experienced significantly lower reported claim frequency in these lines in 2020 relative to historical averages, and lower reported incurred losses relative to its expectations. We believe that the lower claim frequency and lower reported incurred losses were caused by the impacts of the COVID-19 pandemic, for example, lockdowns, reduced driving and traffic, work from home, and court closures. However, due to the uncertainty regarding the ultimate impacts of the pandemic on accident year 2020 incurred losses, the Company elected not to react to these lower reported trends during 2020. As more information became available and the 2020 accident year continued to mature, during 2021 the Company started to recognize favorable accident year 2020 development in response to the continuing favorable reported loss experience relative to its expectations.

The adverse development on the 2016 through 2019 accident years is concentrated largely in the other liability line of business, including commercial multi-peril liability, but is also seen to a lesser extent in Auto liability. The adverse development for these accident years is driven by a higher than expected number of large losses reported, and particularly impacted the directors and officers liability, lawyers professional liability, and excess and surplus lines casualty classes of business. We also believe that increased social inflation is contributing to the increased number of large losses, for example, higher jury awards on cases which go to trial, and the corresponding higher demands from plaintiffs and higher values required to reach settlement on cases which do not go to trial.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed unfavorably by $13 million in 2021. The unfavorable development in the segment was driven by the non-proportional reinsurance assumed liability and other liability lines of business, related primarily to accident years 2017 through 2019, and was partially offset by favorable development in excess workers' compensation business which was spread across many prior accident years. The unfavorable non-proportional reinsurance assumed liability and other liability development was associated with our U.S. and U.K. assumed reinsurance business, and related primarily to accounts insuring construction projects and professional liability exposures.

Environmental and Asbestos — To date, known environmental and asbestos claims have not had a material impact on the Company's operations, because its subsidiaries generally did not insure large industrial companies that are subject to significant environmental or asbestos exposures prior to 1986 when an absolute exclusion was incorporated into standard policy language.

The Company's net reserves for losses and loss expenses relating to asbestos and environmental claims on policies written before adoption of the absolute exclusion was $17 million and $20 million at December 31, 2023 and 2022, respectively. The estimation of these liabilities is subject to significantly greater than normal variation and uncertainty because it is difficult to make an actuarial estimate of these liabilities due to the absence of a generally accepted actuarial methodology for these exposures and the potential effect of significant unresolved legal matters, including coverage issues, as well as the cost of litigating the legal issues. Additionally, the determination of ultimate damages and the final allocation of such damages to financially responsible parties are highly uncertain.

Discounting — The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,352 million and $1,464 million at December 31, 2023 and 2022, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $390 million and $416 million at December 31, 2023 and 2022, respectively. At December 31, 2023, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.5%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2023) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment

securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2023), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates prescribed or permitted by the Department of Insurance of the State of Delaware.

(14) Premiums and Reinsurance Related Information

The Company reinsures a portion of its insurance exposures in order to reduce its net liability on individual risks and catastrophe losses. Reinsurance coverage and retentions vary depending on the line of business, location of the risk and nature of loss. The Company's reinsurance purchases include the following: property reinsurance treaties that reduce exposure to large individual property losses and catastrophe events; casualty reinsurance treaties that reduce its exposure to large individual casualty losses, workers' compensation catastrophe losses and casualty losses involving multiple claimants or insureds; and facultative reinsurance that reduces exposure on individual policies or risks for losses that exceed treaty reinsurance capacity. Depending on the business, the Company purchases specific additional reinsurance to supplement the above programs.

The following is a summary of reinsurance financial information:

(In thousands)	2023	2022	2021
Written premiums:			
Direct	$ 11,676,743	$ 10,695,138	$ 9,531,050
Assumed	1,295,263	1,213,914	1,169,084
Ceded	(2,017,539)	(1,904,982)	(1,837,267)
Total net written premiums	$ 10,954,467	$ 10,004,070	$ 8,862,867
Earned premiums:			
Direct	$ 11,112,980	$ 10,217,891	$ 8,825,568
Assumed	1,246,288	1,226,801	1,085,804
Ceded	(1,958,581)	(1,883,263)	(1,805,341)
Total net earned premiums	$ 10,400,687	$ 9,561,429	$ 8,106,031
Ceded losses and loss expenses incurred	$ 1,376,144	$ 1,269,338	$ 1,236,960
Ceded commission earned	$ 471,841	$ 477,437	$ 449,739

The following table presents the rollforward of the allowance for expected credit losses for premiums and fees receivable for the years ended December 31, 2023 and 2022:

(In thousands)	2023	2022
Allowance for expected credit losses, beginning of period	$ 30,660	$ 25,218
Change in allowance for expected credit losses	4,450	5,442
Allowance for expected credit losses, end of period	$ 35,110	$ 30,660

Estimated amounts due from reinsurers are reported net of an allowance for expected credit losses of $8.4 million, $8.1 million and $7.7 million as of December 31, 2023, 2022 and 2021, respectively. The following table presents the rollforward of the allowance for expected credit losses associated with due from reinsurers for the years ended December 31, 2023 and 2022:

(In thousands)	2023	2022
Allowance for expected credit losses, beginning of period	$ 8,064	$ 7,713
Change in allowance for expected credit losses	340	351
Allowance for expected credit losses, end of period	$ 8,404	$ 8,064

The following table presents the amounts due from reinsurers as of December 31, 2023:

(In thousands)	
Lloyd's of London	$ 402,210
Lifson Re	335,382
Partner Re	314,471
Munich Re	310,985
Berkshire Hathaway	307,878
Hannover Re Group	231,172
Renaissance Re	217,008
Swiss Re	176,377
Everest Re	145,155
Liberty Mutual	117,556
Axis Capital	86,680
Fairfax Financial	64,300
Korean Re	57,530
Arch Capital Group	54,175
Sompo Holdings Group	47,520
Axa Insurance	45,680
TOA RE	37,140
Nationwide Group	32,411
Markel Corp Group	31,827
Helvetia Holdings Group	31,429
Chubb Group	24,459
MS & AD Insurance Group	20,144
Other reinsurers less than $20,000	316,649
Subtotal	3,408,138
Residual market pools (1)	134,793
Allowance for expected credit losses	(8,404)
Total	$ 3,534,527

(1) Many states require licensed insurers that provide workers' compensation insurance to participate in programs that provide workers' compensation to employers that cannot procure coverage from an insurer on a voluntary basis. Insurers can fulfill this residual market obligation by participating in pools where results are shared by the participating companies. The Company acts as a servicing carrier for workers' compensation pools in certain states. As a servicing carrier, the Company writes residual market business directly and then cedes 100% of this business to the respective pool. As a servicing carrier, the Company receives fee income for its services. The Company does not retain underwriting risk, and credit risk is limited as ceded balances are jointly shared by all the pool members.

(15) Indebtedness

Indebtedness consisted of the following as of December 31, 2023 (the difference between the face value and the carrying value is unamortized discount and debt issuance costs):

			Carrying Value	
(In thousands)	**Interest Rate**	**Face Value**	**2023**	**2022**
Senior notes and other debt due on:				
February 15, 2037	6.250%	$ 250,000	$ 248,556	$ 248,446
August 1, 2044	4.750%	350,000	346,205	346,020
May 12, 2050	4.000%	470,000	489,964	490,721
March 30, 2052	3.550%	400,000	394,411	394,213
September 30, 2061	3.150%	350,000	343,129	342,945
Subsidiary debt and other (1)	Various	5,686	5,686	6,478
Total senior notes and other debt		$ 1,825,686	$ 1,827,951	$ 1,828,823
Subordinated debentures due on:				
March 30, 2058	5.700%	$ 185,000	$ 179,489	$ 179,328
December 30, 2059	5.100%	300,000	291,418	291,179
September 30, 2060	4.250%	250,000	244,668	244,523
March 30, 2061	4.125%	300,000	293,515	293,341
Total subordinated debentures		$ 1,035,000	$ 1,009,090	$ 1,008,371

(1) Subsidiary debt of $6 million is due in 2024, partially offset by the unamortized cost of $0.6 million due to entering into the $300 million senior unsecured revolving credit facility.

On April 1, 2022, the Company entered into a senior unsecured revolving credit facility that provides for revolving, unsecured borrowings up to an aggregate of $300 million with a $50 million sublimit for letters of credit. The Company may increase the amount available under the facility to a maximum of $500 million subject to obtaining lender commitments for the increase and other customary conditions. Borrowings under the facility may be used for working capital and other general corporate purposes. All borrowings under the facility must be repaid by April 1, 2027, except that letters of credit outstanding on that date may remain outstanding until April 1, 2028 (or such later date approved by all lenders). Our ability to utilize the facility is conditioned on the satisfaction of representations, warranties and covenants that are customary for facilities of this type. As of December 31, 2023, there were no borrowings outstanding under the facility.

(16) Income Taxes

Income tax expense (benefit) consists of:

(In thousands)	Current Expense	Deferred (Benefit) Expense	Total
December 31, 2023			
Domestic	$ 352,891	$ (43,456)	$ 309,435
Foreign	44,372	16,750	61,122
Total expense (benefit)	$ 397,263	$ (26,706)	$ 370,557
December 31, 2022			
Domestic	$ 295,849	$ (27,544)	$ 268,305
Foreign	42,890	23,532	66,422
Total expense (benefit)	$ 338,739	$ (4,012)	$ 334,727
December 31, 2021			
Domestic	$ 239,090	$ 2,752	$ 241,842
Foreign	—	10,048	10,048
Total expense	$ 239,090	$ 12,800	$ 251,890

Income before income taxes from domestic operations was $1,430 million, $1,240 million and $1,224 million for the years ended December 31, 2023, 2022 and 2021, respectively. Income before income taxes from foreign operations was $324 million, $480 million and $59 million for the years ended December 31, 2023, 2022 and 2021, respectively.

A reconciliation of the income tax expense and the amounts computed by applying the Federal and foreign income tax rate of 21% for 2023, 2022 and 2021 to pre-tax income are as follows:

(In thousands)	2023	2022	2021
Computed “expected” tax expense	$ 368,425	$ 361,133	$ 269,410
Tax-exempt investment income	(8,361)	(10,815)	(11,380)
Change in valuation allowance	(10,883)	(28,064)	2,974
Impact of foreign tax rates	5,461	(453)	(2,368)
State and local taxes	12,271	8,976	4,230
Other, net	3,644	3,950	(10,976)
Total expense	$ 370,557	$ 334,727	$ 251,890

At December 31, 2023 and 2022, the tax effects of differences that give rise to significant portions of the deferred tax asset and deferred tax liability are as follows:

(In thousands)	2023	2022
Deferred tax asset:		
Loss reserve discounting	$ 230,956	$ 192,181
Unearned premiums	200,938	180,326
Unrealized investment losses	126,693	228,456
Net operating losses & foreign tax credits	59,154	58,182
Other-than-temporary impairments	12,691	5,935
Employee compensation plans	68,062	63,313
Other	78,025	72,536
Gross deferred tax asset	776,519	800,929
Less valuation allowance	(36,283)	(47,166)
Deferred tax asset	740,236	753,763
Deferred tax liability:		
Amortization of intangibles	15,205	13,973
Loss reserve discounting - transition rule	9,894	14,843
Deferred policy acquisition costs	176,281	157,055
Property, furniture and equipment	43,501	45,887
Investment funds	161,867	125,525
Other	66,525	67,479
Deferred tax liability	473,273	424,762
Net deferred tax asset	$ 266,963	$ 329,001

The Company had a net current tax payable of $46 million and a net tax receivable of $5 million at December 31, 2023 and 2022, respectively. At December 31, 2023, the Company had foreign net operating loss carryforwards of $220 million that have no expiration date. At December 31, 2023, the Company had a valuation allowance of $36 million as compared to $47 million at December 31, 2022. The Company has provided a valuation allowance against the utilization of foreign tax credits and the future net operating loss carryforward benefits of certain foreign operations. The statute of limitations for the Company’s U.S. Federal income tax returns has closed for all years through December 31, 2019.

The realization of the deferred tax asset is dependent upon the Company’s ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for future current operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of this asset.

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") provided for a reduction of the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018. The U.S. tax law requires insurance reserves to be discounted for tax purposes. The Tax Act modified this computation. The IRS issued revised discount factors to be applied to the 2017 reserves, which increased the beginning of year 2018 deferred tax asset for loss reserve discounting. Under the related transition rule, a deferred tax liability was established which will be included in taxable income over the eight year period that began in 2018.

The Company has not provided U.S. deferred income taxes on the undistributed earnings of approximately $261 million of its non-U.S. subsidiaries since these earnings are intended to be permanently reinvested in the non-U.S. subsidiaries. In the future, if such earnings were distributed the Company projects that the incremental tax, if any, will be immaterial.

(17) Dividends from Subsidiaries and Statutory Financial Information

The Company's insurance subsidiaries are restricted by law as to the amount of dividends they may pay without the approval of regulatory authorities. The Company's lead insurer, Berkley Insurance Company ("BIC"), directly or indirectly owns all of the Company's other insurance companies. During 2024, the maximum amount of dividends that can be paid by BIC without such approval is approximately $1.2 billion.

BIC's combined net income and statutory capital and surplus, as determined in accordance with statutory accounting practices ("SAP"), are as follows:

(In thousands)	2023	2022	2021
Net income	$ 1,176,255	$ 1,358,813	$ 1,040,342
Statutory capital and surplus	$ 8,776,138	$ 8,330,587	$ 6,817,535

The significant variances between SAP and GAAP are that for statutory purposes bonds are carried at amortized cost, unrealized gains and losses on equity securities are recorded in surplus, acquisition costs are charged to income as incurred, deferred Federal income taxes are subject to limitations, excess and assumed workers' compensation reserves are discounted at different discount rates and certain assets designated as "non-admitted assets" are charged against surplus. The Commissioner of Insurance of the State of Delaware has allowed BIC to recognize a non-tabular discount on certain workers' compensation loss reserves, which is a permitted practice that differs from SAP. The effect of using this permitted practice was an increase to BIC's statutory capital and surplus by $159 million at December 31, 2023.

The National Association of Insurance Commissioners ("NAIC") has risk-based capital ("RBC") requirements that require insurance companies to calculate and report information under a risk-based formula which measures statutory capital and surplus needs based on a regulatory definition of risk in a company's mix of products and its balance sheet. This guidance is used to calculate two capital measurements: Total Adjusted Capital and RBC Authorized Control Level. Total Adjusted Capital is equal to the Company's statutory capital and surplus excluding capital and surplus derived from the use of permitted practices that differ from statutory accounting practices. RBC Authorized Control Level is the capital level used by regulatory authorities to determine whether remedial action is required. Generally, no remedial action is required if Total Adjusted Capital is 200% or more of the RBC Authorized Control Level. At December 31, 2023, BIC's Total Adjusted Capital of $8.6 billion was 391% of its RBC Authorized Control Level.

See Note 3, Investments in Fixed Maturity Securities, for a description of assets held on deposit as security.

(18) Common Stockholders' Equity

The weighted average number of shares used in the computation of net income per share was as follows:

(In thousands)	2023	2022	2021
Basic	271,000	276,852	277,430
Diluted	273,298	279,461	279,749

Treasury shares have been excluded from average outstanding shares from the date of acquisition. The weighted average number of basic shares outstanding includes the impact of 11,663,450 common shares held in a grantor trust. The common shares held in the grantor trust are for delivery upon settlement of vested but mandatorily deferred restricted stock units ("RSUs"). Shares held by the grantor trust do not affect diluted shares outstanding since shares deliverable under vested RSUs were already included in diluted shares outstanding. The difference in calculating basic and diluted net income per share is attributable entirely to the dilutive effect of stock-based compensation plans. Changes in shares of common stock outstanding, net of treasury shares, are presented below. Shares of common stock issued and outstanding do not include shares related to unissued restricted stock units (including shares held in the grantor trust).

	2023	2022	2021
Balance, beginning of year	264,546,100	265,170,882	266,737,725
Shares issued	706,333	745,612	1,062,086
Shares repurchased	(8,707,676)	(1,370,394)	(2,628,929)
Balance, end of year	256,544,757	264,546,100	265,170,882

The amount of dividends paid is dependent upon factors such as the receipt of dividends from our subsidiaries, our results of operations, cash flow, financial condition and business needs, the capital and surplus requirements of our subsidiaries, and applicable insurance regulations that limit the amount of dividends that may be paid by our regulated insurance subsidiaries.

(19) Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 2023 and 2022:

	2023		2022	
(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Fixed maturity securities	$ 20,178,308	$ 20,181,547	$ 17,587,349	$ 17,591,626
Equity securities	1,090,347	1,090,347	1,185,894	1,185,894
Arbitrage trading account	938,049	938,049	944,230	944,230
Loans receivable	201,271	198,244	193,002	187,981
Cash and cash equivalents	1,363,195	1,363,195	1,449,346	1,449,346
Trading accounts receivable from brokers and clearing organizations	303,614	303,614	233,863	233,863
Due from broker	36,747	36,747	3,609	3,609
Liabilities:				
Trading account securities sold but not yet purchased	9,357	9,357	—	—
Senior notes and other debt	1,827,951	1,480,076	1,828,823	1,439,188
Subordinated debentures	1,009,090	929,598	1,008,371	805,600

The estimated fair values of the Company's fixed maturity securities, equity securities available for sale and arbitrage trading account securities are based on various valuation techniques that rely on fair value measurements as described in Note 12 above. The fair value of loans receivable is estimated by using current institutional purchaser yield requirements for loans with similar credit characteristics, which is considered a Level 2 input. The fair value of the senior notes and other debt and the subordinated debentures is based on spreads for similar securities, which is considered a Level 2 input.

(20) Commitments, Litigation and Contingent Liabilities

In the ordinary course of business, the Company is subject to disputes, litigation and arbitration arising from its insurance and reinsurance businesses. These matters are generally related to insurance and reinsurance claims and are considered in the establishment of loss and loss expense reserves. In addition, the Company may also become involved in legal actions which seek extra-contractual damages, punitive damages or penalties, including claims alleging bad faith in handling of insurance claims. The Company expects its ultimate liability with respect to such matters will not be material to its financial condition. However, adverse outcomes on such matters are possible, from time to time, and could be material to the Company's results of operations in any particular financial reporting period.

On December 22, 2023, one of the Company's subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses paid to its policyholders under certain event cancellation and related insurance policies. The Company believes its claims against the reinsurers are meritorious and expects a positive resolution to its lawsuit. While an adverse outcome is possible, the Company believes that the outcome, in any case, will not be material to the Company's financial condition.

At December 31, 2023, the Company had commitments to invest up to $339 million and $106 million in certain investment funds and real estate construction projects, respectively.

(21) Leases

Lessees are required to recognize a right-of-use asset and a lease liability for leases with terms of more than 12 months on the balance sheet. All leases disclosed within this note are classified as operating leases. Recognized right-of-use asset and lease liability are reported within other assets and other liabilities, respectively, in the consolidated balance sheet. Lease expense is reported in other operating costs and expenses in the consolidated statement of income and accounted for on a straight-line basis over the lease term.

To determine the discount rate used to calculate present value of future minimum lease payments, the Company uses its incremental borrowing rate during the lease commencement period in line with the respective lease duration. In certain cases, the Company has the option to renew the lease. Lease renewal future payments are included in the present value of the future minimum lease payments when the Company determines it is reasonably certain to renew.

The main leases entered into by the Company are for office space used by the Company's operating units across the world. Additionally, the Company, to a lesser extent, has equipment leases mainly for office equipment. Further information relating to operating lease expense and other operating lease information is as follows:

	For the Year Ended December 31,	
(In thousands)	**2023**	**2022**
Leases:		
Lease cost	$ 44,256	$ 43,383
Cash paid for amounts included in the measurement of lease liabilities reported in operating cash flows	$ 49,910	$ 43,871
Right-of-use assets obtained in exchange for new lease liabilities	$ 53,753	$ 28,075

	As of December 31,	
($ in thousands)	**2023**	**2022**
Right-of-use assets	$ 176,496	$ 169,271
Lease liabilities	$ 218,621	$ 204,088
Weighted-average remaining lease term	7.3 years	7.1 years
Weighted-average discount rate	5.10 %	4.40 %

Contractual maturities of the Company's future minimum lease payments are as follows:

(In thousands)	December 31, 2023
Contractual Maturities:	
2024	$ 50,222
2025	41,249
2026	34,072
2027	24,900
2028	23,206
Thereafter	84,014
Total undiscounted future minimum lease payments	257,663
Less: Discount impact	39,042
Total lease liability	$ 218,621

(22) Stock Incentive Plan

Pursuant to the Company's stock incentive plan, the Company may issue restricted stock units ("RSUs") to employees of the Company and its subsidiaries. The RSUs generally vest three to five years from the award date and are subject to other vesting and forfeiture provisions contained in the award agreement. The following table summarizes RSU information for the three years ended December 31, 2023:

	2023	2022	2021
RSUs granted and unvested at beginning of period:	4,618,426	5,144,519	5,706,504
Granted	1,098,460	1,024,960	1,272,990
Vested	(1,151,304)	(1,258,680)	(1,523,960)
Canceled	(275,404)	(292,373)	(311,016)
RSUs granted and unvested at end of period:	4,290,178	4,618,426	5,144,519

Upon vesting, shares of the Company's common stock equal to the number of vested RSUs are issued or deferred to a later date, depending on the terms of the specific award agreement. As of December 31, 2023, 11,560,624 RSUs had been deferred. RSUs that have not yet vested and vested RSUs that have been deferred are not considered to be issued and outstanding shares.

The fair value of RSUs at the date of grant are recorded as unearned compensation, a component of stockholders' equity, and expensed over the vesting period. Following is a summary of changes in unearned compensation for the three years ended December 31, 2023:

(In thousands)	2023	2022	2021
Unearned compensation at beginning of year	$ 142,060	$ 135,535	$ 132,310
RSUs granted, net of cancellations	62,418	60,628	56,711
RSUs expensed	(49,200)	(47,611)	(46,441)
RSUs forfeitures	(7,198)	(6,492)	(7,045)
Unearned compensation at end of year	$ 148,080	$ 142,060	$ 135,535

(23) Compensation Plans

The Company and its subsidiaries have profit sharing plans in which substantially all employees participate. The plans provide for minimum annual contributions of 5% of eligible compensation; contributions above the minimum are discretionary and vary with each participating businesses's profitability. Employees become eligible to participate in the plan on the first day of the calendar quarter following the first full calendar quarter after the employee's date of hire provided the employee has completed 250 hours of service during the calendar quarter. The plans provide that 40% of the contributions vest immediately and that the remaining 60% vest at varying percentages based upon years of service. Profit sharing expense was $75 million, $62 million and $50 million in 2023, 2022 and 2021, respectively.

The Company has a long-term incentive compensation plan ("LTIP") that provides for compensation to key executives based on the growth in the Company's book value per share over a five year period.

The following table summarizes the outstanding LTIP awards as of December 31, 2023:

	Units Outstanding	Maximum Value	Inception to date earned through December 31, 2023 on outstanding units
2019 grant	194,000	$ 19,400,000	$ 19,400,000
2020 grant	205,500	20,550,000	20,071,041
2021 grant	212,250	21,225,000	17,575,043
2022 grant	233,250	23,325,000	12,238,628
2023 grant	245,500	24,550,000	5,423,639

The following table summarizes the LTIP expense for each of the three years ended December 31, 2023:

(In thousands)	2023	2022	2021
2016 grant	$ —	$ —	$ (117)
2017 grant	—	—	6,012
2018 grant	(125)	4,299	5,503
2019 grant	3,366	6,904	5,309
2020 grant	7,047	6,653	5,065
2021 grant	6,561	6,574	4,906
2022 grant	6,155	6,232	—
2023 grant	5,424	—	—
Total	$ 28,428	$ 30,662	$ 26,678

(24) Supplemental Financial Statement Data

Other operating costs and expenses consist of the following:

(In thousands)	2023	2022	2021
Amortization of deferred policy acquisition costs	$ 1,038,975	$ 1,038,903	$ 961,628
Insurance operating expenses	1,915,711	1,635,000	1,345,099
Insurance service expenses	91,714	96,419	86,003
Net foreign currency losses (gains)	31,799	(50,930)	(25,725)
Debt extinguishment costs	—	—	11,521
Other costs and expenses	285,737	242,113	220,744
Total	$ 3,363,936	$ 2,961,505	$ 2,599,270

(25) Industry Segments

The Company’s reportable segments include the following two business segments, plus a corporate segment:

- Insurance - predominantly commercial insurance business, including excess and surplus lines, admitted lines and specialty personal lines throughout the United States, as well as insurance business in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom.

- Reinsurance & Monoline Excess - reinsurance business on a facultative and treaty basis, primarily in the United States, United Kingdom, Continental Europe, Australia, the Asia-Pacific region and South Africa, as well as operations that solely retain risk on an excess basis.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Income tax expense and benefits are calculated based upon the Company's overall effective tax rate.

Summary financial information about the Company's reporting segments is presented in the following table. Income before income taxes by segment includes allocated investment income. Identifiable assets by segment are those assets used in or allocated to the operation of each segment.

	Revenues					
(In thousands)	Earned Premiums (1)	Investment Income	Other	Total (2)	Pre-Tax Income (Loss)	Net Income (Loss) to Common Stockholders
Year ended December 31, 2023						
Insurance	$ 9,130,324	$ 793,998	$ 36,830	$ 9,961,152	$ 1,640,438	$ 1,291,654
Reinsurance & Monoline Excess	1,270,363	211,628	—	1,481,991	438,765	346,782
Corporate, other and eliminations (3)	—	47,209	605,544	652,753	(371,842)	(293,869)
Net investment gains	—	—	47,042	47,042	47,042	36,792
Consolidated	$ 10,400,687	$ 1,052,835	$ 689,416	$ 12,142,938	$ 1,754,403	$ 1,381,359
Year ended December 31, 2022						
Insurance	$ 8,369,062	$ 550,084	$ 33,347	$ 8,952,493	$ 1,455,658	$ 1,173,425
Reinsurance & Monoline Excess	1,192,367	194,272	—	1,386,639	316,527	251,386
Corporate, other and eliminations (3)	—	34,829	590,141	624,970	(254,901)	(203,476)
Net investment gains	—	—	202,397	202,397	202,397	159,727
Consolidated	$ 9,561,429	$ 779,185	$ 825,885	$ 11,166,499	$ 1,719,681	$ 1,381,062
Year ended December 31, 2021						
Insurance	$ 7,077,708	$ 468,821	$ 32,063	$ 7,578,592	$ 1,219,798	$ 976,184
Reinsurance & Monoline Excess	1,028,323	175,324	—	1,203,647	270,563	215,439
Corporate, other and eliminations (3)	—	27,473	555,122	582,595	(298,088)	(242,055)
Net investment gains	—	—	90,632	90,632	90,632	72,922
Consolidated	$ 8,106,031	$ 671,618	$ 677,817	$ 9,455,466	$ 1,282,905	$ 1,022,490

Identifiable Assets

(In thousands)	December 31,	
	2023	2022
Insurance	$ 30,132,743	$ 27,009,652
Reinsurance & Monoline Excess	5,389,125	5,195,752
Corporate, other and eliminations (3)	1,680,147	1,655,695
Consolidated	$ 37,202,015	$ 33,861,099

(1) Certain amounts included in earned premiums of each segment are related to inter-segment transactions.

(2) Revenues for Insurance includes $1,171 million, $1,029 million, and $873 million in 2023, 2022 and 2021, respectively, from foreign countries. Revenues for Reinsurance & Monoline Excess includes $463 million, $412 million, and $380 million in 2023, 2022 and 2021, respectively, from foreign countries.

(3) Corporate, other and eliminations represent corporate revenues and expenses and other items that are not allocated to business segments.

Net premiums earned by major line of business were as follows:

(In thousands)	2023	2022	2021
Insurance			
Other liability	$ 3,613,900	$ 3,206,846	$ 2,673,098
Short-tail lines	1,897,070	1,630,371	1,389,068
Auto	1,313,210	1,208,241	990,945
Workers' compensation	1,212,294	1,197,811	1,131,283
Professional liability	1,093,850	1,125,793	893,314
Total Insurance	9,130,324	8,369,062	7,077,708
Reinsurance & Monoline Excess			
Casualty	770,920	764,793	643,193
Property	258,317	210,557	183,943
Monoline Excess	241,126	217,017	201,187
Total Reinsurance & Monoline Excess	1,270,363	1,192,367	1,028,323
Total	$ 10,400,687	$ 9,561,429	$ 8,106,031

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this annual report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company has in place effective controls and procedures designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act and the rules thereunder, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

During the quarter ended December 31, 2023, there have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report On Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of Treadway Commission. Based on our evaluation under the framework in Internal Control - Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
W. R. Berkley Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited W. R. Berkley Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes and financial statement schedules II to VI (collectively, the consolidated financial statements), and our report dated February 23, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ KPMG LLP

New York, New York
February 23, 2024

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) Security ownership of certain beneficial owners

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

(b) Security ownership of management

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

(c) Changes in control

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

(d) Equity compensation plan information

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, New York, NY, Auditor Firm ID: 185.

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, and which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Index to Financial Statements

The schedules to the consolidated financial statements listed below should be read in conjunction with the consolidated financial statements included in this Annual Report on Form 10-K. Financial statement schedules not included in this Annual Report on Form 10-K have been omitted because they are not applicable or required information is shown in the financial statements or notes thereto.

Index to Financial Statement Schedules	**Page**
Schedule II — Condensed Financial Information of Registrant	123
Schedule III — Supplementary Insurance Information	127
Schedule IV — Reinsurance	128
Schedule V — Valuation and Qualifying Accounts	129
Schedule VI — Supplementary Information Concerning Property — Casualty Insurance Operations	130

(b) Exhibits

EXHIBITS

Number	
(3.1)	The Company's Restated Certificate of Incorporation, as amended through May 10, 2004 (incorporated by reference to Exhibits 3.1 and 3.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2003).
(3.2)	Amendment, dated May 11, 2004, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 5, 2004).
(3.3)	Amendment, dated May 16, 2006, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 17, 2006).
(3.4)	Amendment, dated June 12, 2020, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on June 16, 2020).
(3.5)	Amendment, dated June 15, 2022, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on June 16, 2022).
(3.6)	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 1, 2023).
(4.1)	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 24, 2023).
(4.2)	Indenture, dated as of February 14, 2003, between the Company and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 31, 2003).
(4.3)	Fifth Supplemental Indenture, dated as of February 9, 2007, between the Company and The Bank of New York, as Trustee, relating to $250,000,000 principal amount of the Company's 6.250% Senior Notes due 2037, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.7 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 1, 2007).
(4.4)	Ninth Supplemental Indenture, dated as of August 6, 2014, between the Company and The Bank of New York Mellon, as Trustee, relating to $350,000,000 principal amount of the Company's 4.750% Senior Notes due 2044, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on August 6, 2014).
(4.5)	Indenture, dated as of May 12, 2020, between the Company and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 12, 2020).
(4.6)	First Supplemental Indenture, dated as of May 12, 2020, between the Company and The Bank of New York Mellon, as Trustee, relating to $470,000,000 principal amount of the Company's 4.000% Senior Notes due 2050, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 12, 2020).
(4.7)	Second Supplemental Indenture, dated as of March 16, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $400,000,000 principal amount of the Company's 3.550% Senior Notes due 2052, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 16, 2021).
(4.8)	Third Supplemental Indenture, dated as of September 15, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $350,000,000 principal amount of the Company's 3.150% Senior Notes due 2061, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on September 15, 2021).

(4.9) Subordinated Indenture, dated as of March 26, 2018, between the Company and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 26, 2018).

(4.10) First Supplemental Indenture, dated as of March 26, 2018, between the Company and The Bank of New York Mellon, as Trustee, relating to $185,000,000 principal amount of the Company's 5.700% Subordinated Debentures due 2058, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 26, 2018).

(4.11) Second Supplemental Indenture, dated as of December 16, 2019, between the Company and the Bank of New York Mellon, as Trustee, relating to $300,000,000 principal amount of the Company's 5.100% Subordinated Debentures due 2059, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on December 16, 2019).

(4.12) Third Supplemental Indenture, dated as of September 21, 2020, between the Company and The Bank of New York Mellon, as Trustee, relating to $250,000,000 principal amount of the Company's 4.250% Subordinated Debentures due 2060, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on September 21, 2020).

(4.13) Fourth Supplemental Indenture, dated as of February 10, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $300,000,000 principal amount of the Company's 4.125% Subordinated Debentures due 2061, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 10, 2021).

(4.14) The instruments defining the rights of holders of the other long term debt securities of the Company are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company agrees to furnish supplementally copies of these instruments to the Commission upon request.

(10.1) Credit Agreement, dated as of April 1, 2022, by and among W. R. Berkley Corporation, as borrower, each lender from time to time party thereto, Credit Suisse AG, New York Branch, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. as Syndication Agents, and Bank of America, N.A., as Administrative Agent, Several L/C Agent and Fronting L/C Issuer (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on April 4, 2022).

(10.2) W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Annex B of the Company's 2018 Proxy Statement (File No. 1-15202) filed with the Commission on April 19, 2018).

(10.3) Form of Restricted Stock Unit Agreement for grant of April 4, 2003 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2003).

(10.4) Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2003 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 3, 2005).

(10.5) Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2003 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2010).

(10.6) Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 8, 2012).

(10.7) Form of 2014 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 7, 2014).

(10.8) Form of 2015 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 9, 2015).

(10.9) Form of 2017 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 8, 2017).

(10.10) Form of 2018 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 7, 2018).

(10.11) Form of 2020 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 5, 2020).

(10.12) Form of 2023 Performance-Based Restricted Stock Unit Agreement Under the W. R. Berkley Corporation 2018 Stock Incentive Plan.

(10.13) W. R. Berkley Corporation Deferred Compensation Plan for Officers as amended and restated effective December 1, 2021 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on November 12, 2021).

(10.14) W. R. Berkley Corporation Deferred Compensation Plan for Directors as amended and restated effective December 1, 2021 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on November 12, 2021).

(10.15) W. R. Berkley Corporation Amended and Restated Annual Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 25, 2019).

(10.16) W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 25, 2019).

(10.17) Form of 2020 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 3, 2020).

(10.18) Form of 2021 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 4, 2021).

(10.19) Form of 2022 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 3, 2022).

(10.20) Form of 2023 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 4, 2023).

(10.21) W. R. Berkley Corporation 2009 Directors Stock Plan (incorporated by reference to Annex B of the Company's 2021 Proxy Statement (File No. 1-15202) filed with the Commission on April 27, 2021).

(10.22) Supplemental Benefits Agreement between William R. Berkley and the Company as amended and restated as of December 21, 2011 (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 28, 2012).

(14) Code of Ethics for Senior Financial Officers (incorporated by reference to Exhibit 14 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 14, 2005).

(21) List of the Company's subsidiaries.

(23) Consent of Independent Registered Public Accounting Firm.

(31.1) Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a).

(31.2) Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a).

(32.1) Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(97) W. R. Berkley Corporation Clawback Policy.

ITEM 16. FORM 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

W. R. BERKLEY CORPORATION

By /s/ W. Robert Berkley, Jr.

W. Robert Berkley, Jr.
President and Chief Executive Officer

February 23, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William R. Berkley William R. Berkley	Executive Chairman of the Board of Directors	February 23, 2024
/s/ W. Robert Berkley, Jr. W. Robert Berkley, Jr.	President Chief Executive Officer and Director (Principal executive officer)	February 23, 2024
/s/ Christopher L. Augostini Christopher L. Augostini	Director	February 23, 2024
/s/ Ronald E. Blaylock Ronald E. Blaylock	Director	February 23, 2024
/s/ Mary C. Farrell Mary C. Farrell	Director	February 23, 2024
/s/ María Luisa Ferré María Luisa Ferré	Director	February 23, 2024
/s/ Daniel L. Mosley Daniel L. Mosley	Director	February 23, 2024
/s/ Mark L. Shapiro Mark L. Shapiro	Director	February 23, 2024
/s/ Jonathan Talisman Jonathan Talisman	Director	February 23, 2024
/s/ Richard M. Baio Richard M. Baio	Executive Vice President and Chief Financial Officer (Principal financial officer and principal accounting officer)	February 23, 2024

Schedule II

W. R. Berkley Corporation
Condensed Financial Information of Registrant
Balance Sheets (Parent Company)

(In thousands)	December 31, 2023	December 31, 2022
Assets:		
Cash and cash equivalents	$ 128,434	$ 103,522
Fixed maturity securities available for sale at fair value (cost $190,708 and $285,900 at December 31, 2023 and 2022, respectively)	189,189	275,511
Loans receivable (net of allowance for expected credit losses of $1,146 and $559 at December 31, 2023 and 2022, respectively)	91,304	109,793
Equity securities, at fair value (cost $3,430 in both 2023 and 2022)	3,430	3,430
Investment in subsidiaries	9,887,117	8,888,455
Current federal income taxes	—	34,452
Deferred federal income taxes	278,946	304,191
Property, furniture and equipment at cost, less accumulated depreciation	10,382	11,356
Other assets	44,186	39,741
Total assets	$ 10,632,988	$ 9,770,451
Liabilities and stockholders' equity:		
Liabilities:		
Due to subsidiaries	$ 178,676	$ 53,029
Other liabilities	166,399	139,150
Current federal income taxes	1,721	—
Subordinated debentures	1,009,090	1,008,371
Senior notes	1,821,671	1,821,569
Total liabilities	3,177,557	3,022,119
Stockholders' equity:		
Preferred stock		—
Common stock	105,803	105,803
Additional paid-in capital	1,017,691	997,534
Retained earnings (including accumulated undistributed net income of subsidiaries of $8,497,674 and $7,975,360 at December 31, 2023 and 2022, respectively)	11,040,908	10,161,005
Accumulated other comprehensive loss	(925,838)	(1,264,581)
Treasury stock, at cost	(3,783,133)	(3,251,429)
Total stockholders' equity	7,455,431	6,748,332
Total liabilities and stockholders' equity	$ 10,632,988	$ 9,770,451

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation
Condensed Financial Information of Registrant, Continued
Statements of Income (Parent Company)

(In thousands)	Year Ended December 31, 2023	2022	2021
Management fees and investment income including dividends from subsidiaries of $1,261,166, $22,807, and $520,251 for the years ended December 31, 2023, 2022 and 2021, respectively	$ 1,325,997	$ 32,585	$ 548,512
Net investment (losses) gains	(5,895)	1,007	1,474
Other income	368	1,916	1,138
Total revenues	1,320,470	35,508	551,124
Operating costs and expense	272,750	192,175	214,995
Interest expense	126,397	129,633	144,837
Income (loss) before federal income taxes	921,323	(286,300)	191,292
Federal income taxes:			
Federal income taxes provided by subsidiaries on a separate return basis	253,292	414,660	294,731
Federal income tax expense on a consolidated return basis	(284,757)	(258,776)	(226,900)
Net federal income tax (expense) benefit	(31,465)	155,884	67,831
Income (loss) before undistributed equity in net income of subsidiaries	889,858	(130,416)	259,123
Equity in undistributed net income of subsidiaries	491,501	1,511,478	763,367
Net income	$ 1,381,359	$ 1,381,062	$ 1,022,490

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation
Condensed Financial Information of Registrant, Continued
Statements of Cash Flows (Parent Company)

(In thousands)	Year Ended December 31, 2023	2022	2021
Cash flow from (used in) operating activities:			
Net income	$ 1,381,359	$ 1,381,062	$ 1,022,490
Adjustments to reconcile net income to net cash from operating activities:			
Net investment losses (gains)	5,895	(1,007)	(1,474)
Depreciation and (accretion) amortization	(6,753)	4,281	18,761
Equity in undistributed earnings of subsidiaries	(491,501)	(1,511,478)	(763,367)
Tax payments received from subsidiaries	373,504	321,682	328,851
Federal income taxes provided by subsidiaries on a separate return basis	(253,291)	(414,660)	(294,731)
Stock incentive plans	51,000	49,411	48,440
Change in:			
Federal income taxes	(15,793)	(40,746)	(22,017)
Other assets	(5,648)	3,163	(33,319)
Other liabilities	(88,954)	87,100	(11,758)
Accrued investment income	1,200	890	755
Net cash from (used in) operating activities	951,018	(120,302)	292,631
Cash from (used in) investing activities:			
Proceeds from sales of fixed maturity securities	748,825	543,549	402,046
Proceeds from maturities and prepayments of fixed maturity securities	82,075	83,134	654,134
Cost of purchases of fixed maturity securities	(732,685)	(109,289)	(1,071,823)
Change in loans receivable	17,843	(16,249)	(18,227)
Investments in and advances to subsidiaries, net	21,605	(171,062)	(1,411)
Change in balance due to security broker	(38)	(10,289)	10,487
Net additions to real estate, furniture & equipment	(18)	(432)	(1,496)
Other, net	290	368	95
Net cash from (used in) investing activities	137,897	319,730	(26,195)
Cash (used in) from financing activities:			
Net proceeds from issuance of senior notes	—	(914)	1,029,579
Repayment and redemption of debt	—	(426,503)	(400,000)
Purchase of common treasury shares	(537,163)	(94,140)	(122,426)
Cash dividends to common stockholders	(501,456)	(235,192)	(355,736)
Other, net	(25,384)	(23,194)	(30,776)
Net cash (used in) from financing activities	(1,064,003)	(779,943)	120,641
Net increase (decrease) in cash and cash equivalents	24,912	(580,515)	387,077
Cash and cash equivalents at beginning of year	103,522	684,037	296,960
Cash and cash equivalents at end of year	$ 128,434	$ 103,522	$ 684,037

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation

Condensed Financial Information of Registrant, Continued

December 31, 2023

Note to Condensed Financial Information (Parent Company)

The accompanying condensed financial information should be read in conjunction with the notes to consolidated financial statements included elsewhere herein. Reclassifications have been made in the 2022 and 2021 financial statements as originally reported to conform them to the presentation of the 2023 financial statements.

The Company files a consolidated federal income tax return with the results of its domestic insurance subsidiaries included on a statutory basis. Under present Company policy, federal income taxes payable by subsidiary companies on a separate-return basis are paid to W. R. Berkley Corporation, and the Company pays the tax due on a consolidated return basis.

Schedule III

W. R. Berkley Corporation and Subsidiaries
Supplementary Insurance Information
December 31, 2023, 2022 and 2021

(In thousands)	Deferred Policy Acquisition Cost	Reserve for Losses and Loss Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Loss and Loss Expenses	Amortization of Deferred Policy Acquisition Cost	Other Operating Costs and Expenses	Net Premiums Written
December 31, 2023									
Insurance	$ 748,134	$ 15,386,761	$ 5,367,137	$ 9,130,324	$ 793,998	$ 5,689,263	$ 931,748	$ 1,699,703	$ 9,657,121
Reinsurance & Monoline Excess	113,475	3,352,891	555,189	1,270,363	211,628	682,879	107,227	253,120	1,297,346
Corporate, other and eliminations	—	—	—	—	47,209	—	—	372,138	—
Total	$ 861,609	$ 18,739,652	$ 5,922,326	$ 10,400,687	$ 1,052,835	$ 6,372,142	$ 1,038,975	$ 2,324,961	$ 10,954,467
December 31, 2022									
Insurance	$ 651,257	$ 13,786,112	$ 4,779,214	$ 8,369,062	$ 550,084	$ 5,130,909	$ 935,469	$ 1,430,456	$ 8,784,146
Reinsurance & Monoline Excess	112,229	3,225,111	518,440	1,192,367	194,272	730,841	103,434	235,836	1,219,924
Corporate, other and eliminations	—	—	—	—	34,829	—	—	256,310	—
Total	$ 763,486	$ 17,011,223	$ 5,297,654	$ 9,561,429	$ 779,185	$ 5,861,750	$ 1,038,903	$ 1,922,602	$ 10,004,070
December 31, 2021									
Insurance	$ 566,718	$ 12,379,395	$ 4,348,171	$ 7,077,708	$ 468,821	$ 4,326,403	$ 830,199	$ 1,202,192	$ 7,743,814
Reinsurance & Monoline Excess	109,427	3,011,493	498,989	1,028,323	175,324	627,557	131,429	174,098	1,119,053
Corporate, other and eliminations	—	—	—	—	27,473	—	—	261,352	—
Total	$ 676,145	$ 15,390,888	$ 4,847,160	$ 8,106,031	$ 671,618	$ 4,953,960	$ 961,628	$ 1,637,642	$ 8,862,867

See Report of Independent Registered Public Accounting Firm.

Schedule IV

W. R. Berkley Corporation and Subsidiaries
Reinsurance
Years ended December 31, 2023, 2022 and 2021

(In thousands, other than percentages)	Premiums Written				
	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 2023					
Insurance	$ 11,310,709	$ 1,904,017	$ 250,429	$ 9,657,121	2.6 %
Reinsurance & Monoline Excess	366,034	113,522	1,044,834	1,297,346	80.5 %
Total	$ 11,676,743	$ 2,017,539	$ 1,295,263	$ 10,954,467	11.8 %
Year ended December 31, 2022					
Insurance	$ 10,363,730	$ 1,799,639	$ 220,055	$ 8,784,146	2.5 %
Reinsurance & Monoline Excess	331,408	105,343	993,859	1,219,924	81.5 %
Total	$ 10,695,138	$ 1,904,982	$ 1,213,914	$ 10,004,070	12.1 %
Year ended December 31, 2021					
Insurance	$ 9,220,683	$ 1,727,854	$ 250,985	$ 7,743,814	3.2 %
Reinsurance & Monoline Excess	310,367	109,413	918,099	1,119,053	82.0 %
Total	$ 9,531,050	$ 1,837,267	$ 1,169,084	$ 8,862,867	13.2 %

See Report of Independent Registered Public Accounting Firm.

Schedule V

W. R. Berkley Corporation and Subsidiaries
Valuation and Qualifying Accounts
Years ended December 31, 2023, 2022 and 2021

(In thousands)	Opening Allowance Balance	Additions-Charged to Expense	Deduction-Amounts Written Off	Ending Allowance Balance
Year ended December 31, 2023				
Premiums, fees and other receivables	$ 36,931	$ 13,637	$ (8,243)	$ 42,325
Due from reinsurers	8,064	340	—	8,404
Deferred federal and foreign income taxes	47,166	3,864	(14,747)	36,283
Fixed maturity securities	37,466	5,013	(5,728)	36,751
Loan loss reserves	1,791	1,782	(569)	3,004
Total	$ 131,418	$ 24,636	$ (29,287)	$ 126,767
Year ended December 31, 2022				
Premiums, fees and other receivables	$ 30,860	$ 13,734	$ (7,663)	$ 36,931
Due from reinsurers	7,713	352	(1)	8,064
Deferred federal and foreign income taxes	75,230	1,046	(29,110)	47,166
Fixed maturity securities	22,625	15,152	(311)	37,466
Loan loss reserves	1,718	73	—	1,791
Total	$ 138,146	$ 30,357	$ (37,085)	$ 131,418
Year ended December 31, 2021				
Premiums, fees and other receivables	$ 27,855	$ 10,807	$ (7,802)	$ 30,860
Due from reinsurers	7,801	334	(422)	7,713
Deferred federal and foreign income taxes	79,488	6,011	(10,269)	75,230
Fixed maturity securities	2,580	21,013	(968)	22,625
Loan loss reserves	5,437	—	(3,719)	1,718
Total	$ 123,161	$ 38,165	$ (23,180)	$ 138,146

See Report of Independent Registered Public Accounting Firm.

Schedule VI

W. R. Berkley Corporation and Subsidiaries
Supplementary Information Concerning Property-Casualty Insurance Operations
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
Deferred policy acquisition costs	$ 861,609	$ 763,486	$ 676,145
Reserves for losses and loss expenses	18,739,652	17,011,223	15,390,888
Unearned premiums	5,922,326	5,297,654	4,847,160
Net premiums earned	10,400,687	9,561,429	8,106,031
Net investment income	1,052,835	779,185	671,618
Losses and loss expenses incurred:			
Current year	6,311,780	5,774,713	4,921,191
Prior years	29,681	54,511	863
Loss reserve discount accretion	30,681	32,526	31,906
Amortization of deferred policy acquisition costs	1,038,975	1,038,903	961,628
Paid losses and loss expenses	4,981,610	4,347,910	3,665,694
Net premiums written	10,954,467	10,004,070	8,862,867

See Report of Independent Registered Public Accounting Firm.

Businesses

Berkley Insurance Company

475 Steamboat Road
Greenwich, Connecticut 06830 (203) 542 3800

William R. Berkley, *Chairman*
W. Robert Berkley, Jr., *President and Chief Executive Officer*

Insurance

Acadia Insurance

One Acadia Commons
Westbrook, Maine 04092 (800) 773 4300
acadiainsurance.com

David J. LeBlanc, *President*

Albany, New York	(800) 773 4300
Bedford, New Hampshire	(800) 224 8850
Marlborough, Massachusetts	(888) 665 1170
Rocky Hill, Connecticut	(860) 331 2400
Syracuse, New York	(866) 811 7722

Admiral Insurance Group

1000 Howard Boulevard, Suite 300 P.O. Box 5430
Mount Laurel, New Jersey 08054 (856) 429 9200
admiralins.com

Daniel Smyrl, *President and Chief Executive Officer*

Atlanta, Georgia	(770) 476 1561
Austin, Texas	(512) 795 0766
Chicago, Illinois	(312) 368 1107
Seattle, Washington	(206) 467 6511

Berkley Accident and Health

100 American Metro Boulevard, Suite 201
Hamilton, New Jersey 08619
berkleyah.com (609) 584 6990

Brad N. Nieland, *President and Chief Executive Officer*

Atlanta, Georgia	(678) 387 1824
Chicago, Illinois	(847) 946 8406
Cleveland, Ohio	(440) 728 1805
Coeur D' Alene, Idaho	(406) 396 7418
Dallas, Texas	(972) 849 7406
Denver, Colorado	(307) 575 3817
Hamilton, New Jersey	(908) 415 2711
Hartford, Connecticut	(860) 380 1190
Kansas City, Kansas	(913) 515 7374
Kulpsville, Pennsylvania	(908) 415 2711
Marlborough, Massachusetts	(908) 415 2711
Minneapolis, Minnesota	(507) 449 6846
New York, New York	(212) 822 3333
Phoenix, Arizona	(480) 580 7197
Pittsburgh, Pennsylvania	(412) 996 0923
Tampa, Florida	(609) 584 4667

Berkley Agribusiness

11201 Douglas Avenue
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berkleyag.com

Bradley T. London, *President*

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Berkley Alliance Professional
berkleyallpro.com (405) 805 6635

Berkley Construction Professional
berkleycp.com (312) 705 1135

Berkley Design Professional
berkleydp.com (312) 705 1135

Berkley Service Professionals
Berkley Managers Insurance Services, LLC
berkleysp.com (312) 705 1135

Berkley Aspire

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berkleyaspire.com

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Glen Allen, Virginia	(804) 237 5177
West Chester, Ohio	(513) 341 4843

Businesses

Berkley Asset Protection

757 Third Avenue, 10th Floor
New York, New York 10017 (212) 497 3700
berkleyassetpro.com

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Toronto, Ontario M5H 1J8 (416) 304 1178
berkleycanada.com

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Montreal, Quebec H3A 3L6 (514) 842 5587

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Berkley Custom Insurance

One Metro Center
1 Station Place, Suite 600
Stamford, Connecticut 06902 (203) 658 1500
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BXM Insurance Services, Inc.

Chicago, Illinois (312) 605 4648
Los Angeles, California (213) 417 5431

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Berkley Managers Insurance Services, LLC

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Berkley Financial Specialists

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433 South Main Street, Suite 200
West Hartford, Connecticut 06110 (844) 44 CRIME
berkleycrime.com

Towson, Maryland (866) 539 3995

Berkley Fire & Marine Underwriters

425 North Martingale Road, Suite 1520
Schaumburg, Illinois 60173 (847) 466 9371
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Chesterfield, Missouri 63017 (860) 380 4931
berkleyhealthcare.com

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Berkley Human Services

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Minneapolis, Minnesota 55402 (612) 766 3100
berkleyhumanservices.com

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One Metroplex Drive, Suite 500
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berkindcomp.com

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Businesses

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Berkley International Seguros S.A.
Berkley International Aseguradora De Riesgos del Trabajo S.A.
Berkley Argentina de Reaseguros S.A.

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Eduardo I. Llobet,
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Berkley Insurance Company
Representative Office In Colombia

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Jaime Aramburo, *Director*

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Charles E. Thompson, *President*

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Eric-Jason Smith, *Chief Executive Officer*

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Pittsburgh, Pennsylvania (800) 283 1153

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Scottsdale, Arizona (877) 497 2637

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Meridan, Idaho 83642 (800) 480 2942
berkleynpac.com

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Morristown, New Jersey	(973) 775 5029
Naperville, Illinois	(630) 210 0451
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Santa Ana, California	(657) 356 2892
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Berkley Re

berkleyre.com

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Chief Executive Officer, Australia and New Zealand

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Clare Himmer, *Chief Executive Officer*

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James B. Gilbert, *President*

Des Moines, Iowa (515) 564 2300

W. R. Berkley Corporation's businesses conduct business through the following insurance entities: Acadia Insurance Company; Admiral Indemnity Company; Admiral Insurance Company; Berkley Argentina de Reaseguros S.A.; Berkley Assurance Company; Berkley Casualty Company; Berkley Insurance Company; Berkley International Aseguradora de Riesgos del Trabajo S.A.; Berkley International do Brasil Seguros S.A.; Berkley International Fianzas México, S.A. de C.V.; Berkley International Seguros Colombia S.A.; Berkley International Seguros México, S.A. de C.V.; Berkley International Seguros S.A.; Berkley International Seguros S.A. (Uruguay); Berkley Life and Health Insurance Company; Berkley National Insurance Company; Berkley Prestige Insurance Company; Berkley Regional Insurance Company; Berkley Specialty Insurance Company; Carolina Casualty Insurance Company; Clermont Insurance Company; Continental Western Insurance Company; East Isles Reinsurance, Ltd.; Firemen's Insurance Company of Washington, D.C.; Gemini Insurance Company; Great Divide Insurance Company; Intrepid Casualty Company; Intrepid Insurance Company; Intrepid Specialty Insurance Company; Key Risk Insurance Company; Midwest Employers Casualty Company; Nautilus Insurance Company; Preferred Employers Insurance Company; Oak Harbor Reinsurance Company; Queen's Island Insurance Company, Ltd.; Riverport Insurance Company; StarNet Insurance Company; Syndicate 1967 at Lloyd's; Tri-State Insurance Company of Minnesota; Union Insurance Company; Union Standard Lloyds; W. R. Berkley Europe AG.

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Executive Chairman

W. Robert Berkley, Jr.
President and Chief Executive Officer

Christopher L. Augostini
Executive Vice President – Business and Administration
Chief Financial Officer
EMORY UNIVERSITY

Ronald E. Blaylock
Managing Partner
GENNX360 CAPITAL PARTNERS

Mary C. Farrell
Chairman
THE HOWARD GILMAN FOUNDATION

Retired Managing Director Chief Investment Strategist
UBS WEALTH MANAGEMENT USA

María Luisa Ferré
Chief Executive Officer
FRG, LLC

Daniel L. Mosley
Partner and Head of Family Advisory Services
BDT & MSD PARTNERS

Former Partner
CRAVATH, SWAINE & MOORE LLP

Mark L. Shapiro
Private Investor

Jonathan Talisman
Managing Partner
CAPITOL TAX PARTNERS

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Executive Chairman

W. Robert Berkley, Jr.
President and Chief Executive Officer

Richard M. Baio
Executive Vice President — Chief Financial Officer

Lucille T. Sgaglione
Executive Vice President

James G. Shiel
Executive Vice President — Investments

Philip S. Welt
Executive Vice President and Secretary

Jared E. Abbey
Executive Vice President

James P. Bronner
Executive Vice President

James B. Gilbert
Executive Vice President — Enterprise Technology

Jeffrey M. Hafter
Executive Vice President

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Executive Vice President

Michael J. Maloney
Executive Vice President

William M. Rohde, Jr.
Executive Vice President

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Executive Vice President

Robert D. Stone
Executive Vice President

Joseph L. Sullivan
Executive Vice President

Nelson Tavares
Executive Vice President

Kathleen M. Tierney
Executive Vice President

Trish Conway
Senior Vice President — Enterprise Risk Management

Melissa M. Emmendorfer
Senior Vice President — Insurance Risk Management

Michele L. Fleckenstein
Senior Vice President — Underwriting and Analytics

Paul J. Hancock
Senior Vice President — Chief Corporate Actuary

Lee Iannarone
Senior Vice President — General Counsel and Assistant Secretary

Carol J. LaPunzina
Senior Vice President — Human Resources

Edward F. Linekin
Senior Vice President — Investments

A. Scott Mansolillo
Senior Vice President — Chief Compliance Officer

Lynn S. Neville
Senior Vice President — Claims

Corporate Information

Annual Meeting

The Annual Meeting of Stockholders of W. R. Berkley Corporation will be held at 1:30 p.m. on June 12, 2024 at its offices at 475 Steamboat Road, Greenwich, Connecticut 06830

Shares Traded

Common Stock of W. R. Berkley Corporation is traded on the New York Stock Exchange. Symbol: WRB

Transfer Agent and Registrar

EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, Minnesota 55120-4100
(800) 468 9716
shareowneronline.com

Website

For additional information, including press releases, visit our website at:
berkley.com

Follow us on X **@WRBerkleyCorp** and LinkedIn.

Auditors

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Outside Counsel

Willkie Farr & Gallagher LLP, New York, New York



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W. R. Berkley Corporation

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ANNUAL REPORT
2024

W. R. Berkley Corporation



The Cheese Vendor
by Edouard-Jean Dambourgez

ANNUAL REPORT
2024

W. R. Berkley Corporation

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By the Numbers

2024 Financial Highlights

COMBINED RATIO

90.3%

Averaged 90.8% over the past 5 years

TOTAL REVENUES

$13.6B

Increased by 72.6% over the past 5 years

BOOK VALUE PER SHARE

$22.09

Grew 86.5% before dividends and share repurchases over the past 5 years

RETURN ON STOCKHOLDERS' EQUITY

23.6%

Averaged 17.9% over the past 5 years

Selected Financial Data

In thousands, except per share data

YEARS ENDED DECEMBER 31,	2020	2021	2022	2023	2024
Total Revenues	$8,098,932	$9,455,486	$11,166,498	$12,142,938	$13,638,752
Net Premiums Written	7,262,437	8,862,867	10,004,070	10,954,467	11,972,096
Net Investment Income	583,821	671,618	779,185	1,052,835	1,333,161
Net Investment Gains	103,000	90,632	202,397	47,042	117,708
Insurance Service Fees	88,777	93,857	110,544	106,485	108,935
Net Income to Common Stockholders	530,670	1,022,490	1,381,062	1,381,359	1,756,115
NET INCOME PER COMMON SHARE					
Basic	$1.26	$2.46	$3.33	$3.40	$4.39
Diluted	1.25	2.44	3.29	3.37	4.36
Return on Equity	8.7%	16.2%	20.8%	20.5%	23.6%
AT YEAR END					
Total Assets	$28,606,913	$32,086,414	$33,861,099	$37,202,015	$40,567,268
Total Investments	18,481,767	22,171,814	22,859,646	25,279,504	27,889,406
Reserves for Losses & Loss Expenses	13,784,430	15,390,888	17,011,223	18,739,652	20,368,030
Common Stockholders' Equity	6,310,802	6,653,011	6,748,332	7,455,431	8,395,111
Common Shares Outstanding	400,106	397,757	396,819	384,817	380,066
Common Stockholders' Equity Per Share	15.77	16.73	17.01	19.37	22.09

Per share data and common shares outstanding have been adjusted for the 3-for-2 common stock splits effected on March 23, 2022 and July 10, 2024.



W. ROBERT BERKLEY, JR.
President and
Chief Executive Officer

WILLIAM R. BERKLEY
Executive Chairman

To Our Shareholders

2024 was the third year in a row in which our return on shareholders' equity exceeded 20%. This achievement was especially remarkable given the uncertainty of the current economic environment, in addition to the fact that we have not yet fully realized the benefits of rising interest rates in our portfolio. The extraordinary outcome was a result of both outstanding underwriting profits, with a combined ratio of approximately 90%, and investment income in excess of $1.3 billion. This resulted in record net income of $1.756 billion. The Company achieved these record results due to the exceptional execution and efforts of our employees.

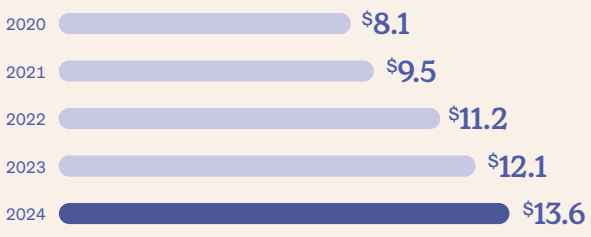
The strong results of 2024, in spite of approximately $300 million of catastrophe losses, allowed us to return $836 million to our shareholders in the form of dividends, both regular and special, equal to $532 million, and $304 million of stock repurchases. All this was achieved while growing our premium volume by nearly 10%. Contributing to this growth were strong rate increases that set the stage for 2025 to be another outstanding year, because half of the premiums that will be earned in 2025 are already on the books.

The insurance business is a mathematically-based analytic enterprise, allowing one to measure and examine the financial outcomes and the return to our shareholders. On the other hand, our business only succeeds when we meet the needs of multiple constituents - our customers, our agents and brokers, and the society in which we operate. None of this happens without employees who are committed to our success. This success only occurs when we serve all of these groups while meeting our financial objectives.

The current state of the world has not, in recent times, seen so much volatility and uncertainty. Insurance provides society with a way to manage the impact of unforeseen events. This places insurance in an extremely important role in today's world. Our Company, because of its financial strength and stability, has built a reputation that provides

Total Revenues

Dollars in billions



RECORD UNDERWRITING INCOME

$1.1B

RECORD NET INCOME

$1.8B

peace of mind to its customers. People know we are always available and a dependable partner. We are in the marketplace every day offering coverage on a consistent basis. We are always here day in and day out.

We manage our business with a long-term view, consistently focused to achieve optimal risk-adjusted return. That means we understand the risks we assume and establish prices to reflect those risks and the economic environment in which we are operating. The exposures we assume often times extend many years and our most important decisions have to do with anticipation of change. The general view of inflation, societal values, and political activities must be considered when making these decisions. The current state of our uncertain world makes our business more challenging, but also offers more opportunity.

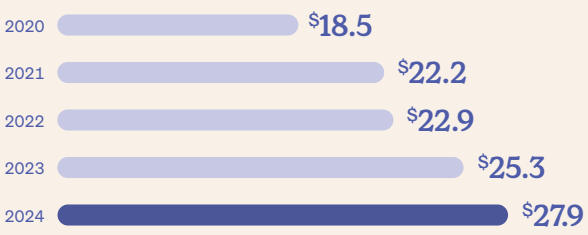
Every decision we make, whether it is starting a new business or considering an acquisition, is more complicated in the current environment. Whether it is social or economic inflation, every decision is impacted by the world around us. It is not just underwriting, but also the building of our investment portfolio that is affected, both in the quality of the security portfolio and its duration. These judgments are the critical issues that the management of our enterprise has to focus on to deliver long-term risk-adjusted returns. This long-term focus is one of the things that allows our Company to differentiate itself from its competitors.

This year our business grew by nearly 10% in premiums written. We started one new business in India, a large potential market with a long-term attractive future. The insurance industry today is not as it was in the past. All parts and segments of the industry do not change simultaneously. The availability of data causes each segment of the industry move independently from every other segment of the industry. We believe we are effectively managing our enterprise in a way that each business responds to its own individual marketplace. Clearly, an economic slowdown of a significant proportion will challenge the opportunity for growth. At the moment, however, any recession ahead appears to be modest.

In spite of the overall economy, our business continues to offer positive signs for the future. Each of our businesses operates on its own in its individual market. This gives our enterprise the benefits of a large-scale operation while we maintain the flexibility of small nimble units. It is this flexibility that is one of the most important differentiators of our enterprise. In this rapidly changing uncertain environment, this is a very important competitive advantage. We expect that the pace of change, due to both technology and communications, will continue to be a tremendous competitive advantage for our Company.

Investments

Dollars in billions



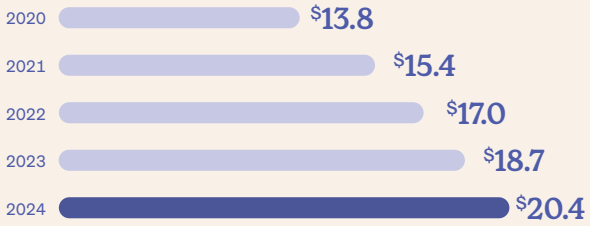
People know the Berkley brand stands for trust, financial strength, and commitment.

We continue to establish the Berkley brand as an important part of our market position. People know that it stands for trust, financial strength, and commitment. Ultimately, customers need to be able to rely on their insurance performing in accordance with the terms of their policy. Our customers know they receive that assurance when they do business with us. We continue to build our business using these strengths through internal growth and the establishment of new businesses.

Our outstanding performance in 2024 once again demonstrated that our focus on risk-adjusted return, profitable growth, and low volatility leads to exceptional financial results. These are the things we strive for. We could not have achieved these results without every person within our team contributing. We are proud of the culture and teamwork that comes about because of this effort. We are grateful to our brokers and agents who bring us business, and we thank them for choosing to do business with a Berkley company. We work hard to ensure we always do the right thing, that we contribute to society, and that we treat our customers appropriately. The advice and counsel of our Board of Directors creates immeasurable value to the success of our enterprise. We continue to be optimistic and expect 2025 to be an outstanding year.

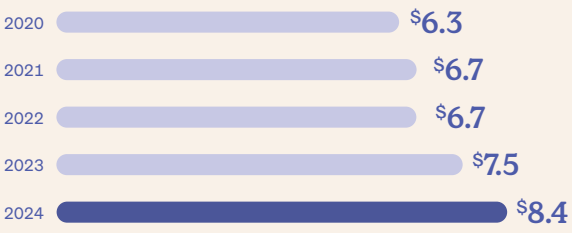
Reserves for Losses & Loss Expenses

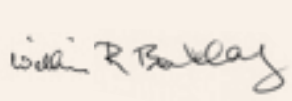
Dollars in billions



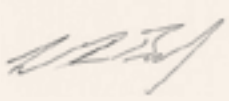
Common Stockholders' Equity

Dollars in billions





WILLIAM R. BERKLEY
Executive Chairman



W. ROBERT BERKLEY, JR.
President and
Chief Executive Officer

W. R. Berkley Corporation Performance vs. S&P 500®

Cumulative Total Stock Return
(Includes Dividends)

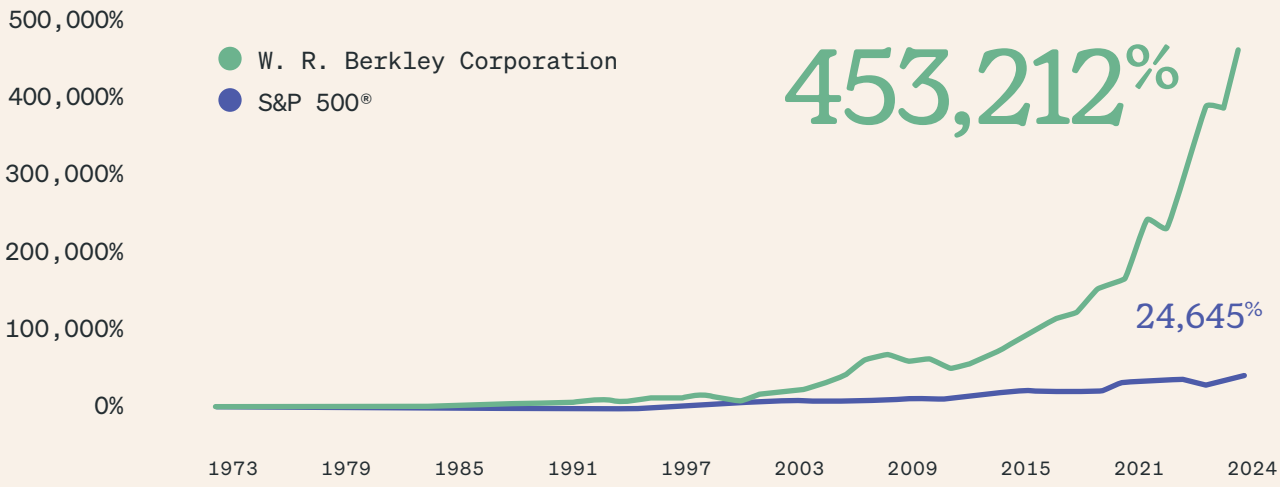
	W. R. Berkley Corporation	S&P 500	Difference
YEAR	(1)	(2)	(1)-(2)
1974	-43.2%	-26.4%	-16.8%
1975	-38.7%	1.0%	-39.7%
1976	0.5%	24.8%	-24.4%
1977	151.5%	15.6%	135.9%
1978	499.1%	23.0%	476.1%
1979	430.4%	45.4%	385.0%
1980	436.8%	92.3%	344.5%
1981	601.6%	82.7%	518.9%
1982	610.8%	121.8%	489.0%
1983	900.1%	171.5%	728.7%
1984	1,010.3%	188.0%	822.3%
1985	2,543.6%	279.0%	2,264.6%
1986	2,940.8%	349.5%	2,591.3%
1987	2,708.1%	372.5%	2,335.6%
1988	3,398.4%	450.9%	2,947.5%
1989	4,727.3%	625.5%	4,101.8%
1990	4,450.5%	603.0%	3,847.4%
1991	5,516.5%	817.4%	4,699.1%
1992	7,896.1%	887.2%	7,008.9%
1993	6,472.1%	986.9%	5,485.2%
1994	7,026.7%	1,001.0%	6,025.7%
1995	10,234.9%	1,415.0%	8,819.9%
1996	9,768.4%	1,763.4%	8,005.0%
1997	12,839.6%	2,385.8%	10,453.8%
1998	10,072.0%	3,096.8%	6,975.2%
1999	6,271.7%	3,768.1%	2,503.6%
2000	14,621.0%	3,416.1%	11,204.9%
2001	16,845.9%	2,997.7%	13,848.3%
2002	18,832.4%	2,313.1%	16,519.3%
2003	25,169.6%	3,005.6%	22,163.9%
2004	34,227.9%	3,344.2%	30,883.7%
2005	52,158.4%	3,512.9%	48,645.5%
2006	56,968.7%	4,083.8%	52,885.0%
2007	49,514.3%	4,313.9%	45,200.4%
2008	51,952.5%	2,680.7%	49,271.7%
2009	41,695.0%	3,417.6%	38,277.4%
2010	46,815.3%	3,948.8%	42,866.5%
2011	59,413.0%	4,033.8%	55,379.2%
2012	67,499.4%	4,695.2%	62,804.2%
2013	78,336.9%	6,248.9%	72,088.0%
2014	95,287.8%	7,118.1%	88,169.7%
2015	102,690.9%	7,217.7%	95,473.2%
2016	128,128.2%	8,095.8%	120,032.5%
2017	141,183.6%	9,884.9%	131,298.6%
2018	149,604.7%	9,447.6%	140,157.1%
2019	215,219.1%	12,454.1%	202,765.0%
2020	208,430.2%	14,764.1%	193,666.1%
2021	265,429.0%	19,030.8%	246,398.2%
2022	355,378.8%	15,566.2%	339,812.6%
2023	356,242.2%	19,692.7%	336,549.5%
2024	453,212.0%	24,644.8%	428,567.2%
Average Annual Gain 1974–2024	23.4%	12.9%	10.5%

Notes: W. R. Berkley Corporation's book value per share has been adjusted for stock dividends paid from 1975 to 1983. Stock dividends were 6% in each year from 1975 to 1978, 14% in 1979, and 7% in each year from 1980 to 1983. The Company has paid cash dividends each year since 1978, including special dividends paid in 2012, 2014, 2016–2019 and 2021–2024.

Cumulative Total Return

1973–2024

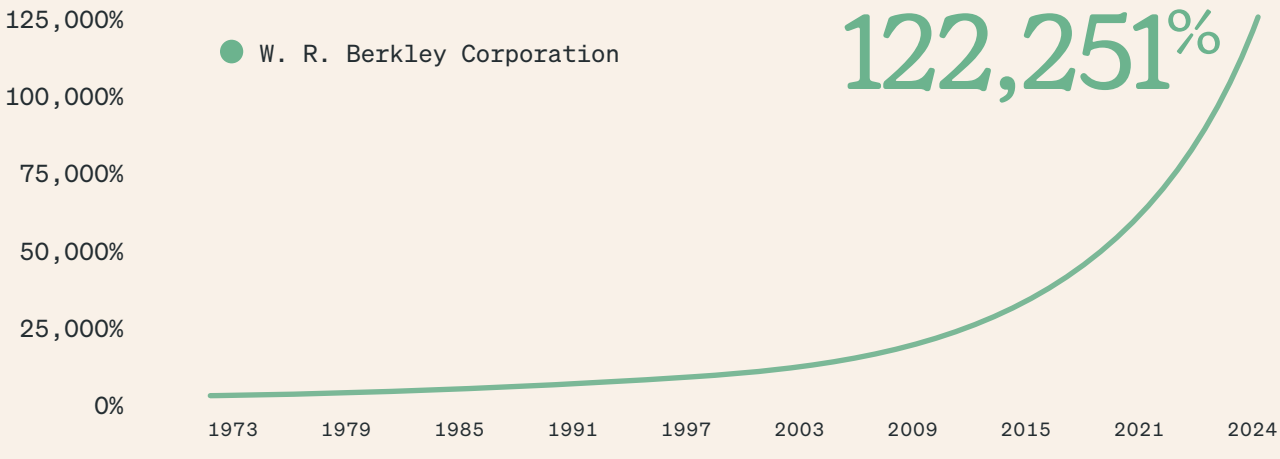
Dividends Compounded



Cumulative Growth in Book Value Per Share

With Dividends Included

Insurance companies are often measured by book value per share. We have grown book value per share with dividends included by an average of 16.5% since 1973.




A
Recipe
for
Success
THE NEXT COURSE

How does a collection of businesses come together to create a unique + special organization?

Our ability to blend the strengths of each of our specialized businesses, their expertise in specific areas, and their commitment to offering outstanding customer service has allowed us to create an enterprise in which the sum of the parts exceeds the value of each individual component. Each business's contribution is vital, and together, we create a powerful collaboration that drives our success both locally and collectively. For over 55 years, this has been the cornerstone of W. R. Berkley Corporation.

This annual report "recipe book" highlights how each of our various businesses is distinctive yet forms part of a cohesive whole, bound together through a set of shared values and a culture of doing the right thing. Our combined success is built on a long-term perspective that doesn't only consider return, but the concomitant risk as well. Just like a well-crafted recipe, each business brings its own special ingredients and expertise, contributing to a value proposition that is far greater than what any individual company could deliver. Over the years, our business has continued to develop and change, much like a family recipe passed down from one generation to the next evolves. As with a recipe, small changes might not make a big difference, but when compounded, they make our enterprise and each of our businesses unique and special, always anticipating and adapting to a changing world to better meet the wants and needs of our customers and the communities in which we live and serve. This makes our Company better in every part and as a whole.

Most importantly, this year's theme underscores that our people are the most important ingredient in our success.

Most importantly, this year's theme underscores that our people are the most important ingredient in our success. Each business is represented by its own custom recipe card, reflecting the unique combination of key ingredients that make it special. These recipe cards showcase how their distinctive qualities, characteristics, and culture combined with our common set of values allows each team to excel. We celebrate the uniqueness of each business, and at the same time we salute the strength of those shared values and the collective benefits that each of these businesses bring to one another.

The Berkley Recipe Box

When our people and values come together, they create the foundation for our collective success.

Experts focused on your protection. We Deliver.

Baked For Success



Cook Time: 16 Years

Number of Ingredients: 45 Employees

Location(s): Three

Serves: The insurance needs of companies predominantly in the financial services sector.



Berkley Financial Specialists

Collaboration CASSEROLE

COOK TIME:
35 Years! Founded 1989

NUMBER OF INGREDIENTS:
62 employees

LOCATION(S):
Minneapolis, MN and Chicago, IL

SERVES:
Primary and excess insurance coverages for non-profit and for-profit human services businesses



Berkley Human Services

Berkley Construction Solutions
| a Berkley Company

Tapas of Talent

Cook Time: 3 years

Number of Ingredients: 20

Locations: Morristown, NJ, Boston, MA, New York, NY, Atlanta, GA, Chicago, IL, Philadelphia, PA

Serves: Excess liability coverage to residential and commercial contractors



Our Secret Ingredients

> "I love the fact that because of our size, we can be nimble in the marketplace, allowing easy access to decision-makers and enabling swift, impactful actions."

Outstanding Personal Service: We emphasize enduring professional relationships and high service standards, ensuring clients consistently receive reliable and personalized support.

Unmatched Expertise: Clients work with our expert teams who have dedicated their careers to Financial Institutions and Crime insurance.

Innovation: We deploy small creative teams to tackle our biggest challenges.



Our Secret Ingredients

- ☐ 2 CUPS FOSTERING RELATIONSHIPS

  We hold monthly recognition meetings where employees can give shout-outs to colleagues, celebrating hard work and contributions. Together, we honor team achievements, small victories, and personal milestones like birthdays and work anniversaries, ensuring everyone feels valued and appreciated.

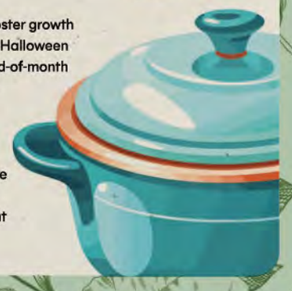
- ☐ ½ CUP EMPLOYEE ENGAGEMENT

  We dedicate time each month to team-building events that foster growth through shared experiences. These activities include lunches, Halloween decorating, friendly competitions, team bonding exercises, end-of-month treats, and sharing personal stories when new members join.

- ☐ 2 TBSP INNOVATION

  Dedication to Innovation. Providing purpose-driven innovative risk management solutions dedicated to those who serve others and creating an innovative culture that drives constant improvement in all areas of the business.

Serving those who serve others!



Our Culture:

BCS is a team of individuals united by a shared passion for what we do while empowering personal professional growth with a healthy dollop of fun along the way.



Our Secret Ingredients:

INNOVATION We've digitized the underwriting process which includes submission capture, rating/quoting/binding, implementing underwriting rules administration and 3rd party data enrichment.

CAPACITY Handling substantial risks demands substantial capacity — we provide coverage limits up to $25 million.

KNOWLEDGE & EXPERTISE With decades of experience and a dedicated focus on construction, we confidently and comfortably underwrite even the most challenging and intricate construction projects.

Here at the right time.

Collaborative Culture Chowder



Cook Time: **32 Years**

Number of Ingredients: **290 Employees**

Location(s): **Westbrook, ME; Bedford, NH; Marlborough,MA; Rocky Hill, CT; Syracuse, NY; Albany, NY**

Serves: **Regional Northeast commercial insurance**

Acadia INSURANCE
a Berkley Company



Berkley Aspire

COOK TIME:	11 Years
NUMBER OF INGREDIENTS:	164 Employees
LOCATION(S):	Scottsdale AZ, Cincinnati OH, Richmond VA
SERVES:	Excess and surplus lines solutions for Main Street business throughout the U.S.

MAIN STREET E&S TACOS

with a Twist of Lime



This recipe reflects the sweet results of **TEAMWORK & SYNERGY** *within the business.*



Strudel SYNERGY

Cook Time | 15 Years ***Number of Ingredients*** | 27 Employees

Locations | Germany, Cologne & Munich

Serves | Financial Lines, Liability, Cyber, Life Science and Accident for small and medium-sized companies in Germany and Austria

Berkley DEUTSCHLAND



Our Secret Ingredients

Acadia is comprised of a close-knit community where everyone feels valued and appreciated. We show genuine appreciation to employees through actions and words.

Dedicated and Talented Employees

Employees have a significant impact on operations and are dedicated to the long-term success of Acadia and to its customers. Employees act like owners and their ideas and contributions are valued.

Customer and Community Focus

We build lasting relationships as Trusted Advisors with our agents and communities that make us a preferred partner for customers small and large. We have a passion to deeply understand our customer, to find innovative solutions to unsolved problems, and to deliver personalized solutions.

Collaboration and Teamwork are highly valued

Guided by a shared mission, employees have the autonomy to make decisions and are supported by management. Employees are encouraged to collaborate across departments and with external stakeholders to achieve better outcomes.

Our Secret Ingredients

Think BIG. Act small.

Locally sourced, farm-to-table excess & surplus lines solutions for Main Street businesses – we trade directly with retail agents.

We put retail agents at the center of everything we do with an unrelenting focus on our customer experience.

Our pod structure deploys our team members across the country, allowing us to play bigger.

Regional teams have high degrees of authority, autonomy and accountability.

We help our agents handle surplus-related requirements, offer flexible payment terms, a streamlined renewal process, and a problem-solver mentality.



Employee Awards

ASPIRE ICON

Awarded to a well-tenured employee who sets the example for others to follow.

ASPIRE TO BE

awarded to a new employee who demonstrates the work ethic, spirit of collaboration and accountability we value at Aspire.

OUR CULTURE

At Berkley Germany, our culture is one of collaboration, continuous improvement, and innovation. We create spaces for creativity, making it a dynamic place to work.



Happy Birthday, Berkley Germany!

15 in 2025!

PROUDEST ACCOMPLISHMENTS IN 2024

In 2024, we launched a brand-new line of business with Life Science and introduced a new Professional Indemnity product for registered professions in our liability line of business. Both initiatives significantly expanded our insurance portfolio and generated new opportunities in the German and Austrian market.



DELIVERING WHAT MATTERS™

BREAD

Berkley Mid-Atlantic Insurance Group
a Berkley Company



COOK TIME: 25 years in business

NUMBER OF INGREDIENTS: 85 Employees

LOCATIONS: Glen Allen, VA and Sewickley, PA

SERVES: Provides commercial property casualty coverage to a wide variety of businesses in the Mid-Atlantic states

OUR SECRET INGREDIENTS:

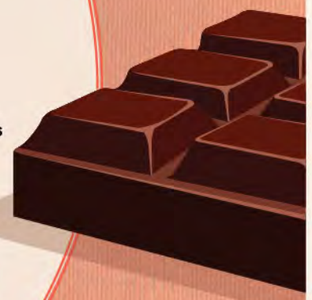
Integrity- We are accountable for our actions which are guided by integrity.
Solutions focused - We collectively use our diverse strengths to adapt and provide solutions. Responsive communication builds trust.
Empowered - We take pride and ownership in what we do. Decisions are made close to the customer.
Continuous Growth- We seek to understand through continuous learning.

Enjoy the "Delivering What Matters™" Bread, knowing that every bite is crafted with the same care and dedication we bring to our agents and customers.

INSTRUCTIONS/BAKING PROCESS:

Preparation: Just as we prepare to meet your needs, gather all ingredients and ensure they are of the highest quality.
Mixing: Combine ingredients thoroughly, symbolizing our commitment to integrating all aspects of service seamlessly.
Kneading: Work the dough until smooth, representing our dedication to refining our processes for optimal results.
Rising: Allow the dough to rise, reflecting our focus on growth and improvement.
Baking: Bake to perfection, ensuring every interaction is as fulfilling as a freshly baked loaf.

Admiral
INSURANCE GROUP



COOK TIME: 50 Years

NUMBER OF INGREDIENTS: 347 Employees

LOCATION(S): Four

SERVES: Excess and surplus lines coverage for specialized risks

Creative CRUNCH with People-Powered Center

Our Secret Ingredients

Making the imaginable possible.

Our employees' creativity and out-of-the-box thinking drive innovation and fuel our success.

People are our central focus! Our employees and partners enable us to serve our communities, whether it's by crafting a policy for a local business owner or through our philanthropic efforts.

We value integrity and act with honesty and responsibility in all that we do.

PROUDEST ACCOMPLISHMENT IN 2024

In 2024, Admiral reached its highest all-time new business premium, total written premium, and profitability!



A People-Driven + Outcome-Focused BREW



Berkley Environmental
a Berkley Company

COOK TIME: 20 years

NUMBER OF INGREDIENTS: 245 Employees, 424 Producers, Serving 10,245 Customers Nationwide

SERVES: Casualty and specialty environmental products for environmental customers

Berkley Environmental

LATTE

Secret Ingredients

People
Relationships are the foundation of our business.

Service
Personalized service that leads to long term customers.

Impact
We must make a positive difference in everything we do.

We Want a World Driven by Change — Not Fear



Our Culture

At Berkley Environmental, our core values guide everything we do. We embrace innovative thinking and calculated risks to help businesses grow and drive positive change. We empower clients to run their businesses confidently, knowing we have their back. Partnering with our producers, we deliver the best solutions, fueled by a passion to serve our clients, communities, and the world.

Company Traditions

BE Active is Berkley Environmental's pledge to make a positive impact. Through environmental improvement events, charity volunteering, and donation drives, we demonstrate our values and strive to create lasting change

Partnership Pie

Berkley Agribusiness
| a Berkley Company



Cook Time: 15 Years

Number of Ingredients:
75 employees, including a variety of supporting flavors from our shared Finance, Legal, Human Resources and IT team members.

Serves: Insurance for larger commercial risks in the agriculture and food industries

Prosperous PAELLA



Cook Time: Since 2012

Locations: Ewing, NJ; Morristown, NJ; Boston, MA; Minneapolis, MN

Serves: Excess coverage and services to individual governmental and scholastic entities and intergovernmental risk sharing groups

Berkley Public Entity

BERS
Success Salad Recipe

Berkley Enterprise Risk Solutions
| a Berkley Company

One comprised of many!



Cook Time:	**2.5 Years**
Ingredients:	**18 Employees**
Locations:	**California, New York, Washington**
Serves:	**Guaranteed Cost, Retrospectively Rated, or Large Deductible Workers' Compensation**

Our Secret Ingredients

Proud to again be named 2024 Best Places to Work in Insurance.

Equal Partnership Pairings
Success requires equal levels of commitment and engagement from all sides.

Go Against the Grain
We reject complacency and strive for innovation.

Simmering With Shared Knowledge
We are committed to bringing value to our customers through our deep industry knowledge and willingness to share it.



Our Culture

We value each voice, support role-based decisions, and set aside egos for a shared goal. Team success comes first—when one succeeds, we all do.

OUR CULTURE

Berkley Public Entity fosters a close-knit, collaborative environment built on trust, where the team is empowered to take ownership of complex, meaningful work, with a strong emphasis on learning, accountability, and being experts in public entity liability insurance, all driven by a shared sense of purpose.



DEDICATED EXPERTISE

With a sole focus on public entity liability insurance, Berkley Public Entity brings extensive knowledge in underwriting, claims, actuarial, and financial services

We know public entities, it's all we do.

OUR CULTURE

There is always a solution.

We celebrate diversity in pursuit of success. Our team of experienced professionals is a blend of different backgrounds and skills, working together with our brokers and policyholders to achieve great results.

Our Secret Ingredients

Diversity
Our team's diverse backgrounds provide unique insights and foster connections with policyholders and their employees.

Success
We celebrate our successes with brokers and policyholders while we learn from our challenges.

Team Spirit
We foster a strong sense of community and teamwork.

Berkley One
BIRTHDAY CAKE



Cook Time: *7 years*

Serves: *A customizable suite of personal lines insurance products for high net worth individuals and families*

Berkley One

INGREDIENTS

Protecting what brings clients joy: homes, autos, art, jewelry, boats, classic cars, and collectibles

ONE experienced, committed team

500 top agencies and brokerages

Active in 38 states with 8 products plus excess & surplus lines capabilities

92% claims satisfaction rate

100+innovation challenges, ideas and experiments

Backed by Berkley

INSTRUCTIONS

Take a passionate group of people. Mix in a commitment to making personal insurance better. Add in like-minded agents, flexible technology, innovation and great service. Grow quickly, have fun and create an organization with a soul. Celebrate the adventure together with this cake!



A TRADITION FOR 7 YEARS OF INSURING INDIVIDUALS AND FAMILIES AND 50 YEARS OF INSURING CLASSIC CARS.

B.A.M. BBQ



COOK TIME: 12 Years

NUMBER OF INGREDIENTS: 85 Employees

SERVES: Tailored insurance coverages for design, construction, accounting and certain non-medical professionals

B.A.M! This recipe is a winner!

Berkley Alliance Managers | a Berkley Company

Our Secret Ingredients

01. ENTREPRENEURIAL SPIRIT *(the grill)*

02. COLLABORATION *(the flame)*

03. INNOVATION *(the seasoning)*

04. NATURAL CURIOSITY *(the sauce)*

05. OWNERSHIP MINDSET *(the meal)*

OUR CULTURE IS LIKE THE PERFECT BBQ—fresh ideas are always on the grill and teamwork is the key ingredient. At BAM, each employee adds their flavor, taking ownership and collaborating to serve solutions that meet our clients' needs.

Berkley México Seguros | a Berkley Company

Client-Centric TACOS

Tacos Centrados en el Cliente



COOK TIME: 8 YEARS | 8 AÑOS **LOCATIONS:** MEXICO

NUMBER OF INGREDIENTS: 88 EMPLOYEES | 88 COLABORADORES

SERVES: SOLVING THE INSURANCE NEEDS OF INDIVIDUALS AND COMPANIES ACROSS MEXICO

Innovation comes from everyone

La innovación proviene de todos

Our Secret INGREDIENTS



1 cup of
Collectivity Greater than Individuality

Mix well to achieve a cohesive and collaborative team, where the whole is much more powerful than the sum of its individual parts.

2 tablespoons of
Innovation in the DNA

Add innovation at all levels of the organization. Stir constantly to maintain freshness and adaptability to new trends and technologies.

3 pinches of
Customer Focus

Incorporate personalized solutions and advanced technology to reduce friction and increase the value offered. Don't forget to taste and adjust to the customer's preference!

Ideas + Opportunities = Innovation

1 taza de
Colectividad, mayor que individualidad

Mezcla bien para lograr un equipo cohesivo y colaborativo, donde el todo es mucho más poderoso que la suma de sus partes individuales.

2 cucharadas de
Innovación en el ADN

Añade innovación en todos los niveles de la organización. Revuelve constantemente para mantener la frescura y la adaptabilidad a nuevas tendencias y tecnologías.

3 pizcas de
Enfoque en el Cliente

Incorpora soluciones personalizadas y tecnología avanzada para reducir fricciones y aumentar el valor.

Ideas + Oportunidades = Innovación

International Reinsurance Fusion Platter

Skillful, Measured, Articulate, Real, Tenacious

COOK TIME: 13 Years in Business
NUMBER OF INGREDIENTS: 45 Employees in 7 Teams
LOCATION(S): London

SERVES: International property casualty treaty and property facultative reinsurance in the U.K., Europe, Africa, the Middle East and the Caribbean



Berkley Re EMEA

Brokers DELIGHT

COOK TIME:
15 Years in Business

NUMBER OF INGREDIENTS:
73 Amazing Employees

LOCATION(S):
5 capital cities across Australia

SERVES:
General insurance in Australia, including professional indemnity for companies of all sizes



Berkley Insurance Australia

COOK TIME:	81 Years
NUMBER OF INGREDIENTS:	101 Team Members
LOCATION(S):	Jacksonville, Florida
SERVES:	Primary commercial insurance products and services to the transportation Industry, nationwide.

Carolina Cake

Carolina Casualty



OUR CULTURE
Our reinsurance "kitchen" is a fast -paced, innovative hub of collaboration and teamwork. Our seasoned underwriters choose the best international, organic ingredients, our actuarial and modeling teams stir and whisk together, our operations and claims teams ensure the dish is cooked to perfection and our finance team present the final dish.

We train and develop our chefs' talents and skills and aim to promote from within.

COMPANY TRADITIONS
We hold an annual all hands offsite meeting to challenge the status quo–here we consider and refresh our menu, experiment with innovative flavours, new techniques and ingredients, and adapt our recipes, while having fun and bonding as a team.

PROUDEST ACCOMPLISHMENT IN 2024 –
Alongside delivering great underwriting results, in 2024 we are proud to be recognized for innovation with an array of transformational and incremental experiments to grow and improve our business.





Trusted partnerships – leaving our clients wanting another helping!



EXPERTISE BROKERS CAN RELY ON, SERVICE THAT IS UNMATCHED IN THE MARKET, CLAIMS SUPPORT FOR CUSTOMERS IN TOUGH TIMES, AND A DEDICATED TEAM WITH A SINGULAR FOCUS OF BEING THE BEST AT WHAT WE DO.

Our Value Proposition

EXPERTISE: Underwriters placed as close to the brokers as possible with the knowledge and authority to make decisions on underwriting risks.

SERVICE: Responding to calls, returning quotes within 24 hours, producing accurate documents immediately after binding and providing guidance to our brokers even if we cannot assist.

SECURITY: The security of a global insurer with the consistency that comes with local autonomy

SUPPORT: Claims support when our insured customer needs it most. Often a claim is the first time for our insureds and they need a helping hand to work through the uncertainty that creates.

INNOVATION: Looking at new ways to help make our brokers be more successful like online quoting systems and streamlined renewal processes.

INGREDIENTS:

```
1 cup of Exceptional Service
2 tablespoons of Tailored Transportation Insurance Solutions
3 teaspoons of Transportation Industry Expertise
A sprinkle of Innovation
101 dedicated team members (our secret ingredient)
```

Preparation

PREHEAT your business environment to a warm and welcoming atmosphere.

COMBINE Exceptional Service and Tailored Solutions – we answer the phone – we know our customers. We offer a variety of product solutions that few can match.

FOLD IN Industry Expertise, ensuring it is evenly distributed throughout the mixture. Our leadership team has over 15 years' experience on average, and we are exclusively transportation experts.

SPRINKLE Innovation over the top to keep the cake fresh and forward-thinking. We have a thriving innovation program always looking for a better way to do things.

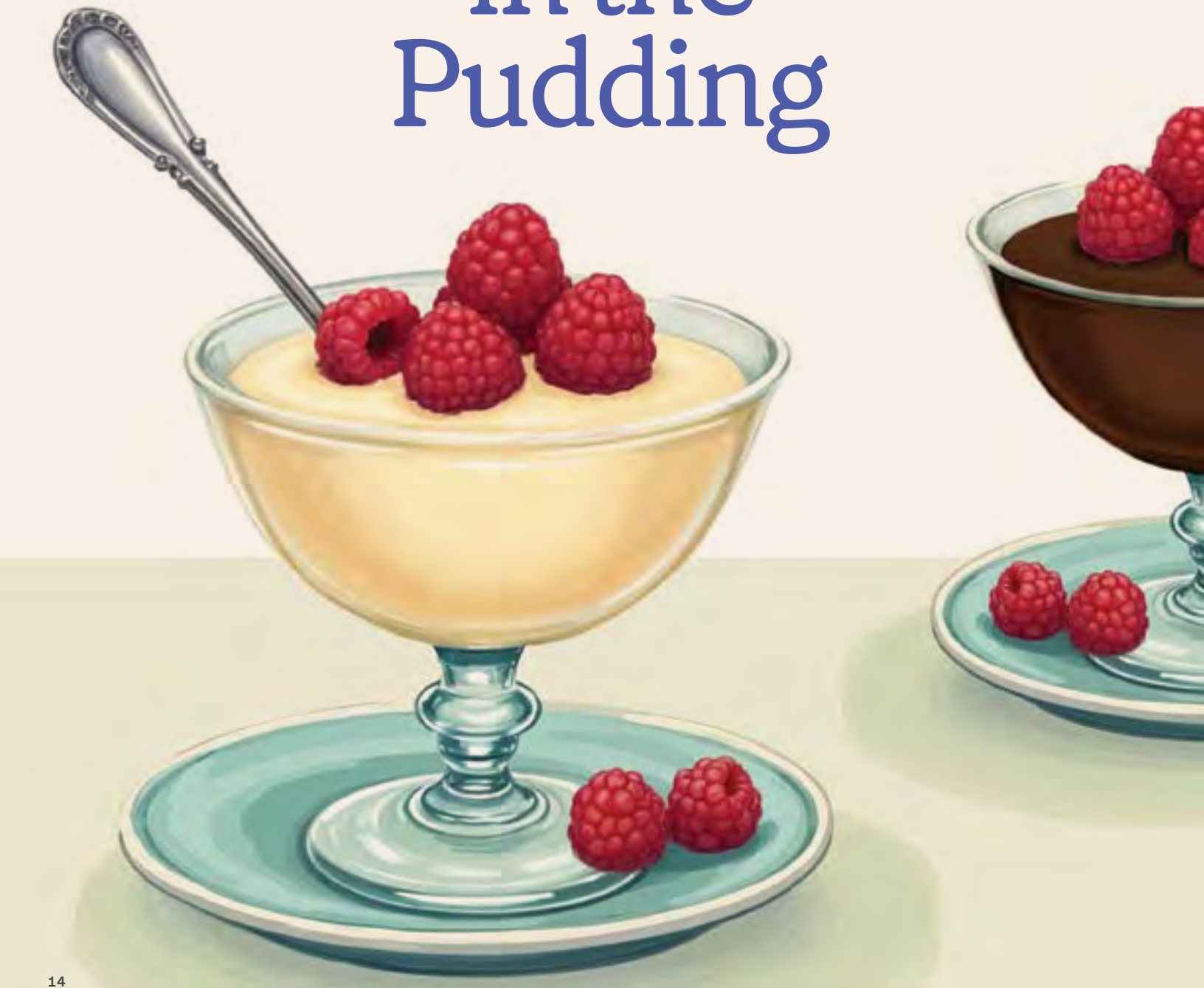
BAKE in a supportive and collaborative culture that is client centric. We exist because of our clients. We respond to their need for fast, accurate service and are always respectful of their perspectives.

Service - Solutions - Expertise

Integrity

Berkley is committed to meeting the needs of our customers, distribution partners, employees, and communities with the utmost integrity. This integrity is key in how we provide outstanding products and services, how we settle claims with fairness and according to policy terms, and in the way that we individually and collectively engage with others.

The Proof is in the Pudding



Long-term success built on a relentless focus on risk-adjusted return and value creation.

When it comes to long-term risk-adjusted returns, the proof is in the pudding. The true measure of our success lies not just in our annual returns, but in how our returns stack up over the long-term and the way in which we achieve them. It's not only about the steps we take forward, but the steps backward that we avoid. Our focus on serving our customers and doing the right thing drives us to carefully consider both potential rewards and associated risks. As a result, we have generated more stable and satisfying financial outcomes, proving that our decentralized structure in which everyone pulls together toward a common set of goals while focusing on their own niche can lead to sweet success.

Our successful insurance enterprise relies on specialized knowledge, meticulous risk management, and a culture dedicated to meeting the needs of customers, distribution partners, employees, and the communities in which we work. Each component plays a crucial role in the final product. Berkley is a decentralized, specialty property and casualty company composed of 58 distinct businesses, each with deep knowledge and expertise of their individual niches. Each business brings skill, passion, and a commitment to doing the right thing to everything they do. Our specialized knowledge and customer focus create a competitive advantage in delivering the right value to customers in an efficient way that solves their problems.

14.9%

AVERAGE RETURN ON SHAREHOLDERS' EQUITY

We have great people with outstanding expertise working together in teams with appropriate discipline. We are always in the market with risk amelioration products and services, regardless of the environment. We use our knowledge and expertise to offer risk-based pricing and fair, prompt claims handling, balance risk and return, and provide our insureds with an exceptional product and customer experience.

Over time, refinements to recipes and businesses alike can transform the ordinary into the extraordinary. We continually seek the best way to meet the evolving needs of our stakeholders, examine known and unforeseen risks, and maximize returns. It requires patience, attention to detail, and a willingness to learn from mistakes. It takes integrity, skill, experience, and creativity to get it just right. With each business working together towards a superior outcome, we achieve financial stability and profitability. Ultimately, our results have been exceptional, with a 14.9% average return on shareholders' equity and 122,251% cumulative growth in book value per share before dividends and repurchases since our IPO in 1973.

Responsibility

We have a clear sense of responsibility to all of our stakeholders, including our distribution partners, customers, shareholders, employees, and society at large.

共融
Fusion

Berkley Insurance Asia

COOK TIME:
8 Years in Business

NUMBER OF INGREDIENTS:
57 Employees

SERVES:
Specialty commercial insurance coverages to clients in North Asia and Southeast Asia.

BSIG'S *special* BBQ SAUCE

Cook Time: 11 years

Serves: 12,000 to 13,000 Customers

Serves: A wide array of commercial lines products in six southeastern states

Berkley Southeast Insurance Group

Risk Knowledge Stew

Guiso de conocimiento de Riesgos

Berkley Argentina Seguros
a Berkley Company

COOK TIME: 29 Years

NUMBER OF INGREDIENTS: 197 Employees

SERVES: Property, casualty, auto, surety, group life and workers' compensation in Argentina



There is no modernity without a good tradition

OUR CULTURE
Rooted in Asia, thriving across six territories, united by our culture of mutual trust.

OUR SECRET INGREDIENTS
Having the autonomy to make Berkley Insurance Asia relevant to the local market conditions and needs.

PROUDEST ACCOMPLISHMENT IN 2024
We proudly welcomed India into our growing family, strengthening our presence and shared journey.



" I joined Berkley as a fresh graduate eight years ago. Since then, I've had a front-row seat to building the business from the ground up. This journey has provided me with countless opportunities to learn, grow, and contribute as part of a dynamic team."

我八年前以應屆畢業生的身份加入了Berkley從那時起，我親身經歷了從零開始建立業務的過程這段旅程為我提供了無數學習、成長和為一個充滿活力的團隊貢獻的機會

Our Key Ingredients

CUSTOMER FOCUS

INNOVATION

LOCAL EXPERTISE

TEAMWORK

+ dash of fun!



Top 5 Regional Insurance Company in the Southeast, specializing in premium commercial insurance solutions tailored to your business, powered by responsiveness and customer focus.

Your back-in-business insurance group™

At Berkley International Argentina, we foster innovation and change, encouraging new ways of approaching our clients and understanding their real needs. We deliver on what we promise because we only promise what we can deliver. Our team thrives in an environment of collaboration and shared goals, celebrating how each individual contribution comes together to create meaningful results. Our supra-regional structure allows us to be closer to the client in order to understand their needs and respond in an agile and efficient manner, building long-term relationships.

En Berkley International Argentina, fomentamos la innovación y el cambio, alentando nuevas formas de acercarnos a nuestros clientes y comprender sus necesidades reales. Cumplimos lo que prometemos porque solo prometemos lo que podemos cumplir. Nuestro equipo prospera en un entorno de colaboración y objetivos compartidos, celebrando cómo cada contribución individual se une para crear resultados significativos. Nuestra estructura supra-regional nos permite estar más cerca del cliente para entender sus necesidades y responder de manera ágil y eficiente, construyendo relaciones a largo plazo.

Una receta no tiene alma. Es el chef quien debe darle alma a la receta.

A recipe has no soul, it is the chef who must give soul to the recipe.



Future Leaf FUSION



Cook Time: Since 2011

Ingredients: 51 Employees

Locations: Minneapolis, MN with team members in CA, FL, GA, MA, MD, NY, PA, TX, VA

Serves: Technology error & omission and cyber coverage along with traditional package, umbrella and worker's compensation products for domestic and foreign technology, government contracting, telecommunications, digital media, manufacturing and private equity firms.

BTU | Berkley Technology Underwriters

Eye Fillet

CASUALTY REINSURANCE

Cooking Time: 17 years

Number of Ingredients: 15 Employees

Locations: Sydney & Brisbane, Australia

Serves: Treaty and facultative excess of loss reinsurance in Australia and New Zealand

Global strength and local reach in Australia & New Zealand

Berkley Re Australia



Client BAH-ter Cake



If everyone is moving forward together, then success takes care of itself

Berkley Accident and Health

COOK TIME: 19 Years

NUMBER OF INGREDIENTS: 213

LOCATION(S): Nationwide

SERVES: Accident & health insurance in 4 areas--medical stop loss, managed care, special risk and group captive

Insuring Tomorrow's Technology Today



Our Secret Ingredients

Key Nutrients

Innovation and collaboration
Stability
Specialization

Growth Notes

At Berkley Technology Underwriters, we take immense pride in our employees and nurturing their growth and development throughout their journey with us.

"Our remarkable growth is a testament to our resilience, and we are poised to lead the future with confidence and purpose"

Chris Black, President

Our Secret Ingredients

Just like the process of dry aging an eye fillet, experience matters!

CASUALTY REINSURANCE EXPERIENCE & EXPERTISE: We specialize in casualty reinsurance with product solutions across facultative & treaty supported by casualty specialists with a collective experience of over 150 years. Just like the process of dry aging an eye fillet, experience matters!

RESPONSIVE: We are empowered locally which enables us to respond quickly with relevant solutions to our customer's needs and deliver on our promise when it comes to paying claims in a timely manner.

CONSISTENT: Like any great recipe, consistency is important. Our reputation is one of being consistent over time as a reliable reinsurance partner.

Proudest Accomplishments in 2024

In 2024, more small and mid-size employers joined our Group Captive programs, benefiting from smarter health risk management. Customers saw 20% fewer high-dollar medical claims, lower and more predictable Stop Loss premium increases, and an average return of 8% of ceded captive premiums.

Our Company Traditions

Each year, Berkley Accident and Health honors select customers with the Risk Achievement of the Year (RAY) Award for their commitment to the well-being of employees and offering affordable, high-quality health benefits to attract and retain their workers.



Secret Ingredients

COLLABORATION & TRUST

RISK MANAGEMENT

INNOVATION & EXCELLENCE

RAISING THE STEAKS



COOK TIME: 38 years

NUMBER OF INGREDIENTS: 52 Employees

LOCATION(S): Rutherford, NJ & New York, NY

SERVES: Commercial package insurance solutions for premium real estate business including high-end cooperatives and condominiums, office buildings and upscale restaurants.

BLG | Berkley Luxury Group

Berkley Fire & Marine
a Berkley Company

Success is driven by our people



COOK TIME:	63 Employees
NUMBER OF INGREDIENTS:	11 Years
SERVES:	Preferred inland marine and related property coverages and services to customers throughout the United States.

BFM *Success* BROWNIES

Berkley Brasil Seguros
a Berkley Company

Leadership Moqueca

Moqueca de Liderança

Where every ingredient shines, and the result is unforgettable!
(Onde cada ingrediente brilha e o resultado é inesquecível!)

COOK TIME:	18 years | *18 anos*
NUMBER OF INGREDIENTS:	122 employees | *122 colaboradores*
SERVES:	Business and individual insurance in Brazil *Seguros comerciales e individuales en Brasil*



Do your best to be the best for yourself, the team and customers



SECRET INGREDIENTS

BESPOKE PRODUCTS

Committed to tailored excellence, we offer hyper-specialized, all-inclusive coverages that perfectly fit the unique needs of commercial real estate and hospitality clients nationwide.

LEGENDARY TEAM

Distinguished experts deeply devoted to the premium real estate and hospitality markets, we are driven by our unwavering commitment to delivering unparalleled service and comprehensive solutions.

GAME CHANGING PLAN

We're on an exciting journey to re-imagine our business, embracing swift and profitable growth and expanding our niche, all-inclusive coverages nationwide through our equally specialized agent network.



Recipe for SUCCESS

INGREDIENTS

- Integrity
- Teamwork
- Collaboration
- Perseverance
- Determination
- Clear Vision
- Honesty

INSTRUCTIONS

1. Preheat your mindset to positive & proactive temperature
2. Mix out-of-the box thinking with flexibility & creativity until well combined. This forms the base of your innovative approach
3. Fold in the industry knowledge, ensuring it blends smoothly
4. Add the customer experience and whisk thoroughly
5. Sprinkle an average of 24 years of claims experience
6. Layer on your prepared strategy and bake until golden and successful.



O sucesso é um esforço de equipe, e celebramos cada vitória juntos, como se estivéssemos reunidos em torno de uma refeição quente.

Ingredientes Secretos:

Liderar pelo exemplo: Como o chef que aperfeiçoa uma moqueca, nossos líderes estabelecem o padrão, inspirando confiança e excelência.

Fomentar o crescimento: Nossos colaboradores são o molho secreto que transforma potencial em resultados extraordinários, com cada pessoa trazendo um sabor único para a equipe.

Colaboração no seu melhor: Quando cada ingrediente trabalha junto, todo o prato – e a equipe – se torna inesquecível.

Secret Ingredients:

Leading by Example: Like the chef perfecting a moqueca, our leaders set the standard, inspiring confidence and excellence.

Fostering Growth: Our employees are the secret sauce that turns potential into extraordinary results, with each person bringing unique flavor to the team.

Collaboration at Its Best: When every ingredient works together, the whole dish – and the team – becomes unforgettable.

"When every ingredient shines, the whole dish – and team – is unforgettable."



TEXAS TRUST BRISKET

Where the entertainment industry goes for creative insurance solutions!



Cook Time: **20 Years**

Location(s): **Irving, TX & Atlanta, GA**

Serves: **Ideal for clients in the entertainment and sports industries**

Berkley ENTERTAINMENT
a Berkley Company



SECRET INGREDIENTS

01. **COOL INSUREDS AND BROKERS IN ENTERTAINMENT & SPORTS**

02. **LONG-TENURED RELATIONSHIPS**

03. **DEDICATED EMPLOYEES**

04. **EXCELLENT CUSTOMER SERVICE**

05. **WE ARE OUR PARTNERS' FIRST THOUGHT FOR FINDING A SOLUTION**

COOKING INSTRUCTIONS FOR EXCELLENCE:

We work hard every day to be our partners' first thought for finding a solution. We go above and beyond to put our clients at ease, ensuring they receive the best possible service. Our in-house team is composed of highly skilled entertainment and sports professionals in underwriting, claims, technology, finance, loss control, and premium audit. Our dedication to excellence and commitment to our clients are what set us apart in the industry.

Berkley Offshore

Innovation Stir-Fry

Serve with a commitment to excellence.

COOK TIME : 15 Years

NUMBER OF INGREDIENTS: 50 Employees

SERVES: Specialty energy and marine products on a global basis

Ingredients

1 Generous Base of Customer Trust
1 Cup Of Underwriting Excellence
2 Cups of Claims Collaboration
2 Teaspoons of Data
1 Teaspoon of Actuarial Support
A+ Security
1 President
5 Offices

Instructions

Combine underwriting excellence with innovation and hard work in a large mixing bowl.

Carefully fold in 3 lines of business, including energy property, liability and marine with 10 product offerings, mixing until each line is evenly distributed throughout the mixture.

Stir in claims collaboration and data details while using finance expertise and actuarial support until well blended with smooth consistency.

Layer the mixture on the generous base of customer trust and loyalty ensuring an even spread of risk and exposure.

Sprinkle in the flavours of 145 different countries where our clients operate with licensing and operational controls.

Layers of Authentic

E&S LASAGNA

Cook Time: 14 Years

Number of Ingredients: 98 Employees

Locations: Glen Allen, Virginia, Denver, Colorado and Scottsdale, Arizona

Serves: Tailored casualty, professional liability, and garage coverages, specializing in the excess and surplus lines market, primarily in the construction, manufacturing, garage service and professional sectors



Authentic Connections

VERUS
SPECIALTY INSURANCE

THE VERUS SECRET INGREDIENTS

Trust as the Foundation (The Pasta Layers) Trust is the foundational ingredient that holds everything together, much like the pasta in lasagna. Each layer of pasta provides structure and stability, representing the dependable relationships we build with our clients, employees, and partners. Without trust, the entire dish would fall apart.



Collaboration as the Filling (The Cheese and Meat Layers) Collaboration brings flavor and richness. The cheeses, meats, and vegetables represent the unique contributions of every individual on the team.

Integrity as the Seasoning (The Sauce and Spices) Integrity enhances the dish, ensuring every bite reflects our core values. The sauce and seasoning tie all the components together, much like our unwavering commitment to honesty, transparency, and doing what's right.

Tradition - The "Chefs' Table" of Connection Each month, when the bagels arrive, it's more than a meal—it's a moment. It's where our "kitchen table" comes to life. Everyone rushes to grab their favorite bagel, debates the best cream cheese, and connects in a way that reminds us why we value trust, collaboration, and integrity.

PEOPLE POWERED PIE

BNP Berkley NorthPacific

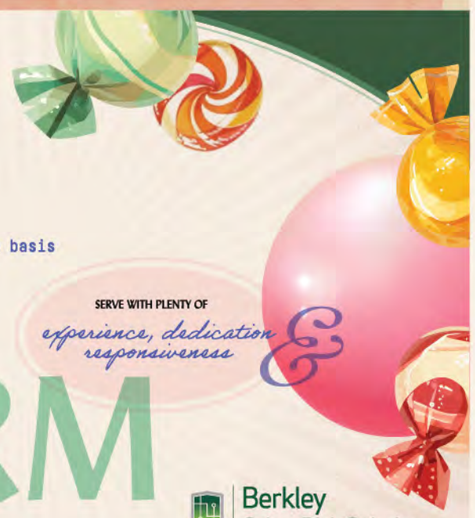


COOK TIME: Cooking Since 2010

NUMBER OF INGREDIENTS: 67 employees

LOCATION(S): Pacific Northwest

SERVES: Idaho, Montana, Oregon, Utah, and Washington



COOK TIME: 8 Years

NUMBER OF INGREDIENTS: 26 Employees

SERVES: Specialty commercial cyber insurance coverages on a worldwide basis

SERVE WITH PLENTY OF

experience, dedication & responsiveness

Cyber CHARM

Berkley Cyber Risk Solutions



COOK TIME:
50 Years

NUMBER OF INGREDIENTS:
16 Employees

LOCATION(S):
Irving TX, San Antonio TX, Little Rock AR, Phoenix AZ

SERVES:
Preferred commercial property and casualty insurance products and services to a wide range of small to medium sized commercial entities in 5 Southwestern states

Commercial insurance by people who care.

Iced Innovation Cookies

Berkley Southwest

SECRET INGREDIENTS

Responsiveness | Customer Obsessed | Empowered Individuals

COMPANY TRADITIONS

During our all-associate meetings, small mixed-team dinner groups are designed to foster deeper relationships and collaboration among associates who may not regularly interact.

PROUD ACCOMPLISHMENT:

In 2024, we surpassed a significant direct written premium milestone, thanks to our employees' commitment to achieving long-term, sustainable returns. This success was driven by our unwavering commitment to our core values: ownership, integrity, collaboration, and innovation.



Preparation

BERKLEY CYBER RISK SOLUTIONS PROFESSIONALS have been engaged in the design of premier cyber insurance solutions since the early 2000s.

AS PIONEERS IN THE CYBER INSURANCE INDUSTRY, our experienced team members continue to raise the bar by providing superior customer service, product knowledge, industry expertise and consistently stable capacity to our brokers and policyholders.

OUR ANNUAL UNDERWRITING TRAINING LAB allows our underwriting and claims teams to engage and interact with industry experts, which ensures that we stay at the forefront of cyber knowledge.

NUTRITIONAL VALUE

The Annual Charm Award recognizes employees that exhibit our CHARM culture and our core values of integrity, trust, transparency and excellence that are reflected in our products and services.

Collaborative
Hardworking
Accountable
Resourceful
Motivated

COLLABORATION: We actively listen to others' ideas and we build effective teamwork through openness to diverse perspectives to foster a positive and innovative work environment.

ACCOUNTABILITY: We take ownership of responsibilities, adhere to established standards, and proactively address and resolve issues to maintain personal relationships and the organization's credibility and trust.

RESPECT: We treat colleagues, clients, and partners with courtesy and professionalism, valuing their contributions and recognizing their individual strengths and backgrounds.

INTEGRITY: We act ethically and transparently in all business dealings, demonstrating honesty and trustworthiness in our decision-making and interactions with others.

NURTURING GROWTH: Team members experience opportunities for continuous learning and development, both personally and professionally, while also supporting the growth of others within the organization.

GENEROSITY: We embrace the spirit of giving back to the communities we serve by supporting our employees' involvement in charitable initiatives close to their heart. We actively participate in community service events and offer paid time off for our teams to volunteer.



Proudest Accomplishment in 2024

Our rebrand from Union Standard to Berkley Southwest.



CWG'S SECRET SAUCE

BEST-IN-THE-MIDWEST

COOK TIME: 138 years

LOCATIONS: Urbandale, IA

SERVES: Underwriting and risk management services to a broad array of regional businesses in thirteen Midwest states.

WE'RE DIFFERENT. IT MATTERS. CWG® | a Berkley Company

Berkley Uruguay Seguros | a Berkley Company

RICE Innovation

Innovación En Arroz

For our people, growth is essential

COOK TIME: More than 16 years in business
Más de 16 años en el negocio

NUMBER OF INGREDIENTS: 15 Ingredients
15 Ingredientes

LOCATION: Uruguay

SERVES: Specialized personal and commercial coverages in Uruguay



A Facultative Reinsurance Michelin

Berkley Re Solutions

MEDLEY

COOKING TIME:	23 years for treaty & 10 years for turnkey
NUMBER OF INGREDIENTS:	20 dedicated + more than a pinch of support
SERVES:	Direct casualty facultative reinsurance and turnkey products such as cyber, employment practices liability , liquor liability and violent events coverage

Superior ingredients yield the best
RESULTS

CWG VALUES

EXPERTISE	Providing in-depth knowledge and guidance in the insurance industry.
PARTNERSHIP	Consistently exceeding expectations with superior responsiveness.
INTEGRITY	Acting with honesty and transparency in all interactions.
CREATIVITY	Embracing new ideas and finding unique solutions.
COLLABORATION	Willingness to listen and work together to achieve shared success.

PROUDEST ACCOMPLISHMENT IN 2024

For the third time in a row, CWG has been named a Best Place to Work in Insurance in 2024. This award recognizes companies with outstanding performance in establishing workplaces where employees can thrive, enjoy their work, and grow in their career.

EMPLOYEE AWARDS

In 2024, we launched the CWG Core Value Awards. Associates are nominated for these awards by their peers or from external testimonials for exhibiting excellence in one of our core values: Expertise, Partnership, Integrity, Creativity, or Collaboration.



BEST-IN-THE midwest URBANDALE, IA

Our Culture

At Berkley Uruguay, we stimulate innovation and creativity with a focus on our end client.

Nuestra Cultura

En Berkley Uruguay estimulamos la innovación y la creatividad con foco en nuestro cliente final.

For our people, growth is essential

Por nuestra gente el crecimiento es esencial

We are a business that trains its employees and is always observing how to generate and attract talent in the market because we understand that the differences are made by people, with their responses and solutions.

Somos una empresa que capacita a sus empleados y siempre está observando cómo generar y atraer talentos en el mercado porque entendemos que las diferencias las hacen las personas, con sus respuestas y soluciones.

We have a tradition every first weekend of the month to share a snack and also once a year we celebrate Berkley Uruguay weekend with the entire staff.

Tenemos la tradición todos los fines de semana del mes de compartir una merienda y además una vez al año celebramos el fin de semana de Berkley con todo el personal.

Our Secret Ingredients

01.

UNDERWRITING MATTERS

Deep, bespoke, and recognized underwriting innovation and expertise with an average of 25 – 30 years+ .

02.

CUSTOMER EXPERIENCE MATTERS

We out-hustle our competitors with the customer as the focus.

03.

RELATIONSHIPS MATTER

Highly focused, passionate, and respected staff.

Proudest Accomplishments

Earning the honor to launch, build and grow a new brand in the reinsurance space: "Berkley Re Turnkey Solutions, a division of Berkley Re".

Earning an award for our Innovation work launching Workplace Violence insurance with Preferred Employers, a first-to-market solution for a workers' compensation only carrier.



Strategic Mindset

We make thoughtful decisions every day, in every aspect of our business, designed to generate strong risk-adjusted returns that build value over the long term and prepare us for whatever challenges and opportunities the future may hold.


The
Magic
is in
the Mix

Decentralized by design, united by values—delivering tailored solutions for collective success.

Our 58 separate specialty (re)insurance businesses with a common goal and set of core values allow us to create a "magic mix". Each of our businesses focuses on a specific market, offering particular expertise based on geography, product line, industry, or distribution type, and is empowered to be responsive to their market. They adapt their individual approaches as market conditions vary.

Our experienced professionals bring a deep understanding of industry-specific risks, historical data, and advanced analytical tools to create a bespoke menu of products and services. Our businesses pay attention to every detail, so that their policy terms and conditions, underwriting, claims handling, and services are perfectly suited to their customers' needs. In essence, our expertise transforms risk management into a systematic, data-driven recipe for success. Moreover, our teams are leaders in their markets and communities, striving to offer solutions to problems and support when and where it is needed.

To drive accountability in our decentralized organization, each business is responsible for its individual performance and contribution to our overall success. Their autonomy enables each team to respond swiftly to local trends, innovate, and optimize their performance without being constrained by a one-size-fits-all corporate recipe. This diversity benefits the overall organization, as successful practices are shared and scaled across the group, enhancing overall resilience and adaptability. It allows each business to do what is right for its specific customers, people and communities, while pulling together toward a common set of goals.

Autonomy enables each team to respond swiftly to local trends, innovate, and optimize their performance without being constrained by a one-size-fits-all corporate recipe.

Our businesses benefit from being part of one of the largest property and casualty insurance organizations in the U.S. with operations worldwide and a common culture where everything counts and everyone matters. Ultimately, this approach ensures that each business can achieve its unique flavor of success while contributing to the group's collective success.

Knowledgeability

We believe that knowledge and expertise in underwriting, risk management, claims handling, and investing is the best way to deliver value to all our stakeholders.

Familiar Faces

Fruit Salad

Berkley Healthcare
a Berkley Company



COOK TIME: Since 2002

NUMBER OF INGREDIENTS:

With over 70 employees spread across the US, we are able to offer a national perspective with local presence.

SERVICES:

Medical professional and financial lines coverages to the full spectrum of healthcare providers.

Fast & Easy Filet

BerkleyNet



cook time: 18 Years

number of ingredients: 97 Employees

locations: Manassas, VA, Scottsdale, AZ

serves: Uses a web-based system to quote, bind, and service workers' compensation insurance products

PEOPLE POT PIE

Berkley INDUSTRIALCOMP

COOK TIME: *35 years*

NUMBER OF INGREDIENTS: *62 employees*

LOCATION(S): *Birmingham, AL, Lexington, KY, Las Vegas, NV*

SERVES: *Severity-driven workers' compensation*





Secret Ingredients

Familiar Faces bringing Fresh Perspectives to specialized healthcare professional lines including Hospital and Senior Care Professional and General Liability and Financial Lines and Managed Care Liability products.

We offer a blend of nine customizable products and services tailored to the healthcare industry. Our secret sauce is blending our varied products and segments to create a diverse and balanced book mix.

We have a unique team of multi-disciplinary insurance professionals with healthcare industry expertise ranging from underwriting, legal, nursing, risk management and actuarial enabling us to prepare a creative offering for each risk.

Our Team, Our Products, Our Promise.

Making workers' compensation Ridiculously Fast. Amazingly Easy.

COMPANY TRADITION

Each November, we host an all-team auction benefiting Kids' Chance of Virginia – a charity that provides scholarships to children of critically and fatally injured workers. The night showcases the talents of our team. Our favorite (and most lucrative) items have been experiences and creative endeavors, including custom-recorded rap songs, personalized poems, cakes, and photo shoots, and even dinner with a team member's parents!



OUR SECRET INGREDIENTS:

- Generate solutions & positive energy
- Responsiveness is our reputation
- Increase the value of the human touch
- Be a community builder

"Being a Bhetian means I get to explore new ideas while collaborating with a team that allows me to be authentic." - Bethany

OUR CULTURE

At Berkley Industrial Comp, we believe in the power of people working every day to do right by and find solutions for one another, our customers, our partners, and our communities.



OUR SECRET INGREDIENTS

INTEGRITY: With everything we do, we do it with trust and honesty.

COMMUNITY: We commit to service to our communities – our industries, our local areas, and our charitable endeavors.

EMPOWERMENT: We believe in empowered decision making at all levels of our organization.

EXCEEDING EXPECTATIONS: We commit to excellence in our service and to be responsive, accountable, and solution-oriented.

EXPERTISE: We commit to expertise in everything we do, and the learning culture and personal development required to teach that expertise.

A mix of people-centric values and a cup of exceeding expectations

Berkley
Specialty Excess

Environmental & Energy

STIR-FRY



Cook Time: 18 months

Serves: Excess and surplus lines coverages for highly specialized risk exposures within specific industry verticals such as the environmental and energy industries.

Best served family style



GEMINI TRANSPORTATION UNDERWRITERS
a Berkley Company

COOK TIME: 15 YEARS

NUMBER OF INGREDIENTS:

40 Employees

SERVES:

Excess liability insurance for domestic surface transportation businesses, including the railroad, trucking, busing and other industries.

Specialist

SOUP

BLS Bouillabaisse

Berkley lifesciences

COOK TIME: 18 Years

NUMBER OF INGREDIENTS: 48 Employees

SERVES: A comprehensive spectrum of property casualty products to the life sciences industry on a global basis.



01. Develop a core team with a Diversity of Experiences to lay a foundation of technical knowledge, tenure, and business acumen

02. Collaborative Energy + Startup Mentality mix to create a culture in which challenges are met vigorously and a win for one is a win for all

03. When all ingredients are combined with Targeted Partnerships, core stakeholders receive an ever-improving product and customer experience

Diversity of experiences + tenure fuels growth

Our Ingredients

Diversity of Experience
Established energy and environmental leaders with a commitment to bringing in staff with a diversity of experiences and tenure has helped fuel growth

Collaborative Energy
An emphasis on common goals, rather than individual, encourages cross-program (energy / environmental) collaboration and knowledge transfer

Startup Mentality
The sense of ownership from being a team member at a startup means all hands are on deck, and all opinions are considered, when tackling the smallest to biggest challenges

Targeted Partnerships
Limited partnerships with a reliable base of core stakeholders allows for white glove service

OUR CULTURE

At Gemini we enjoy market-leading influence while maintaining a small business culture where every team member has a material impact on our results. Our employees strive to always do the right thing and act with a pride of ownership every day.

Our Secret Ingredients:

The Gemini team is made up of subject matter experts across each of our departments that combine to create a special group that is capable of incredible accomplishments.

Proudest Accomplishment:

In 2024 we celebrated a milestone of 15 years of steadfast stability in a volatile market.

GEMINI PROTECTS
the companies that keep America moving.

INGREDIENTS

A team of professionals dedicated to all areas of Life Sciences and their customers

A generous measure of extensive expertise and experience

A colossal amount of calibrated customer focus and commitment

A mountain of market knowledge and insights

A heaping scoop of cultivated company culture

PAIRS WELL WITH

Strategic partnerships

Continuous learning and development programs

Innovation-driven initiatives

BAKING TIME

1. **Monitor** progress constantly and adjust strategies as needed; be prepared to pivot and adapt to changing market conditions and feedback.
2. **Incorporate** data analytics to make data-driven decisions that drive continuous improvement; use this as a launch pad for innovation.
3. **Simmer** and watch your business grow! With the right combination of ingredients, perfectly balanced and timed, and wrapped in a strong company culture, long-term success is achieved.
4. **Finish** with a super flat operating structure that ensures the customer has easy access to decision makers.



Culture Club Sandwich



Quality ingredients creating the tastiest results

Cook Time: 16 Years

Number of Ingredients: 35 Employees

Location(s): New York, Connecticut, Virginia, Wisconsin, Florida, California, Canada and Singapore

Serves: Coverages for fine arts and jewelry exposures

Berkley Asset Protection

Berkley Surety

BERKLEY

Bonding Broth



Bonded together in our drive for success!

COOK TIME: *29 years*

NUMBER OF INGREDIENTS: *101 Employees*

LOCATIONS: *16 Locations Across the US & Canada*

SERVES: *Full spectrum of surety bonds for construction, environmental and commercial surety accounts in the U.S. and Canada*



Success

Souffle

NAUTILUS INSURANCE GROUP

We are nimble, creative, and passionate.

Blend together Service, Fun, Excellence, and Growth.

Cook Time
39 Years

Location
Scottsdale, Arizona

Serves
Excess and surplus lines risks for small to medium-sized commercial risks nationwide with low to moderate susceptibility to loss.





Our Culture

People are our most important ingredient. Through our monthly classes for Innovation and Culture, we encourage the spice and flavor that come from collaboration and creative thinking. Our secret sauce is a bold mix of unique experience and talent, delivering delectable results.

Our Secret Ingredients

A Slice of Integrity
Our business thrives on our transparency with our partners and offering unparalleled service.

A Shmear of Accountability
We take extreme ownership for our responsibilities to our clients and to each other.

An Overstuffed Outcome
We focus on serving up 4-star results that would satiate any appetite

Boldness of Thought. Encouraging innovative, out of the box, thinking.

Ownership. Taking responsibility for one's work and outcomes.

Networking. Building strong professional relationships and connections.

Dedication. Demonstrating unwavering commitment and perseverance in all tasks.

Empathy. Valuing and understanding diverse perspectives to foster a supportive environment.

Dependability. Being reliable and consistent in delivering high-quality results.

OUR SECRET INGREDIENTS

Collaboration Trust Customer-Focus

"If you touch a link in the chain, you own the chain."
-ANDY TUMA, PRESIDENT

Our Secret Ingredients

- We build trust by putting our customers first, delivering consistent value, and fostering relationships that last a lifetime.
- Our culture thrives on innovation, empowering us to adapt swiftly to change and uncover new opportunities in every challenge.
- We deliver sustainable growth and operational excellence at every level.

Listen carefully and respond professionally.



At Nautilus, traditions are the heartbeat of our culture, bringing us together in meaningful and memorable ways.

- Our annual Halloween office decorating competition showcases our creativity as it unites employees and senior leaders alike.
- Our Spirit Week Celebration is filled with games, prizes, and shared joy during our business's anniversary, highlighting our stability and collective spirit.
- We proudly support our employees and the causes they care about with our monthly Cash For Your Cause" program, where we donate $1250 each month to an employee-selected charity!

Berkley Re
Asia Pacific

Local Reach NASI LEMAK Packs a Punch!



Cooking Time:	18 years
Number of Ingredients:	19 Employees
Locations:	Singapore, China
Serves:	Property and casualty treaty and facultative reinsurance for the Asia Pacific marketplace

We work harmoniously together, each contributing our unique skill sets

RESPONSIVE TOASTED Ravioli

Invite innovation, Nurture collaboration



Cook Time
38 Years in Business

Number of Ingredients
172 Employees

Serves
Excess worker's compensation insurance and customized captive insurance coverage to U.S. domiciled and offshore captives.

Midwest Employers Casualty



Like a 5 Star Restaurant — a team of experienced chefs focused on satisfying our customers.

Select Wisely

Stew

Cook Time: 32 Years in Business

Number of Ingredients: 120 Employees

Location(s): Chicago

Serves: Professional liability insurance for law firms and accounting firms, as well as other professional firms

Berkley Select

Our Secret Ingredients

LOCAL REACH IN ASIA

We have seasoned underwriters and claims teams in the Asian regions, enabling our customers to access our expertise seamlessly.

MORE THAN JUST REINSURANCE

We offer Property & Casualty reinsurance and Value-add services on Casualty classes, providing advice to our clients on wordings, pricing structures and marketing strategy.

Hard Work (+)
Collaboration (–) Ego

We are a team of passionate individuals from diverse countries + cultures

Culture

At the heart of MEC's culture is our commitment to making a difference. We leverage our collaborative spirit, innovative mindset, and inclusive approach to positively impact employers, injured workers, and our community. Every team member plays a crucial role in this mission, embodying our values to drive meaningful change and deliver exceptional results.

In 2024, MEC championed a culture of collaboration through initiatives such as pilots, brainstorming sessions, proofs of concept, and hackathons, bringing together our technology teams (Advanced Analytics, Information Technology, Actuarial, Berkley Technology Services, Data & Analytics), internal business units (Claims and Underwriting), and other Berkley businesses to learn how to best leverage advanced technologies to create Assisted Intelligence solutions.

We treat every interaction as an opportunity to learn, and grow, ensuring our actions align with our customer's best interests.

People + Process + Technology = Results

Our Culture: Action, Appreciation, Communication, Making it better, Ownership and Positivity.
Our close-knit team works to service our customers with unmatched flexibility and speed.

Proudest Accomplishment : When a colleague was diagnosed with advanced breast cancer, our team organized a "Cornhole for a Cause" fundraiser with over 20 teams participating. Alongside a silent auction and raffle, we raised over $10,000 to support her and her family.

Company Traditions: Celebrating employees is key to our culture. Each month, we recognize birthdays and anniversaries, and we host holiday and summer outings to connect outside the office. We also give back by volunteering, donating holiday gifts and clothing to families in need, and providing school supplies for Chicago Public School students.

"I love the people I get to work with. It is great to have the experience of veteran employees who have been here for many years along with fresh knowledge from new teammates."
-Lisa P

Our Secret Ingredients
Skill, Speed and Strength.



Preferred Employers Insurance
| a Berkley Company

The Gold Standard of Care CARROT CAKE



COOK TIME
26 Years

NUMBER OF INGREDIENTS
111 Employees

LOCATION(S)
San Diego, California
Walnut Creek, California

SERVES
Workers' compensation products and services for small businesses based in California

Mix strong work ethic with having plenty of fun!

INSURANCE WITH EASE

Soufflé

Transforming Hypothesis

Cook Time: 3 Years

Number of Ingredients: 67 Employees

Locations: 30 States

Serves: Offers a modular suite of management liability products through an easy-to-use-platform.

Berkley Management Protection

Performance PAELLA

COOK TIME 18 years **NUMBER OF INGREDIENTS** 70 Employees

LOCATION(S) Madrid, Barcelona, Lisbon

SERVES General, Healthcare, Professional, Directors and Officers, Financial Institutions, Environmental Liability, Personal Accidents and Surety to businesses in Spain and Portugal.

Berkley ESPAÑA

Our mission is rooted in a culture that prioritizes the health and welfare of injured workers and fosters a safe, inclusive, and innovative workplace.



OUR SECRET INGREDIENTS:

HIGH CALIBER TALENT
We believe that hiring and developing the very best is crucial to our success and growth as a business. Our commitment to cultivating a culture of continuous improvement and innovation is reflected in our dedication to recruiting and retaining top talent.

INCLUSIVE SPIRIT
Our collaborative approach ensures that everyone's unique strengths and perspectives are utilized, leading to innovative solutions and a more harmonious work environment.

MUTUAL TRUST AND RESPECT
We believe in open communication, treating each other kindly, and that building strong professional relationships are essential to ensuring a positive work experience for everyone.

COMPANY TRADITIONS
Every year we celebrate Pi Day on March 14th with a company-wide pie eating contest, complete with a trophy for the winner and local, specialty pies for everyone to enjoy.

THIS Soufflé *IS SURE TO RISE.*

Idea Testing | Best Idea Wins | Science

On a mission to craft a unique, transformative bite that will make you reimagine the very essence of an insurance soufflé. By analyzing and valuing each ingredient to then combining only the finest into a delicate but harmonious and elegant dessert. Berkley Management Protection whips together the ease of using the Grove to quote business in record time, the tenacity of our territory managers in pursuing new business, and the innovative use of third-party data to deliver unparalleled protection and peace of mind for your business.



You know your recipe works when your customers bring you their renewals. Plus, 9 out of 10 come back for more! The delicious combination of efficiency, ease and expertise.



EMPOWERING THE AUTONOMY, COLLABORATION & EXCELLENCE OF OUR TEAM

OUR CULTURE We strive to be recognized as the trusted specialized insurance partner, providing stability to professionals and businesses for their development. Our innovative, agile, and committed culture is based on empowering the autonomy, collaboration, and excellence of our team.

OUR SECRET INGREDIENTS Our value proposition comprises a wealth of expertise, a dash of agility, a strong focus, and seamless access. All served with the secret sauce of our innovation mindset.

COMPANY TRADITIONS For the past seven years, our employees have collaborated with a broker association to buy gifts for children in need to receive from the Three Wise Men (6th of January). Each year, they come together to purchase thoughtful gifts, ensuring that these children receive a special surprise. This heartfelt tradition not only spreads happiness but also strengthens our sense of community and compassion.

Berkley Custom

COOK TIME: 13 Years

NUMBER OF INGREDIENTS: 100 Employees

LOCATIONS: Stamford, New York, Los Angeles + Chicago

SERVES: Focuses on the excess casualty insurance market



Embrace Change

Expertise-Seasoned Aged Wagyu Steak

Our "seasoned" team brings knowledge and expertise in risk selection, exposure limits, pricing, and terms for complex risks. Supported by a dedicated back-office, we deliver unmatched products and customer experience.

Our Secret Ingredients

Berkley custom has been profitable every year since its inception

Relationships: We have long-term relationships with clients and brokers dating back 40 years. Our management team reflects relationships with employees as far back as 43 years

Customer Service: Our competitive advantage is service and responsiveness to our business partners' needs, who know we will be there in the long run.

Collaboration: Our innovative culture encourages collaboration, shared goals and celebrating our successes. We encourage cross training, multi heading of ideas and open dialog to create synergy and efficiency.

Product Protection

Berkley Pie

Continually refine by collecting customer feedback and staying up to speed with industry trends.



COOK TIME: 10 Years

NUMBER OF INGREDIENTS: 18 Employees

SERVES: Product recall and contamination insurance products and services

Berkley Product Protection

Ingredients:

1 generous cup of Exceptional Customer Service *(thoroughly trained, friendly and helpful team members)*

2 cups of Comprehensive Coverage Options *(tailored to customer tastes)*

2 cups of Industry Expertise *(deep industry knowledge)*

2 cups of Outstanding Claims Service

1 tablespoon of Adaptability *(flexibility to address market trends and customer requirements)*

1 generous cup of Trust and Integrity

A large pinch of Collaboration

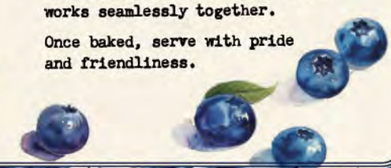
Instructions:

Add Adaptability, stirring in flexibility allowing the mixture to adjust to evolving customer demands and market shifts.

Pour the mixture into a large pie dish and cover with one generous cup of Trust and Integrity and a large pinch of Collaboration.

Let it bake in a warm and friendly environment where a diverse team works seamlessly together.

Once baked, serve with pride and friendliness.



intrepid DIRECT INSURANCE

Expect Better. That's our policy.

Fresh Insurance

directly from our

INTREPID DIRECT FARM



COOK TIME: 9 Years

NUMBER OF INGREDIENTS: 105 team members and growing

LOCATION(S): Rooted in the heart of the Midwest in Overland Park, KS, our headquarters cultivates success and spreads the harvest across the nation.

SERVES: Business insurance coverages through a direct distribution model focused on the franchise market, with specialties including the restaurant, garage and fitness industries.

Harvesting Success

We're not just sowing seeds in the insurance field—we're cultivating something extraordinary. At Intrepid Direct, our rows run deep with innovation, entrepreneurial spirit, and a drive for excellence that's as steady as the sunrise over a freshly tilled field.

Our harvest thrives on a foundation of collaboration, where every team member contributes to the growth of something bigger. Positivity is our fertilizer, and a relentless pursuit of improvement is the tractor that keeps us moving forward. Together, we're reaping a bounty of ideas and results that set us apart from the rest.

Here at Intrepid Direct, we don't just plant; we nurture. We don't just grow; we thrive. Creating a recipe for success & Making Life Better For Business.



1 cup of Walking in Their Shoes

2 tablespoons of Bringing the Hammer Every Day

3 teaspoons of We Rock!

A pinch of Daring Greatly

A dash of Whiz-Bang Minds

A sprinkle of Wise Owl Outcomes

Making Life Better for Business.

Trust

We understand that insurance is a promise to be there for our policyholders when things go wrong and we are committed to doing the right thing for them, our distribution partners, employees, and communities. For more than 55 years, we have earned that trust from our stakeholders with strength and expertise.

The Secret is in the Sauce



Our people are the secret sauce. Blending talent, values, and purpose into lasting impact.

Our people are the secret sauce in our Company's recipe for success. Every team brings their own special blend of knowledge, expertise, creativity, and dedication that contributes to the successful culture and performance of their business and our collective results. Their ability to collaborate, innovate, solve problems, build relationships with customers and distribution partners, and support their communities is a powerful combination that leads to positive outcomes for all stakeholders.

While the culture of each of our businesses is distinct, they all share a common set of core values, including integrity, responsibility, a strategic mindset, knowlegeability, trust, and caring. Our shared values synchronize with the contributions of our teams and the unique cultures of our businesses, creating a cohesive and dynamic whole. This blend of autonomy and shared principles drives our success across the entire organization.

Our teams are given the right tools and environment to develop innovative solutions and produce exceptional results. We invest in the personal and professional development of our people, as well as in their physical and mental well-being, fostering a positive culture with a motivated and engaged workforce. This, in turn, leads to higher productivity, better customer service, and a stronger competitive edge. The collective effort and passion of our teams transform our business from good to great.

Being a responsible community member is the pièce de résistance that makes our secret sauce so special.

Together with our guiding principle to "always do right," these shared values drive responsible behaviors. Berkley prides itself on its long tradition of involvement in the local communities where it does business. Our teams are empowered to get involved with charitable organizations that make an impact. While these organizations are many and varied, our teams have generally focused time and resources in the following three areas: supporting the next generation, food insecurity, and the environment. Being a responsible community member is the pièce de résistance that makes our secret sauce so special.

Caring

We achieve success by working together with shared values for common goals in a way that allows us to make a positive contribution to our society.

Berkley
SMALL BUSINESS SOLUTIONS

Creative CAKE



Cook Time: Four Years

Number of Ingredients: 55 Employees

Serves: Commercial insurance products for small businesses through a modern technology platform that leverages data and analytics.

Encouraging innovation and creativity within a business is like stirring a pot to blend flavors.

VELA VALUES



"EGGS" PERTISE



COOK TIME 29 Years	SERVES general liability insurance
NUMBER OF INGREDIENTS 171 Employees	for construction, manufacturing and
LOCATION(S) Six locations across the U.S.	general casualty clients as well as products liability and miscellaneous professional liability coverages



VELA INSURANCE SERVICES
| a Berkley Company

Reinsurance
Twice Baked Insurance



Cook Time: 50 years (in 2025) and all as a Berkley company

Ingredients: 80 employees across underwriting, actuarial, claims, finance, operations and IT

Locations: Stamford, CT

Serves: Treaty and facultative reinsurance solutions for companies whose primary operations are within the U.S. and Canada

Berkley Re
North America

Our Secret Ingredients

1. Utilization of data & analytics & groundbreaking technology to drive results.
2. Employees who embrace our purpose and a culture of constant improvement.
3. Provide a best-in-class user experience for our partner agents while helping small businesses achieve success.

Baking is a science, so we measure, measure, measure to ensure that decisions are data-driven (and the cake is fluffy!)

Feel free to adjust the recipe as needed to meet the customers' tastes: this year we greatly increased the speed to quote transportation risks by automating the clearance process.

Every month we celebrate employees who exemplify our culture and who have had a positive effect on our customer experience.



OUR CULTURE

CREATIVITY Our teams love to challenge the status quo to find new ways to surprise and delight our customers. Sometimes a new tool or process is tucked away in the underwriting "kitchen", other times it's represented on the policy "plate". But there is always something new to try.

URGENCY We know that customers do not want to wait for their meals, and we endeavor to exceed their expectations, delivering a quality product, fast.

HUMILITY We recognize that there are many other insurance providers to choose from, and we endeavor every time to win over our customers and earn their repeat business.





Sometimes we accidentally break some eggs, and we come together quickly to identify the how's and why's to improve our service.

Our Culture:

We pride ourselves on collaboration – mixing ingredients so that no one flavor stands out but the combination is tasty!

Secret Ingredients:

Longevity, Experience, and Consistency in ownership and approach.

Our Proudest Accomplishment:

The longest tenured broker market in the US still owned by the same parent company.

When properly prepared, this recipe will be respected by peers, clients and brokers for years to come



Berkley Program Specialists



Gourmet

MULTI-COURSE MEAL

NIMBLE, COLLABORATIVE, EXPERIENCED

COOK TIME: 24 years

NUMBER OF INGREDIENTS: 47 Employees

LOCATION(S): Naperville, IL, Lexington, KY and Alpharetta, GA

SERVES: Admitted and non-admitted insurance support on a nationwide basis for commercial casualty and property program administrators with specialized insurance expertise

FOCUSED AND DEDICATED: Our business is entirely devoted to program business, with a well-defined appetite for specific industries. This focus allows us to provide specialized expertise and tailored solutions

INNOVATIVE: We help our partners grow through product development, geographic expansion, and system solutions. This innovative approach ensures that our partners stay ahead in the market and provide the best possible services.

RESPONSIVE: Berkley Program Specialists has a flat organizational structure, which allows for quick decision-making and direct access to the team. This nimbleness enables us to be more responsive to our partners' needs.

SERVICE-ORIENTED: We offer strategic marketing services to help program administrators grow their business. Our service-oriented approach ensures that we are always looking out for the best interests of our partners.

TRUSTWORTHY: Our company is known for its open and collaborative approach, fostering strong relationships with our partners. This trustworthiness is a cornerstone of our success.

EXPERIENCED TEAM: The senior staff averages more than 18 years of experience in program business, and associates have been with the company for an average of more than seven years. This wealth of experience ensures high-quality service and support.

AVOCADO OF INTEGRALITY



Cook Time: **9 years | 9 años**

Number of Ingredients: **66 Employees | 66 colaboradores**

Location(s): **Columbia**

Serves: **Business insurance throughout Colombia**

Berkley Colombia Seguros
a Berkley Company

OUR CULTURE

At Berkley Colombia we believe that the development of the talent of each employee is fundamental to achieving collective success. We strive to foster an environment that not only enhances the skills and competencies of our employees, but also promotes their health and well-being.



OUR SECRET INGREDIENTS

Teamwork	Trabajo en equipo
Perseverance	Perseverancia
Empathy	Empatia
Adaptability	Adaptabilidad

"Your projects are our future"

"Tus proyectos son Nuestro futuro"

Successful SWISS

Fondue

Berkley SCHWEIZ

Bring Everything Together

COOK TIME 8 Years

NUMBER OF INGREDIENTS 20 Employees

LOCATIONS Zurich & Vaduz

SERVES Corporate insurance solutions in the areas of general liability, financial loss liability, D&O and more in Switzerland

Our Culture

We are better together and value every single employee and their contribution.



Our Secret Ingredients

INNOVATIVE MINDSET: We train our staff to develop future skills.

EFFECTIVE COLLABORATION: We are working in cross-functional teams to reflect complexity.

COURAGE TO CHANGE: We encourage our employees to do things differently.

"We had a successful first year and we want to keep it that way in the future!"

Felix Boeni
General Manager Switzerland

RESPONSIVE RISOTTO



Cook Time:	38 years
Number of Ingredients:	155 Employees
Location:	Worldwide Headquarters, High Point, North Carolina
Serves:	Workers' compensation insurance for diverse industries including healthcare, human services, transportation, temporary staffing, professional employer organizations and contractors requiring coverage under the United States Longshore and Harbor Workers' Compensation Act (USL&H).

Exceeding Expectations

Key Risk
a Berkley Company

Long Term LATKES

Berkley Risk

COOK TIME: Since 1980, 44 Years in Business

NUMBER OF INGREDIENTS: 180 Employees

LOCATION(S): Minneapolis, St. Paul, Scottsdale, Denver, Nashville

SERVES: Insurance program management services for a broad range of clients including, public entity pools, professional associations, and self insured clients, as well as third-party administrator services.



COOK TIME	*16 years*
NUMBER OF INGREDIENTS	*93*
SERVES	*Professional liability insurance for publicly-traded and private entities on a worldwide basis*

Berkley PROFESSIONAL LIABILITY

Authentic BPROfiteoles



INGREDIENTS

1 HEAPING SPOONFUL OF INTEGRITY, the essential base to bind everything together.

A GENEROUS DRIZZLE OF KINDNESS, to sweeten every interaction.

2 CUPS OF FINELY SIFTED EXPERTISE, balanced for precise solutions.

A FINAL SPRINKLE OF ACCOUNTABILITY, to keep us dependable and true to our word.

COMBINE AND SERVE

Thoroughly mix all elements to build a culture that energizes employees, delights clients, and drives business success. Stir with urgency–timely preparation is key to outstanding results! Serve daily.

2024 has been a remarkable year for Key Risk, marked by unprecedented growth. This milestone year saw the business achieve record-breaking revenue and profit, powered by strategic expansions into new markets and the launch of innovative solutions that set a new industry standard.

Expertise & Excellence.



30 year partnerships with multiple self-insured customers.



SECRET SAUCE
Customer-centric, Employee-centric

5 PARTS: Minnesota Nice With Extreme Listening
4 PARTS: Arizona Sunshine With Can Do Spirit
3 PARTS: Rocky Mountain Fresh Air With Licensed Dentist Insurance Expertise
2 PARTS: Music of Nashville With Nimble Customer Technology
1 PART: Remote contributors in the Heartland With Deep Core Talent

PROUDEST ACCOMPLISHMENT IN 2024
Managing new customers and growth while maintaining over 95% of existing customers.

Our Secret Ingredients

"Fine-tuning the BPRO recipe for 16 years"

PEOPLE

Well-blended team of motivated and collegial professionals who are trusted to be accountable, empowered decision-makers that are rational, disciplined, articulate, and savvy about our business.

THOUGHTFULNESS

Forward-thinking and with a focus on serving our customers and stakeholders responsibly, we work with intention and authenticity to deliver products and services that provide value that is sustainable and reliable.

RESULTS-ORIENTED

Committed to building an enduring business, we operate with a long-term focus that is designed for stakeholders to have confidence in.

COMPANY TRADITIONS

For the past 12 years, BPRO has celebrated the Thanksgiving holiday together as a group with an elaborate potluck luncheon comprised of contributions from everyone on staff. Blank sign-up sheets posted weeks in advance of the luncheon are quickly populated with appetizers, entrees, desserts, and decorations. The gathering is an opportunity for everyone to share dishes important to their own family's traditions with their colleagues in a festive atmosphere, celebrating all that we are grateful for.



THE WINNING INSURANCE SMOOTHIE

Berkley CANADA



Cook Time: 15 years

Serves: Commercial casualty and professional liability coverages in Canada

Berkley Canada is proud to be recognized on the list of Great Places to Work in Canada for 2024.



Combine 7 handfuls of the best people in the business
Mix with a dose of autonomy and creativity
Add a full measure of urgency and ownership mentality

Blend for 15 years. Immediately serve to any Canadian looking for the best insurance experience: customers, staff and distribution partners.

COOK TIME : 15 years
NUMBER OF INGREDIENTS: 110 team members
LOCATION: Houston, TX and Denver, CO
SERVES: Property casualty products and risk services to the U.S. energy sector

Berkley Oil & Gas

Energy Infused Enchiladas



Dedicated people as our "Secret Sauce"

We foster a culture of Collaboration, Customer Focus, Innovation, Agility, Integrity, Trust, and Teamwork. Every team member contributes to this mission as we hold ourselves accountable and empower one another.

Simply put... We do insurance like no one else.



Innovative Products

We offer insurance coverages on an admitted basis customized for the energy sector, including Commercial General Liability, Commercial Automobile Liability, Umbrella, Workers' Compensation, Inland Marine and Property.

Differentiated Services

Our top priority is being there when our customers need us. We partner with our customers to ensure claims are handled promptly, effectively, and with the utmost professionalism.

Instructions

Combine People and Energy: Start with a team of dedicated People to make the secret sauce.

Mix in Innovative Products: Add 1 cup of foresight to anticipate and address customer needs before they arise.

Serve with Excellence: Present your unique insurance solutions, showcasing your commitment to the Energy industry.

Berkley NORDIC

Insurance Smorgasbord

from the Nordics

COOK TIME: 10 Years

NUMBER OF INGREDIENTS: 33 Full Time Employees

LOCATIONS: Stockholm, Oslo, Örebro

SERVES: Specialized commercial insurance throughout the Nordic region





OUR CULTURE
Strive to stand out in the Nordics as a trusted insurance partner with proven expertise.

SECRET INGREDIENTS
Engaging and innovation-driven culture that motivates us to deliver what we promise.



Celebrating 10 years in the Nordics + proud to have moved to a new and bigger office in Stockholm.

Outstanding Results

Apple Crumble

Cook Time: 15 Years

Number of Ingredients: 150 Employees

Location(s): London, New York, Atlanta, San Francisco

Serves: A broad range of insurance products to the Lloyd's marketplace, with a concentration in specialist classes of business including property, professional indemnity and financial lines.



Celebrating *15 Years* of going the extra mile

W/R/B SPECIALTY a Berkley Company

Leaving space for what's next.

Recipe in the Making

RECIPE NAME — *Think big. What is the next opportunity to meet the needs of our customers?*

COOK TIME — *Still simmering...*

NUMBER OF INGREDIENTS — *Just the right expertise.*

SERVES



THE NEXT COURSE

Your next great idea goes here.

Recipe Name

Cook Time

Number of Ingredients

Serves

Company Traditions

Volunteering Away Day: This year, we began a wonderful new tradition of dedicating a day to volunteer as a team in a local green space. We spent the day tidying up the area, planting trees, clearing weeds, and constructing fences. Being outdoors in nature not only boosts our wellbeing but also strengthens our team spirit through meaningful, collaborative work.

Half marathon: Every year since 2017, we have proudly entered a team into the Royal Parks Half Marathon—a 13-mile race through London's most picturesque parks. Our runners have raised funds for notable causes such as MacMillan Cancer Support, the Alzheimer's Society, and the World Wildlife Fund

Summer Sports Day: Every August, we host a team Sports Day at Regents Park, where we spend the afternoon enjoying traditional school sports day games like the egg and spoon race, tug of war, and the three-legged race. This day stands out as one of the best ways we've found to foster team building and camaraderie.





Recipe in the Making

THE SECRET INGREDIENTS:

- ☐
- ☐
- ☐
- ☐
- ☐

The next new business that will contribute to our value creation

INSTRUCTIONS:

PRO TIPS:

THE NEXT COURSE

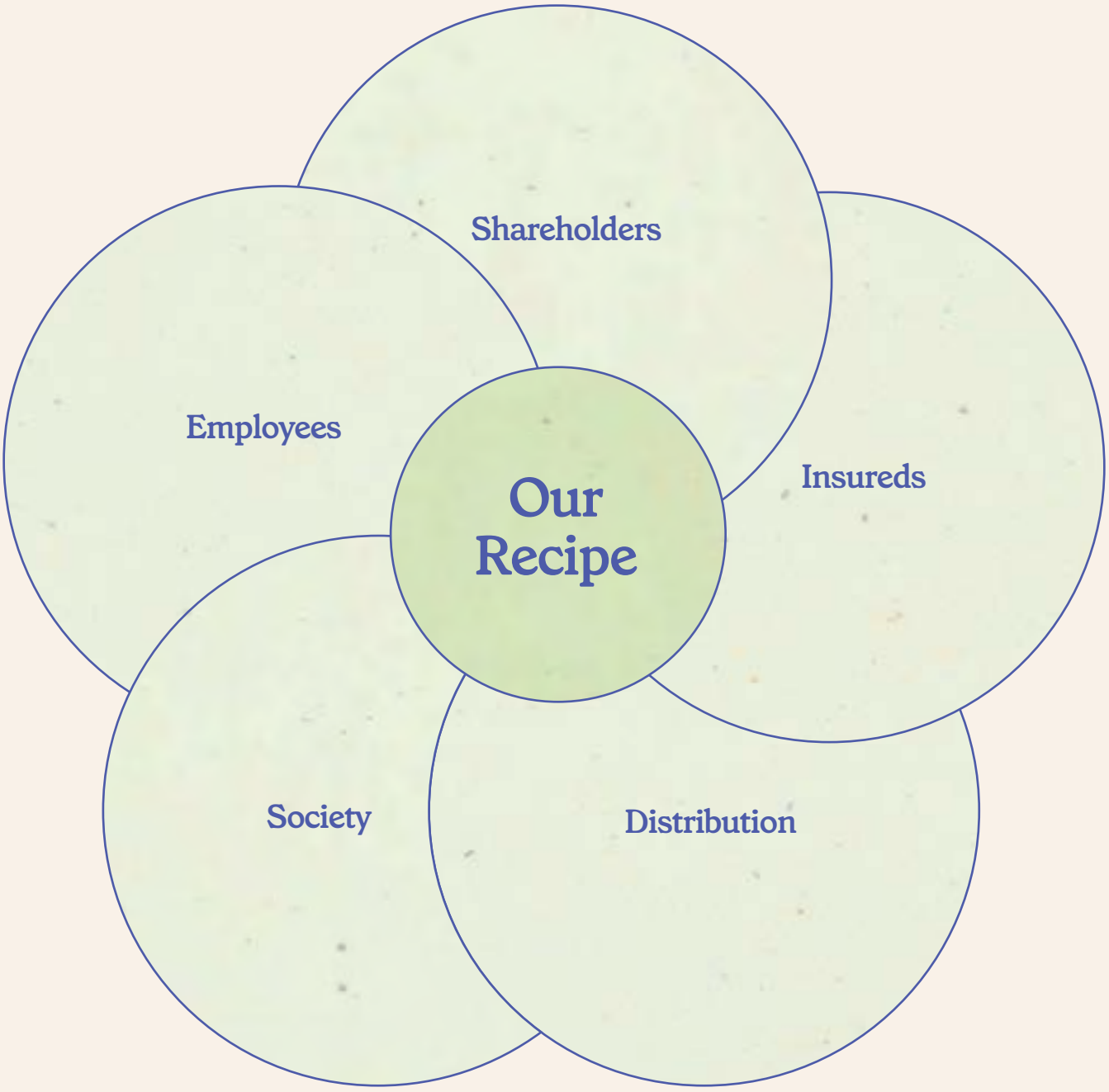
Blank now. Brilliant later.

START WITH:

THEN ADD:

FINISH WITH:

An insurance company that is successful over the long term is one that is able to balance the needs of its various constituents.



Our Company

W. R. Berkley Corporation, founded in 1967, is one of the nation's premier specialty property casualty insurance providers.

Each of the businesses within Berkley participates in a niche market requiring specialized knowledge about a territory or product.

Our competitive advantage lies in our long-term strategy of decentralized operations, allowing each of our businesses to identify and respond quickly and effectively to changing market conditions and local customer needs. This decentralized structure provides financial accountability and incentives to local management and enables us to attract and retain the highest-caliber professionals.

We have the expertise and resources to utilize our strengths in the present environment, and the flexibility to anticipate, innovate and respond to whatever opportunities and challenges the future may hold.

How We're Different

Risk-Adjusted Returns

Management company-wide is focused on obtaining the best potential returns with a real understanding of the amount of risk being assumed. Superior risk-adjusted returns are generated over the insurance cycle.

Accountability

The business is operated with an ownership perspective and a clear sense of fiduciary responsibility to shareholders.

People-Oriented Strategy

New businesses are started when opportunities are identified and, most importantly, when the right talent is found to lead a business. Of the Company's 58 businesses, 51 were developed internally and seven were acquired.

Responsible Financial Practices

Risk exposures are managed proactively. A strong balance sheet, including a high-quality investment portfolio, ensures ample resources to grow the business profitably whenever there are opportunities to do so.

Transparency

Consistent and objective standards are used to measure performance—and, the same standards are used regardless of the environment.

Our Business

Today, as with yesterday and tomorrow, the combined expertise of underwriting, risk management, claims handling and investing will deliver outstanding risk-adjusted returns.

Insurance

Our Insurance businesses underwrite predominantly commercial insurance, including excess and surplus lines, admitted lines, and specialty personal lines, in the United States, as well as in the United Kingdom, Continental Europe, Latin America and the Caribbean, Canada, Mexico, Scandinavia, Australia, Asia and India.

Reinsurance & Monoline Excess

Our Reinsurance businesses provide facultative and treaty reinsurance, primarily in the United States, the United Kingdom, Continental Europe, Australia, the Asia-Pacific Region, Latin America and the Caribbean, and South Africa. Monoline Excess businesses solely retain risk on an excess basis.

2024 Segment Results

$11.2B

Insurance Segment
Record Total Revenues

$1.7B

Reinsurance & Monoline Excess Segment
Record Total Revenues

$1.9B

Insurance Segment
Record Pre-Tax Income

$467M

Reinsurance & Monoline Excess Segment
Record Pre-Tax Income

Segment Overview

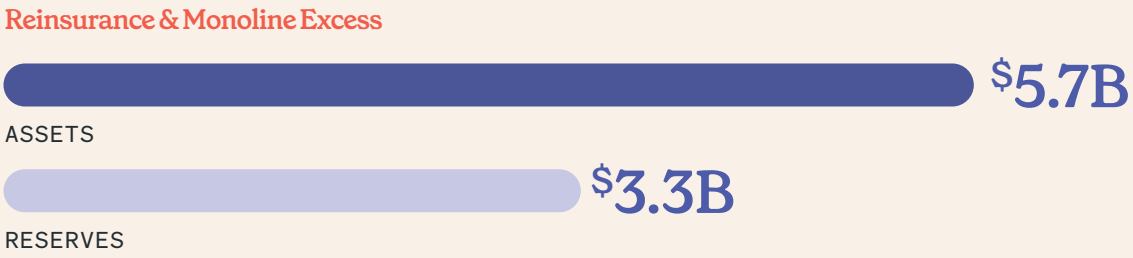
Each of our two business segments—Insurance and Reinsurance & Monoline Excess—comprise individual businesses that serve a market defined by geography, products, services or types of customers. Our growth is based on meeting the needs of customers, maintaining a high-quality balance sheet and allocating capital to our best opportunities.

We combine capital with outstanding people and wrap it all in a culture that is focused on optimizing risk-adjusted returns. It creates a sustainable competitive advantage that can only be acquired over many years with consistent discipline.

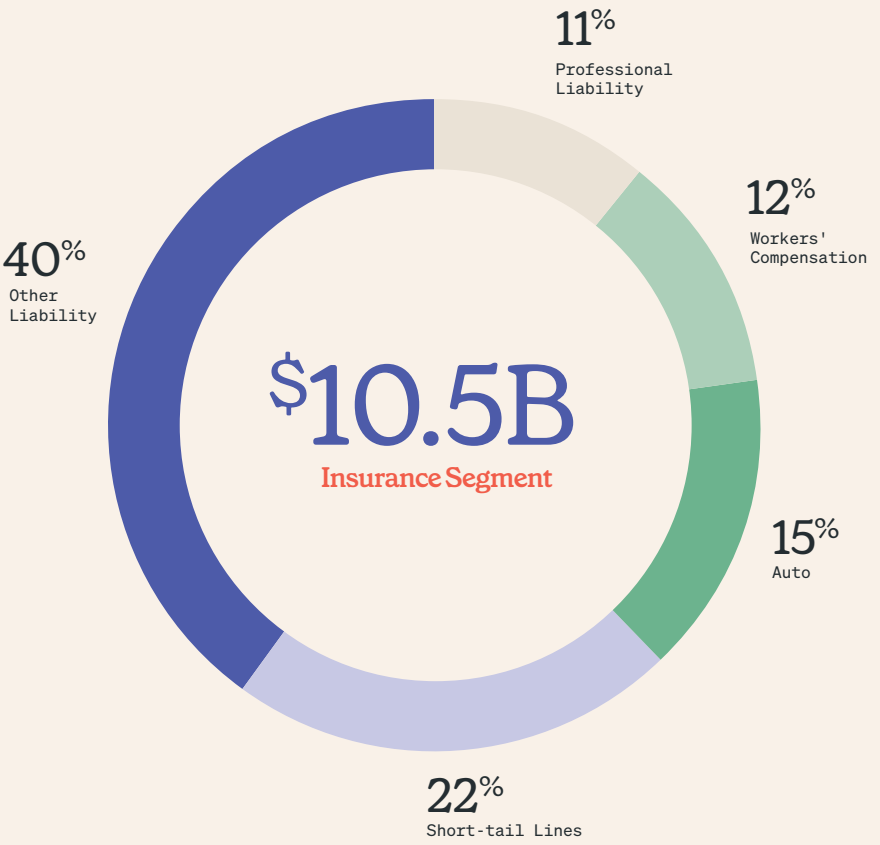
2024 Segment Data

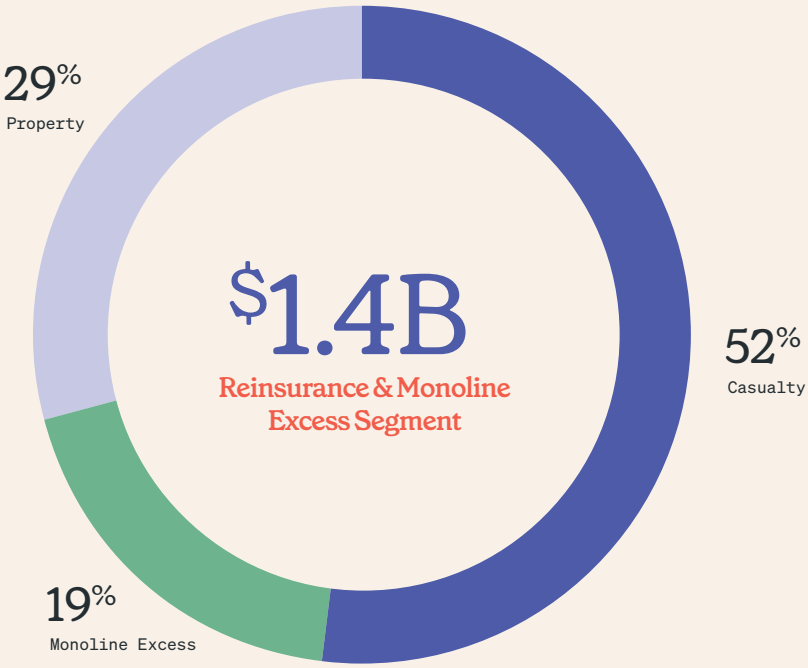
ASSETS & NET RESERVES





2024 Net Premiums Written by Major Line of Business

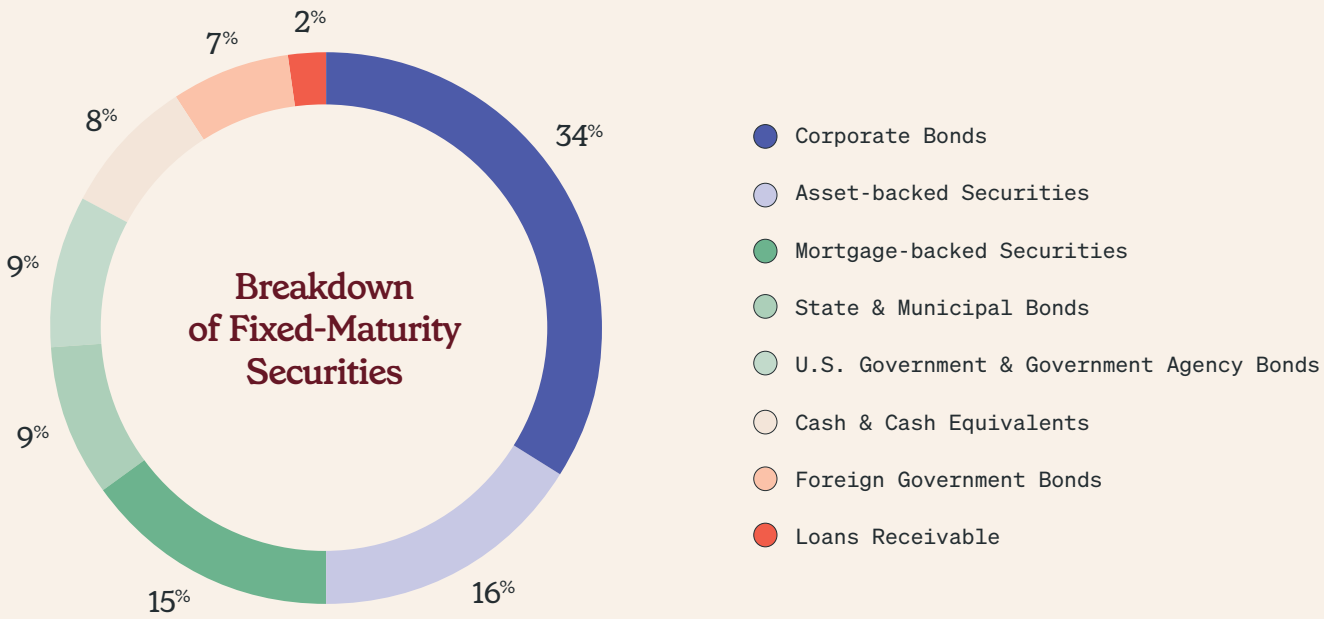




Our Investments

Over the past few years, we have maintained a relatively short duration of our fixed-maturity portfolio, which extended modestly to approximately 2.6 years at December 31, 2024, while maintaining its high quality with an average rating of AA-. As a result, there has been less volatility in our book value from mark-to-market accounting and we are better able to manage the interest rate environment.

We manage our portfolio for total return, including capital gains. As investment income is an important component of our economic model, we will continue to seek out investment opportunities with above average risk-adjusted returns and to position our fixed-maturity portfolio to manage the yield curve as well as the impact of inflation.



Investment Data

(dollars in millions)

CASH & INVESTED ASSETS	2023	2024
Invested Assets	$25,280	$27,889
Cash and Cash Equivalents	$1,363	$1,975
Total	$26,643	$29,864
Net Investment Income	$1,053	$1,333
Net Investment Gains	$47	$118

2024 FINANCIALS

Form 10-K

W. R. Berkley Corporation

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission file number 1-15202

W. R. BERKLEY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware		**22-1867895**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification Number)*
475 Steamboat Road	**Greenwich, CT**	**06830**
(Address of principal executive offices)		*(Zip Code)*

Registrant's telephone number, including area code: (203) 629-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.20 per share	WRB	New York Stock Exchange
5.700% Subordinated Debentures due 2058	WRB-PE	New York Stock Exchange
5.100% Subordinated Debentures due 2059	WRB-PF	New York Stock Exchange
4.250% Subordinated Debentures due 2060	WRB-PG	New York Stock Exchange
4.125% Subordinated Debentures due 2061	WRB-PH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2024, the last business day of the registrant’s most recently completed second fiscal quarter, was $15,700,741,833.

Number of shares of common stock, $.20 par value, outstanding as of February 13, 2025: 379,226,056

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company’s definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, are incorporated herein by reference in Part III.

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SAFE HARBOR STATEMENT
UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995

This is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "potential," "continued," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of those words or other comparable words. Any forward-looking statements contained in this report including statements related to our outlook for the industry and for our performance for the year 2025 and beyond, are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. They are subject to various risks and uncertainties, including but not limited to:

- the cyclical nature of the property casualty industry;
- the impact of significant competition, including new entrants to the industry;
- the long-tail and potentially volatile nature of the insurance and reinsurance business;
- product demand and pricing;
- claims development and the process of estimating reserves;
- investment risks, including those of our portfolio of fixed maturity securities and investments in equity securities, including investments in financial institutions, municipal bonds, mortgage-backed securities, loans receivable, investment funds, including real estate, merger arbitrage, energy-related and private equity investments;
- the effects of emerging claim and coverage issues;
- the uncertain nature of damage theories and loss amounts, including claims for cyber security-related risks;
- natural and man-made catastrophic losses, including as a result of terrorist activities;
- the impact of climate change, which may alter the frequency and increase the severity of catastrophe events;
- general economic and market activities, including inflation, interest rates and volatility in the credit and capital markets;
- the impact of conditions in the financial markets and the global economy, and the potential effect of legislative, regulatory, accounting or other initiatives taken in response to it, on our results and financial condition;
- cyber security breaches of our information technology systems and the information technology systems of our vendors and other third parties;
- the use of artificial intelligence technologies by us or third-parties on which we rely could expose us to technological, security, legal, and other risks;
- the risk of future pandemics, as well as continuing effects of the COVID-19 pandemic;
- foreign currency and political risks relating to our international operations;
- our ability to attract and retain key personnel and qualified employees;
- continued availability of capital and financing;
- the success of our new ventures or acquisitions and the availability of other opportunities;
- the availability of reinsurance;
- our retention under the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA");
- the ability or willingness of our reinsurers to pay reinsurance recoverables owed to us;
- other legislative and regulatory developments, including those related to business practices in the insurance industry;
- credit risk relating to our policyholders, independent agents and brokers;
- changes in the ratings assigned to us or our insurance company subsidiaries by rating agencies;
- the availability of dividends from our insurance company subsidiaries;
- the effectiveness of our controls to ensure compliance with guidelines, policies and legal and regulatory standards; and

- other risks detailed in this Form 10-K and from time to time in our other filings with the Securities and Exchange Commission ("SEC").

We describe these risks and uncertainties in greater detail in Item 1A, Risk Factors. These risks and uncertainties could cause our actual results for the year 2025 and beyond to differ materially from those expressed in any forward-looking statement we make. Any projections of growth in our revenues would not necessarily result in commensurate levels of earnings. Our future financial performance is dependent upon factors discussed elsewhere in this Form 10-K and our other SEC filings. Forward-looking statements speak only as of the date on which they are made.

PART I

ITEM 1. BUSINESS

W. R. Berkley Corporation is an insurance holding company that is among the largest commercial lines writers in the United States and operates worldwide in two segments of the property casualty insurance business:

- Insurance - Our Insurance businesses underwrite predominantly commercial insurance business, including excess and surplus lines, admitted lines and specialty personal lines throughout the United States, as well as insurance business in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom.

- Reinsurance & Monoline Excess - Our Reinsurance businesses provide facultative and treaty reinsurance in the United States, the Asia Pacific region, Australia, Continental Europe, South Africa and the United Kingdom, as well as operations that solely retain risk on an excess basis and certain program management business.

Our two reporting segments are each composed of individual businesses that serve a market defined by geography, products, services or industry served. Each of our businesses is positioned close to its customer base and participates in a niche market requiring specialized knowledge. This strategy of decentralized operations allows each of our businesses to identify and respond quickly and effectively to changing market conditions and specific customer needs, while capitalizing on the benefits of centralized capital, investment and reinsurance management, and corporate actuarial, financial, enterprise risk management and compliance support.

Our business approach is focused on meeting the needs of our customers, maintaining a high quality balance sheet, and allocating capital to our best opportunities. New businesses are started when opportunities are identified and when the right talent and expertise are found to lead a business. Of our 58 businesses, 51 have been organized and developed internally and seven have been added through acquisition.

Net premiums written, as reported based on United States generally accepted accounting principles (“GAAP”), for each of our reporting segments for each of the past three years were as follows:

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Net premiums written:			
Insurance	$ 10,549,550	$ 9,560,533	$ 8,609,028
Reinsurance & Monoline Excess	1,422,546	1,393,934	1,395,042
Total	$ 11,972,096	$ 10,954,467	$ 10,004,070
Percentage of net premiums written:			
Insurance	88.1 %	87.3 %	86.1 %
Reinsurance & Monoline Excess	11.9	12.7	13.9
Total	100.0 %	100.0 %	100.0 %

Thirty-three of our insurance company subsidiaries are rated by A.M. Best Company, Inc. ("A.M. Best") and have financial strength ratings of A+ (Superior) (the second highest rating out of 15 possible ratings). A.M. Best's ratings are based upon factors of concern to policyholders, insurance agents and brokers and are not directed toward the protection of investors. A.M. Best states: “A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk.” A.M. Best reviews its ratings on a periodic basis, and its ratings of the Company's subsidiaries are therefore subject to change.

Our twenty-three insurance company subsidiaries rated by Standard & Poor's (“S&P”) have financial strength ratings of A+ (the fifth highest rating out of twenty-seven possible ratings).

Our Moody's financial strength ratings are A1 for Berkley Insurance Company, Berkley Regional Insurance Company and Admiral Insurance Company (the fifth highest rating out of twenty-one possible ratings).

Our twenty-five insurance company subsidiaries rated by Fitch Ratings ("Fitch") have insurer financial strength ratings of AA- (the fourth highest rating out of twenty-seven possible ratings).

The following sections describe our reporting segments and their businesses in greater detail. These businesses underwrite on behalf of one or more affiliated insurance companies within the group. The businesses are identified for descriptive purposes only and are not legal entities, but for marketing purposes may sometimes be referred to individually as "a Berkley company" or collectively as "Berkley companies." Unless otherwise indicated, all references in this Form 10-K to “Berkley,” “we,” “us,” “our,” the “Company” or similar terms refer to W. R. Berkley Corporation together with its subsidiaries and businesses. W. R. Berkley Corporation is a Delaware corporation formed in 1970.

Insurance

Our Insurance businesses underwrite predominantly commercial and specialty personal lines insurance business primarily throughout the United States. Many units offer coverage globally, while others specialize in specific international markets. The Insurance businesses focus on the following general areas:

Excess & Surplus Lines: A number of our businesses are dedicated to the U.S. excess and surplus lines market. They serve a diverse group of customers that often have complex risk or unique exposures that typically fall outside the underwriting guidelines of the standard insurance market. Lines of business underwritten by our excess and surplus lines businesses include premises operations, auto, property, products liability, general liability and professional liability lines. Products are generally distributed through wholesale agents and brokers.

Industry Specialty: Certain other businesses focus on providing specialty coverages to customers within a particular industry that are best served by underwriters and claims professionals with specialized knowledge of that industry. They offer multiple lines of business with policies tailored to address the unique exposures of these industries, often with the flexibility of providing coverages on either an admitted or a non-admitted basis in the U.S., as well as internationally. Each business delivers its products through one or more distribution channels, including retail and wholesale agents, brokers, and managing general agents (MGAs), depending on the customer and the particular risks insured.

Product Specialty: Other businesses specialize in providing specific lines of insurance coverage, such as workers’ compensation or professional liability, to a wide range of customers. They offer insurance products, analytical tools and risk management services such as loss control and claims management that enable clients to manage their risk appropriately. Business is typically written on an admitted basis, although some businesses may offer non-admitted products in the U.S. and offer products internationally. Independent agents and brokers are the primary means of distribution.

Regional: Certain businesses offer standard insurance products and services focused on meeting the specific needs of a geographically differentiated customer base. Key clients are small-to-midsized businesses. These regionally focused businesses provide a broad array of commercial insurance products to customers primarily in 45 states and the District of Columbia and have developed expertise in niches that reflect local economies. They are organized geographically in order to provide them with the flexibility to adapt quickly to local market conditions and customer needs.

In addition, through our non-U.S. insurance businesses, we have the capability to write business in 87 countries worldwide, with branches or offices in 40 cities outside the United States, in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom. In each geographic region in which we operate, we have built decentralized structures that allow products and services to be tailored to each regional customer base. Our businesses are managed by teams of professionals with expertise in local markets and knowledge of regional environments.

In addition to providing insurance products, certain businesses also provide a wide variety of fee-based services, including claims, administrative and consulting services.

Businesses comprising the Insurance segment are as follows:

Acadia Insurance is a Northeast regional property casualty underwriter offering a broad portfolio of products exclusively through local independent agents in Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont. In addition to its general offerings, Acadia has specialized expertise in insuring regional industries such as construction, service contractors, lumber, and transportation.

Admiral Insurance provides excess and surplus lines coverage for commercial risks that generally consist of hard-to- place, specialized risks that involve moderate to high degrees of hazard. In both general liability and professional lines, Admiral has a broad line of products to meet the needs of existing as well as emerging opportunities. The distribution of products is limited solely to wholesale brokers.

Berkley Accident and Health underwrites accident and health insurance and reinsurance products in four primary areas: medical stop loss, managed care, special risk and group captive. It has a diversified product and service portfolio serving a range of clients from small employers, health care organizations, and membership groups to Fortune 500 companies.

Berkley Agribusiness offers insurance for larger commercial risks across the United States involved in the supply, storage, handling, processing and distribution of commodities related to the agriculture and food industries.

Berkley Alliance Managers offers tailored insurance coverages and comprehensive risk management solutions designed to enhance profitability and reduce susceptibility to loss in four target markets - Design Professionals, Construction Professionals, Accounting Professionals and miscellaneous non-medical Service Professionals.

Berkley Aspire provides excess and surplus lines coverage on a national basis to small to medium-sized insureds with low to moderate insurance risk. Its product lines include general liability, excess liability and some property and inland marine coverage. It serves a limited distribution channel, including select agents.

Berkley Asset Protection provides specialized insurance coverages for fine arts and jewelry exposures to commercial and individual clients.

Berkley Canada underwrites specialty, casualty and surety lines of business on behalf of the Canadian branch of Berkley Insurance Company. It specializes in commercial casualty and professional liability, and offers a broad portfolio of risk products that include commercial general liability, umbrella, professional liability, directors and officers, commercial property and surety, in addition to niche products for specific industries such as technology, life sciences and travel.

Berkley Construction Solutions provides excess liability coverage to residential and commercial contractors on a project or practice basis.

Berkley Custom Insurance focuses on the excess casualty insurance market and offers umbrella and excess liability coverages to clients from the small/middle market to Fortune 1000 companies in target classes of business including construction, manufacturing, retail/wholesale trade, finance, real estate, public entities and oil & gas.

Berkley Cyber Risk Solutions focuses on insurance and risk management products that respond to the changing cyber security vulnerabilities of organizations around the world. It offers specialty commercial cyber insurance coverages on a worldwide basis to clients of all sizes.

Berkley Enterprise Risk Solutions provides custom workers' compensation programs to large employers operating in a broad range of industries. Loss sensitive and/or guaranteed cost programs are offered to employers with exposure predominately in California.

Berkley Entertainment underwrites property casualty insurance products, both on an admitted and non-admitted basis, for clients in the entertainment industry and sports-related organizations.

Berkley Environmental underwrites casualty and specialty environmental products for environmental customers including contractors, consultants, property owners and facilities operators.

Berkley Financial Specialists serves the insurance needs of companies predominantly in the financial services sector. Its Berkley Crime division provides crime and fidelity related insurance products for commercial organizations, financial sector businesses and governmental entities on a primary and excess basis. Its Financial Services segment provides management liability and fidelity products to financial institutions, insurance companies and asset management firms.

Berkley Fire & Marine offers a broad range of preferred inland marine and related property risks and services to customers throughout the United States. Products are distributed through independent agents and brokers.

Berkley Healthcare underwrites customized, comprehensive insurance solutions for the full spectrum of healthcare providers. Through Berkley Healthcare Medical Professional, it offers a wide range of medical professional coverages. Through Berkley Healthcare Financial Lines, it offers a comprehensive suite of financial lines coverages.

Berkley Human Services provides property casualty insurance coverages to human services organizations, including nonprofit and for-profit organizations. Its product offerings include traditional primary and excess coverages.

Berkley Industrial Comp specializes in writing workers' compensation insurance for diverse high hazard industries in select states. Its products are distributed by a select group of independent retail agents and wholesale brokers.

Berkley Insurance Asia underwrites specialty commercial insurance coverages to clients in North Asia and Southeast Asia through offices in Hong Kong, India, Shanghai and Singapore.

Berkley Insurance Australia underwrites general insurance business in Australia, including professional indemnity insurance for companies of all sizes.

Berkley Latinoamérica provides property, casualty, auto, surety, group life and workers' compensation products and services in Argentina, Brazil, the Caribbean, Colombia, Mexico and Uruguay.

Berkley Life Sciences offers a comprehensive spectrum of property casualty products to the life sciences industry on a global basis, including both primary and excess product liability coverages. It serves pharmaceutical and biotech companies, medical device companies, dietary supplement companies, medical and research related software developers, contract research and manufacturing organizations, research institutions and organizations, and other related businesses.

Berkley Luxury Group provides both admitted and non-admitted commercial package insurance solutions for premium real estate business including high-end cooperatives and condominiums, office buildings and upscale restaurants across major metropolitan markets throughout the continental U.S. It also offers non-admitted excess property coverage for high-value properties on a shared and layered basis across the U.S.

Berkley Management Protection offers a modular suite of management liability products for small and middle market companies through a bespoke and easy to use platform tailored to independent agents. The management liability coverages they provide include directors and officers, employment practices, fiduciary, cyber, crime and miscellaneous professional liability.

Berkley Mid-Atlantic Group provides commercial property casualty coverages to a wide variety of businesses in Delaware, the District of Columbia, Maryland, Ohio, Pennsylvania, and Virginia. Focusing on small and middle market accounts, it complements its standard writings with specialized products in areas such as construction.

Berkley Net Underwriters focuses on small and medium-sized commercial risks, using a web-based system to allow producers to quote, bind and service workers' compensation insurance products on behalf of Berkley member insurance companies.

Berkley North Pacific offers preferred insurance products and services to a broad range of small to medium size commercial entities. It operates through independent agents in Idaho, Montana, Oregon, Utah and Washington.

Berkley Offshore Underwriting Managers is a specialist global underwriter of energy and marine risks. Its three divisions provide specialty insurance products in the energy upstream, energy liability and marine sectors.

Berkley Oil & Gas provides property casualty products and risk services to the United States energy sector. Its customer base includes risks that work in the oil patch, including operators, drillers, geophysical contractors, well-servicing contractors, and manufacturers/distributors of oil field products, as well as those in the renewable energy sector.

Berkley One provides a customizable suite of personal lines insurance solutions including home, condo/co-op, auto, fine art and collectibles, liability, collector vehicle and recreational marine. Berkley One targets high net worth individuals and families with sophisticated risk management needs.

Berkley Product Protection offers a broad product suite, including product liability and product recall and contamination, to assist clients in the manufacturing, wholesale and import space with their risk management and insurance needs.

Berkley Professional Liability specializes in professional liability insurance for publicly-traded and private entities on a worldwide basis. Its liability coverages include directors and officers, errors and omissions, fiduciary, employment practices, and sponsored insurance agents' errors and omissions. Berkley Transactional, a division of Berkley Professional Liability, underwrites a full suite of transactional insurance products, including representations and warranties insurance, and tax opinion insurance.

Berkley Public Entity specializes in providing excess coverage and services to individual governmental and scholastic entities and intergovernmental risk sharing groups. Products include general liability, auto liability, law enforcement liability, public officials and educator's legal liability, employment practices liability, incidental medical, property and crime.

Berkley Risk provides at-risk and alternative risk insurance program management services for a broad range of groups and individuals including public entity pools, professional associations, and self-insured clients. As a third party administrator, it manages workers’ compensation, liability and property claims nationwide.

Berkley Select specializes in underwriting professional liability insurance for law firms and accounting firms, as well as other professional firms and their practices. It also offers executive liability products, including directors and officers liability, employment practices and fiduciary liability, to small to middle market privately held and not-for-profit customers. Berkley Select provides these insurance products on both an admitted and surplus lines basis.

Berkley Small Business Solutions offers commercial insurance products for small businesses through a modern technology platform that leverages data and analytics. Its initial product offering focuses on preferred risks in the non-fleet transportation market.

Berkley Southeast offers a wide array of commercial lines products in six southeastern states: Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee, specializing in small to mid-sized accounts.

Berkley Southwest offers preferred commercial property and casualty insurance products and services to a wide range of small to medium size commercial entities with a focus on the construction, farm/ranch, retail and service industries. It operates through independent agents in Arizona, Arkansas, New Mexico, Oklahoma and Texas.

Berkley Specialty Excess provides excess and surplus lines coverages for hard-to-place risks involved in moderate to high degrees of hazard. It focuses on highly specialized risk exposures within specific industry verticals such as the environmental and energy industries. Its predominate focus is on providing excess insurance; however, in some cases it provides highly specialized environmental primary products tailored to the individual risk. Products are distributed through a minimal number of insurance brokers and agents that specialize in these industry verticals.

Berkley Surety provides a full spectrum of surety bonds for construction, environmental and commercial surety accounts in the U.S. and Canada, through an independent agency and broker platform across seven field locations.

Berkley Technology Underwriters provides technology error & omission (TE&O) and first party cyber coverage along with traditional package, umbrella and worker's compensation products. TE&O and cyber products provide industry specialization for both domestic and foreign technology, government contracting, telecommunications, digital media, manufacturing and private equity firms.

Carolina Casualty is a national provider of primary commercial insurance products and services to the transportation industry. It underwrites on an admitted basis in all 50 states and the District of Columbia. Its *Berkley Prime Transportation* business provides primary auto liability, auto physical damage and general liability to a broad array of trucking operations.

Continental Western Group is a Midwest regional property and casualty insurance operation providing underwriting and risk management services to a broad array of regional businesses in thirteen Midwest states. In addition to its generalist portfolio, Continental Western offers specialty underwriting solutions for diversified agriculture, construction, light manufacturing, transportation, volunteer fire departments, rural utilities and public entities.

Gemini Transportation is a national provider of excess liability insurance for various domestic surface transportation businesses, including the railroad industry as well as the trucking, busing and other industries that use rubber-wheeled vehicles for over-the-road use.

Intrepid Direct provides commercial insurance coverages through a direct distribution model focused on the franchise market, with specialties including the restaurant, garage and fitness industries.

Key Risk specializes in writing workers' compensation insurance for diverse industries including healthcare, human services, transportation, temporary staffing, professional employer organizations and contractors requiring coverage under the United States Longshore and Harbor Workers' Compensation Act (USL&H). Its products are distributed by a select group of independent retail agents and wholesale brokers located throughout the United States.

Nautilus Insurance Group insures excess and surplus lines risks for small to medium-sized commercial risks with low to moderate susceptibility to loss. It writes commercial excess and surplus lines business nationwide and admitted lines commercial business in a limited number of states. A substantial portion of Nautilus' business is written through its close, long-standing network of general agents, who are chosen on a highly selective basis.

Preferred Employers Insurance focuses exclusively on workers' compensation products and services for businesses based in California. It serves a broad spectrum of industries throughout the state.

Vela Insurance Services specializes in commercial casualty insurance on an excess and surplus lines basis. Its primary focus is on general liability insurance for construction, manufacturing and general casualty clients as well as products liability and miscellaneous professional liability coverages distributed through wholesale insurance brokers.

Verus Specialty Insurance offers tailored casualty, professional liability, and garage coverages, specializing in the excess and surplus lines market. It primarily serves the construction, manufacturing, garage service and professional sectors through a selective wholesale broker network.

W R B Europe is comprised of specialist businesses offering a focused range of insurance products to markets in Continental Europe.

W / R / B Underwriting provides a broad range of insurance products to the Lloyd's marketplace, with a concentration in specialist classes of business including property, professional indemnity and financial lines.

The following table sets forth the percentage of gross premiums written by each Insurance business:

	Year Ended December 31,		
	2024	2023	2022
Acadia Insurance	5.4%	5.4%	5.3%
Admiral Insurance	7.3	7.0	6.3
Berkley Accident and Health	5.9	5.4	5.2
Berkley Agribusiness	0.6	0.8	0.8
Berkley Alliance Managers	2.3	2.4	2.8
Berkley Aspire	1.3	1.2	1.0
Berkley Asset Protection	0.9	0.9	1.0
Berkley Canada	1.0	1.0	1.2
Berkley Construction Solutions	0.7	0.6	0.4
Berkley Custom Insurance	2.9	2.9	3.2
Berkley Cyber Risk Solutions	0.7	0.8	0.9
Berkley Enterprise Risk Solutions	0.2	0.1	—
Berkley Entertainment	1.6	1.7	1.9
Berkley Environmental	7.3	6.7	5.7
Berkley Financial Specialists	0.6	0.6	0.6
Berkley Fire & Marine	0.8	0.9	0.8
Berkley Healthcare	1.2	1.5	1.8
Berkley Human Services	1.4	1.3	1.1
Berkley Industrial Comp	0.8	0.7	0.7
Berkley Insurance Asia	0.7	0.8	0.8
Berkley Insurance Australia	1.4	1.6	1.7
Berkley Latinoamérica	3.3	3.2	3.0
Berkley Life Sciences	0.5	0.5	0.5
Berkley Luxury Group	0.7	0.7	0.8
Berkley Management Protection	0.3	0.2	0.1
Berkley Mid-Atlantic Group	0.7	0.9	1.0
Berkley Net Underwriters	1.9	2.0	2.3
Berkley North Pacific	0.8	0.7	0.7
Berkley Offshore Underwriting Managers	1.4	1.5	1.5
Berkley Oil & Gas	1.8	3.0	3.5
Berkley One	3.7	2.6	1.8
Berkley Product Protection	0.4	0.3	0.3
Berkley Professional Liability	2.7	3.8	5.9
Berkley Public Entity	0.6	0.7	0.7
Berkley Risk	0.3	0.3	0.3
Berkley Select	1.8	1.9	1.8
Berkley Small Business Solutions	0.3	0.2	—
Berkley Southeast	2.2	2.3	2.2
Berkley Southwest	1.1	1.3	1.5
Berkley Specialty Excess	0.6	0.2	—
Berkley Surety	1.1	1.1	1.1
Berkley Technology Underwriters	0.6	0.6	0.6
Carolina Casualty	2.0	2.2	2.1
Continental Western Group	2.8	2.6	2.4
Gemini Transportation	2.8	3.0	3.1
Intrepid Direct	1.4	1.5	1.2
Key Risk	1.9	2.1	2.2
Nautilus Insurance Group	5.2	4.8	4.8
Preferred Employers Insurance	0.9	1.0	1.3
Vela Insurance Services	2.5	2.7	2.6
Verus Specialty Insurance	1.1	1.0	0.8
W R B Europe	1.2	1.1	1.1
W/R/B Underwriting	4.1	3.9	3.7
Other	2.3	1.8	1.9
Total	100.0%	100.0%	100.0%

The following table sets forth percentages of gross premiums written, by line, by our Insurance operations:

	Year Ended December 31,		
	2024	2023	2022
Other liability	39.0%	38.7%	37.5%
Short-tail lines (1)	26.1	24.7	22.8
Auto	12.9	12.7	12.0
Professional liability	12.0	13.1	15.8
Workers' compensation	10.0	10.8	11.9
Total	100.0%	100.0%	100.0%

(1) Short-tail lines include commercial multi-peril (non-liability), inland marine, accident and health, fidelity and surety, boiler and machinery, high net worth homeowners and other lines.

Reinsurance & Monoline Excess

We provide other insurance companies and self-insureds with assistance in managing their net risk through reinsurance on either a portfolio basis, through treaty reinsurance, or on an individual basis, through facultative reinsurance as well as certain program management businesses. Our monoline excess operations solely retain risk on an excess basis.

Businesses comprising the Reinsurance & Monoline Excess segment are as follows:

Berkley Integrated Solutions offers specialized solutions to clients through facultative reinsurance, turnkey offerings and program management through the following units: Berkley Re Solutions offers casualty facultative reinsurance products including automatic, semi-automatic and individual risk assumed to clients on a direct basis through a nationwide network of regional offices. It also provides its customers with turnkey products such as cyber, employment practices liability insurance, liquor liability insurance and violent events coverage to help enhance its clients' product offerings, along with underwriting, claims, and actuarial consultation services. Berkley Program Specialists is a program management business offering both admitted and non-admitted insurance support on a nationwide basis for commercial casualty and property program administrators with specialized insurance expertise.

Berkley Re America provides treaty and facultative reinsurance solutions on a variety of product lines through reinsurance brokers to companies whose primary operations are within the United States and Canada.

Berkley Re Asia Pacific provides property and casualty reinsurance to the Asia Pacific marketplace. With offices in Brisbane, Sydney, Beijing and Singapore, each branch focuses on excess of loss reinsurance, targeting both property and casualty treaty and facultative contracts, through multiple distribution channels.

Berkley Re UK writes international property casualty treaty and property facultative accounts. Its territorial scope includes reinsured clients domiciled in the United Kingdom, Europe, Africa, the Middle East and the Caribbean.

Lloyd's Syndicate 2791 Participation represents the Company's minority participation in a Lloyd's syndicate that writes a broad range of mainly short-tail classes of business.

Midwest Employers Casualty offers tailored excess workers' compensation insurance coverage nationwide, as well as customized captive insurance coverage to U.S. domiciled and offshore captives. It distributes its products through retail and wholesale agencies.

The following table sets forth the percentages of gross premiums written by each Reinsurance & Monoline Excess business:

	Year Ended December 31,		
	2024	2023	2022
Berkley Integrated Solutions	14.1%	16.2%	22.5%
Berkley Re America	34.4	31.5	30.9
Berkley Re Asia Pacific	13.8	14.9	13.7
Berkley Re UK	9.9	10.6	11.3
Lloyd's Syndicate 2791 Participation	8.6	8.8	5.4
Midwest Employers Casualty	19.2	18.0	16.2
Total	100.0%	100.0%	100.0%

The following table sets forth the percentages of gross premiums written, by line, by our Reinsurance & Monoline Excess operations:

	Year Ended December 31,		
	2024	2023	2022
Casualty	49.1%	54.1%	61.1%
Property	31.6	27.9	22.7
Monoline Excess	19.3	18.0	16.2
Total	100.0%	100.0%	100.0%

Results by Segment

Summary financial information about our segments is presented on a GAAP basis in the following table:

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Insurance			
Revenue	$ 11,181,501	$ 9,827,866	$ 8,749,019
Income before income taxes	1,942,083	1,629,918	1,445,745
Reinsurance & Monoline Excess			
Revenue	1,696,905	1,615,277	1,590,113
Income before income taxes	466,595	449,285	326,440
Other (1)			
Revenue	760,346	699,795	827,367
Loss before income taxes	(144,185)	(324,800)	(52,504)
Total			
Revenue	$ 13,638,752	$ 12,142,938	$ 11,166,499
Income before income taxes	$ 2,264,493	$ 1,754,403	$ 1,719,681

(1) Represents corporate revenues and expenses, net investment gains and losses, and revenues and expenses from non-insurance businesses that are consolidated for financial reporting purposes.

The table below represents summary underwriting ratios on a GAAP basis for our segments. Loss ratio is losses and loss expenses incurred expressed as a percentage of net premiums earned. Expense ratio is policy acquisition and insurance operating expenses expressed as a percentage of net premiums earned. Policy acquisition and insurance operating expenses do not include expenses related to insurance services or unallocated corporate expenses. Combined ratio is the sum of the loss ratio and the expense ratio. The combined ratio represents a measure of underwriting profitability, excluding investment income. A number in excess of 100 indicates an underwriting loss; a number below 100 indicates an underwriting profit:

	Year Ended December 31,		
	2024	**2023**	**2022**
Insurance			
Loss ratio	62.8 %	62.3 %	61.4 %
Expense ratio	28.4	28.3	27.7
Combined ratio	91.2 %	90.6 %	89.1 %
Reinsurance & Monoline Excess			
Loss ratio	54.7 %	54.3 %	61.0 %
Expense ratio	29.4	29.4	29.2
Combined ratio	84.1 %	83.7 %	90.2 %
Total			
Loss ratio	61.8 %	61.3 %	61.3 %
Expense ratio	28.5	28.4	28.0
Combined ratio	90.3 %	89.7 %	89.3 %

Investments

Investment results, before income taxes, were as follows:

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Average investments, at cost (1)	$ 28,942,819	$ 26,444,111	$ 24,438,112
Net investment income (1)	$ 1,333,161	$ 1,052,835	$ 779,185
Percent earned on average investments (1)	4.6 %	3.9 %	3.2 %
Net investment gains	$ 117,708	$ 47,042	$ 202,397
Change in unrealized investment gains (losses) (2)	$ 84,474	$ 392,903	$ (1,248,128)

(1) Includes investments, cash and cash equivalents, trading accounts receivable (payable) from brokers and clearing organizations, trading account securities sold but not yet purchased and unsettled purchases.

(2) Represents the pre-tax change in unrealized investment gains (losses) for available for sale securities recognized in stockholders' equity.

For comparison, the following are the coupon returns for the Barclays U.S. Aggregate Bond Index and the dividend returns for the S&P 500® Index:

	Year Ended December 31,		
	2024	**2023**	**2022**
Barclays U.S. Aggregate Bond Index	3.4 %	3.3 %	2.7 %
S&P 500® Index	1.7	2.0	1.3

The percentages of the fixed maturity portfolio categorized by contractual maturity, based on fair value, on the dates indicated, are set forth below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay certain obligations.

	Year Ended December 31,		
	2024	2023	2022
1 year or less	7.7%	9.2%	8.7%
Over 1 year through 5 years	40.5	46.2	47.2
Over 5 years through 10 years	17.4	21.2	23.4
Over 10 years	17.6	12.2	11.2
Mortgage-backed securities	16.8	11.2	9.5
Total	100.0%	100.0%	100.0%

At each of December 31, 2024, 2023 and 2022, the fixed maturity portfolio, including cash and cash equivalents, had an effective duration of 2.6 years, 2.4 years and 2.4 years, respectively.

Loss and Loss Expense Reserves

To recognize liabilities for unpaid losses, either known or unknown, insurers establish reserves, which is a balance sheet account representing estimates of future amounts needed to pay claims and related expenses with respect to insured events which have occurred. Estimates and assumptions relating to reserves for losses and loss expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an insured loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer's payment of that loss.

In general, when a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment based upon known information about the claim at that time. The estimate represents an informed judgment based on general reserving practices and reflects the experience and knowledge of the claims personnel regarding the nature and value of the specific type of claim. Reserves are also established on an aggregate basis to provide for losses incurred but not reported ("IBNR") to the insurer, potential inadequacy of case reserves and the estimated expenses of settling claims, including legal and other fees and general expenses of administrating the claims adjustment process. Reserves are established based upon the then current legal interpretation of coverage provided.

In examining reserve adequacy, several factors are considered in estimating the ultimate economic value of losses. These factors include, among others, historical data, legal developments, changes in social attitudes and economic conditions, including the effects of inflation. The actuarial process relies on the basic assumption that past experience, adjusted judgmentally for the effects of current developments and anticipated trends, is an appropriate basis for predicting future outcomes. Reserve amounts are necessarily based on management's informed estimates and judgments using currently available data. As additional experience and other data become available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in our results in periods in which such estimates and assumptions are changed.

The risk and complexity of estimating loss reserves are greater when economic conditions are uncertain. It is especially difficult to estimate the impact of inflation on loss reserves given the current economic environment and related government actions. Whereas a slowing economy would generally lead to lower inflation or even deflation, increased government spending would generally lead to higher inflation. A change in our assumptions regarding inflation would result in reserve increases or decreases that would be reflected in our earnings in periods in which such assumptions are changed.

Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claim administration will cost. While the methods for establishing the reserves are well tested over time, some of the major assumptions about anticipated loss emergence patterns are subject to unanticipated fluctuation. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as well as estimates of trends in claims severity and frequency, judicial theories of liability and other factors, including the actions of third parties, which are beyond the Company's control. These variables are affected by external and internal events, such as inflation and economic volatility, judicial and litigation trends, reinsurance coverage, legislative changes and claim handling and reserving practices, which make it more difficult to accurately predict claim costs. The inherent uncertainties of estimating reserves are greater for certain types of liabilities where long periods of time elapse before a definitive determination of liability is made. Although the loss reserves included in the Company's financial statements represent management's best estimates, setting reserves is inherently uncertain and the Company cannot provide assurance that its current reserves will prove adequate in light of subsequent events.

The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,358 million and $1,352 million at December 31, 2024 and 2023, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $405 million and $390 million at December 31, 2024 and 2023, respectively. At December 31, 2024, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.6%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2024) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2024), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates permitted by the Department of Insurance of the State of Delaware.

To date, known environmental and asbestos claims have not had a material impact on the Company's operations, because its subsidiaries generally did not insure large industrial companies that are subject to significant environmental or asbestos exposures prior to 1986 when an absolute exclusion was incorporated into standard policy language.

The Company's net reserves for losses and loss expenses relating to environmental and asbestos claims on policies written before adoption of the absolute exclusion was $16 million and $17 million at December 31, 2024 and 2023, respectively. The estimation of these liabilities is subject to significantly greater than normal variation and uncertainty because it is difficult to make an actuarial estimate of these liabilities due to the absence of a generally accepted actuarial methodology for these exposures and the potential effect of significant unresolved legal matters, including coverage issues, as well as the cost of litigating the legal issues. Additionally, the determination of ultimate damages and the final allocation of such damages to financially responsible parties are highly uncertain.

The table below provides a reconciliation of the beginning of year and end of year property casualty reserves for the indicated years:

(In thousands)	**2024**	**2023**	**2022**
Net reserves at beginning of year	$ 15,661,820	$ 14,248,879	$ 12,848,362
Net provision for losses and loss expenses:			
Claims occurring during the current year (1)	7,083,999	6,311,780	5,774,713
Increase in estimates for claims occurring in prior years (2)	14,350	29,681	54,511
Loss reserve discount accretion	33,246	30,681	32,526
Total	7,131,595	6,372,142	5,861,750
Net payments for claims:			
Current year	1,278,585	1,217,078	1,068,577
Prior years	4,205,845	3,764,532	3,279,333
Total	5,484,430	4,981,610	4,347,910
Foreign currency translation	(142,344)	22,409	(113,323)
Net reserves at end of year	17,166,641	15,661,820	14,248,879
Ceded reserves at end of year	3,201,389	3,077,832	2,762,344
Gross reserves at end of year	$ 20,368,030	$ 18,739,652	$ 17,011,223
Net change in premiums and losses occurring in prior years:			
Increase in estimates for claims occurring in prior years (2)	$ (14,350)	$ (29,681)	$ (54,511)
Retrospective premium adjustments for claims occurring in prior years (3)	18,782	10,782	18,106
Net premium and reserve development on prior years	$ 4,432	$ (18,899)	$ (36,405)

(1) Claims occurring during the current year are net of loss reserve discounts of $49 million, $47 million and $35 million in 2024, 2023 and 2022, respectively.
(2) The change in estimates for claims occurring in prior years is net of loss reserve discount. On an undiscounted basis, the estimates for claims occurring in prior years increased by $13 million in 2024, decreased by $13 million in 2023, and increased by $16 million in 2022.
(3) For certain retrospectively rated insurance policies and reinsurance agreements, changes in loss and loss expenses for prior years are offset by additional or return premiums.

Also, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and note 13, Reserves for Losses and Loss Expenses included in our audited consolidated financial statements for further information regarding the changes in estimates for claims occurring in prior years.

A reconciliation between the reserves as of December 31, 2024 as reported in the accompanying consolidated GAAP financial statements and those reported on the basis of statutory accounting principles ("SAP") in the Company's U.S. regulatory filings is as follows:

(In thousands)		
Net reserves reported in U.S. regulatory filings on a SAP basis	$	16,328,835
Reserves for non-U.S. companies		922,868
Loss reserve discounting (1)		(92,921)
Ceded reserves		3,201,389
Allowance for expected credit losses on due from reinsurers		7,859
Gross reserves reported in the consolidated GAAP financial statements	$	20,368,030

(1) For statutory purposes, the Company discounts its workers' compensation reinsurance reserves at 2.5% as prescribed or permitted by the Department of Insurance of the State of Delaware. In its GAAP financial statements, the Company discounts excess workers' compensation reserves at the risk-free rate and assumed workers' compensation reserves at the statutory rate.

Reinsurance

We follow a common industry practice of reinsuring a portion of our exposures and paying to reinsurers a portion of the premiums received on the policies that we write. Reinsurance is purchased principally to reduce net liability on individual risks and to protect against catastrophic losses. Although reinsurance does not legally discharge an insurer from its primary liability for the full amount of the policies, it does make the assuming reinsurer contractually liable to the insurer to the extent of the reinsurance coverage. We monitor the financial condition of our reinsurers and attempt to place our coverages only with substantial, financially sound carriers. As a result, generally the reinsurers who reinsure our casualty insurance must have an A.M. Best rating of "A (Excellent)" or better with at least $1 billion in policyholder surplus and the reinsurers who cover our property insurance must have an A.M. Best rating of "A- (Excellent)" or better with at least $1 billion in policyholder surplus.

Regulation

U.S. Regulation

Our U.S. insurance subsidiaries are principally regulated by their domiciliary state insurance departments and are subject to varying degrees of regulation and supervision in the other U.S. jurisdictions in which they do business. As of January 1, 2025, there are six domiciliary states related to our U.S. insurance subsidiaries.

Overview. Our domestic insurance subsidiaries are subject to statutes which delegate regulatory, supervisory and administrative powers to state insurance commissioners. This regulation relates to such matters as the standards of solvency which must be met and maintained; the licensing of insurers and their agents; the nature of and limitations on investments; deposits of securities for the benefit of policyholders; approval of certain policy forms and premium rates; periodic examination of the affairs of insurance companies; annual and other reports required to be filed on the financial condition of insurers or for other purposes; establishment and maintenance of reserves for unearned premiums, loss expenses and losses; and requirements regarding numerous other matters. Our property casualty subsidiaries, other than our excess and surplus lines and reinsurance subsidiaries, must generally file all rates with the insurance department of each state in which they operate. Our excess and
surplus lines and reinsurance subsidiaries generally operate free of rate and form regulation.

Holding Company Statutes. In addition to regulatory supervision of our insurance subsidiaries, we are subject to state statutes governing insurance holding company systems. Under the terms of applicable state statutes, any person or entity desiring to purchase more than a specified percentage (commonly 10%) of our outstanding voting securities would be required to obtain prior regulatory approval of the purchase. Typically, such statutes require that we periodically file information with the appropriate domiciliary state insurance commissioner, including information concerning our capital structure, ownership, financial condition and general business operations.

We are required to submit to the Delaware Department of Insurance, the lead state regulator for our group, an annual "enterprise risk management report," which identifies the activities and circumstances of any affiliated company that might have a material adverse effect on the financial condition of our group or our U.S. licensed insurers. We must also annually submit to the Delaware Department of Insurance an Own Risk and Solvency Assessment Summary Report ("ORSA Report"), which is a confidential internal assessment of the material and relevant risks associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. We are required to, at least annually, conduct an Own Risk and Solvency Assessment regarding the adequacy of our risk management framework and our current, and estimated projected future, solvency position. We must internally document the process and results of the assessment.

Under the National Association of Insurance Commissioners (the "NAIC") model holding company act adopted by the states, U.S. insurance regulators are authorized to lead or participate in the group-wide supervision of internationally active insurance groups ("IAIG"). In November 2019, the International Association of Insurance Supervisors ("IAIS"), an international standard setter, adopted a global framework for the supervision of IAIGs, as discussed below under "International Regulation." In December 2024, the IAIS adopted a risk-based, group-wide global insurance capital standard ("ICS") applicable to IAIGs. IAIS member states, including the U.S., will now update their domestic insurance group capital requirements where necessary to fully reflect the ICS. We received notice from the Delaware Department of Insurance in 2024 that we are considered an IAIG. As an IAIG, we may be subject to international oversight coordinated by the Delaware Department of Insurance.

In the United States, the NAIC has developed a group capital calculation tool that uses a risk-based capital aggregation methodology to aggregate the available capital and the minimum capital of each entity in an insurance group regardless of their structure. The NAIC has indicated that it intends to work domestically on its approach to the group capital aggregation method with respect to U.S. implementation of the ICS. Delaware has adopted the NAIC amendments to the model holding company act and regulation that require the ultimate controlling person of an insurer subject to holding company registration to submit the group capital calculation filing annually with its lead state regulator.

Cybersecurity Regulations. New York's cybersecurity regulation applies to financial services institutions authorized by the New York State Department of Financial Services (the "NYDFS"), including our insurance subsidiaries licensed in New York. The regulation requires these entities to assess risks associated with their information systems and establish and maintain a cybersecurity program reasonably designed to protect consumers' private data and the confidentiality, integrity and availability of the licensee's information systems. The NYDFS has adopted amendments to New York's cybersecurity regulation, which require additional reporting, governance and oversight measures, and enhanced cybersecurity safeguards to be implemented. The amendments take effect in phases that began in 2023 and continue through 2025.

The NAIC has adopted the Insurance Data Security Model Law (the "Cybersecurity Model Law") for consideration by state legislatures, which establishes standards for data security, the investigation of cybersecurity events involving the unauthorized access to, or misuse of, certain nonpublic information, and reporting to insurance commissioners. The Cybersecurity Model Law imposes significant regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. The Cybersecurity Model Law, or a form thereof, has been adopted by several states, including three of our U.S. insurance subsidiaries' domiciliary states. A drafting note in the Cybersecurity Model Law states that a licensee's compliance with New York's cybersecurity regulation is intended to constitute compliance with the Cybersecurity Model Law, but compliance remains a state-by-state issue requiring consideration of any state differences in implementation and enforcement of the Cybersecurity Model Law.

Certain other states have enacted or are considering laws and regulations related to privacy and data security. For example, the California Consumer Privacy Act ("CCPA"), broadly regulates the collection, processing and disclosure of California residents' personal information, imposes limits on the "sale" of personal information and grants California residents certain rights to, among other things, access and delete data about them in certain circumstances. The CCPA also established a private right of action, with potentially significant statutory damages, whereby businesses that fail to implement reasonable security measures to protect against breaches of personal information could be liable to affected California consumers. California subsequently enacted the California Privacy Rights Act ("CPRA"), which imposed additional limitations and obligations with respect to covered businesses' use and sharing of certain personal data. Compliance with the CCPA/CPRA may increase the cost of providing our products and services in California. An increasing number of U.S. states have adopted,

or are considering legislation similar to the CCPA. Additionally, the NAIC is developing amendments to update the Privacy of Consumer Financial and Health Information Regulation to reflect the extensive innovations in communications and technology since its adoption. The proposed amendments would expand the definition of nonpublic personal information; add consumer rights to request access, correction and deletion of nonpublic personal information; and add requirements for contracts with third-party service providers. The deadline to finalize the amendments was recently extended until December 31, 2025.

We cannot predict the impact, if any, that any current, proposed or future federal or state cybersecurity laws or regulations will have on our business, financial condition or results of operations.

Innovation and Technology. As a result of increased innovation and use of technology in the insurance sector, the NAIC and insurance regulators have been focusing on the use of "big data" technologies, such as artificial intelligence, machine learning and automated decision-making. In December 2023, the NAIC adopted the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers (the "AI Bulletin"). The AI Bulletin may be adopted and issued by state regulators to licensed insurers. In addition to affirming that the use of artificial intelligence must comply with existing state law, the AI Bulletin sets forth regulators' expectations on how insurers will develop, acquire and use artificial intelligence technologies including around the use of third-party data and models. In 2024, the NAIC formed a new task force to develop and propose a regulatory framework for the oversight of insurers' use of third-party data and predictive models, the drafting of which is expected to begin in 2025.

The NAIC and state insurance regulators are also focused on addressing unfair discrimination by insurers in the use of consumer data and technology, and certain states have passed laws or are considering action targeting unfair discrimination practices. For example, Colorado has enacted a law that prohibits insurers from using external consumer data and information sources ("ECDIS"), as well as algorithms or predictive models that use ECDIS, in a way that unfairly discriminates based on race, color, national or ethnic origin, religion, sex, sexual orientation, disability, gender identity or gender expression. The Colorado Division of Insurance adopted regulations requiring life insurers to adopt a governance and risk management framework for the use of artificial intelligence, machine learning and other technologies that utilize "external consumer data." In December 2024, the Colorado Division of Insurance released a draft proposed amendment to bring passenger automobile and health benefit plan insurers within its scope. It is expected that Colorado will further adopt governance and testing regulations for other lines of insurance. Similarly, in July 2024, the NYDFS issued Insurance Circular Letter 7 on the Use of Artificial Intelligence and External Consumer Data and Information Sources in Insurance Underwriting and Pricing, which applies to our insurance subsidiaries licensed in New York. Circular Letter 7 sets forth fairness principles, transparency requirements, and governance and risk management responsibilities for insurers under NYDFS' jurisdiction that develop and/or use ECDIS, artificial intelligence systems, and other predictive models in underwriting and pricing insurance policies and annuity contracts.

We cannot predict whether states will adopt the AI Bulletin or a similar regulation, or what, if any, changes to laws or regulations may be enacted with regard to "big data" or artificial intelligence technologies.

Risk-Based Capital Requirements. The NAIC utilizes a Risk-Based Capital ("RBC") formula that is designed to measure the adequacy of an insurer's statutory surplus in relation to the risks inherent in its business. The RBC formula develops a risk adjusted target level of adjusted statutory capital by applying certain factors to various asset, premium and reserve items. The NAIC RBC Model Law provides for four incremental levels of regulatory attention for insurers whose surplus is below the calculated RBC target. These levels of attention range in severity from requiring the insurer to submit a plan for corrective action to actually placing the insurer under regulatory control. The RBC of each of our domestic insurance subsidiaries was above the calculated RBC target level as of December 31, 2024.

Insurance Regulatory Information System. The NAIC also has developed a set of 13 financial ratios for property and casualty insurers referred to as the Insurance Regulatory Information System ("IRIS"). On the basis of statutory financial statements filed with state insurance regulators, the NAIC annually calculates these IRIS ratios to assist state insurance regulators in monitoring the financial condition of insurance companies. The NAIC has established an acceptable range for each of the IRIS financial ratios.

Guaranty Funds. Our U.S. insurance subsidiaries are also subject to assessment by state guaranty funds in states where we transact admitted business when an insurer in a particular jurisdiction has been judicially declared insolvent and the insolvent company's available funds are insufficient to pay policyholders and claimants the amounts to which they are entitled. The protection afforded under a state's guaranty fund to policyholders of the insolvent insurer varies from state to state. Generally, all licensed property casualty insurers are considered to be members of the fund, and assessments are based upon their pro rata share of direct written premiums in that state. The NAIC Post-Assessment Property and Liability Insurance Guaranty Association Model Act, a version of which has been adopted by all states, limits assessments to 2% of an insurer's subject premiums and permits recoupment of assessments through rate setting. Likewise, several states (or underwriting organizations of which our insurance subsidiaries are required to be members) have limited assessment authority with regard to deficits in certain lines of business.

Additionally, state insurance laws and regulations require us to participate in mandatory property-liability “shared market,” “pooling” or similar arrangements that provide certain types of insurance coverage to individuals or others who otherwise are unable to purchase coverage voluntarily provided by private insurers. Shared market mechanisms include assigned risk plans and fair access to insurance requirement or “FAIR” plans. In addition, some states require insurers to participate in reinsurance pools for claims that exceed specified amounts. Our participation in these mandatory shared market or pooling mechanisms generally is related to the amount of our direct writings for the type of coverage written by the specific mechanism in the applicable state.

Dividends. We receive funds from our insurance company subsidiaries in the form of dividends and management fees for certain management services. Annual dividends in excess of maximum amounts prescribed by state statutes may not be paid without the approval of the insurance commissioner of the state in which an insurance subsidiary is domiciled. See “Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

Trade Practices. State insurance laws and regulations include numerous provisions governing trade practices and the marketplace activities of insurers, including provisions governing marketing and sales practices, policyholder services, claims management and complaint handling. State regulatory authorities generally enforce these provisions through periodic market conduct examinations.

Investment Regulation. Investments by our domestic insurance companies must comply with applicable laws and regulations which prescribe the kind, quality and concentration of investments. In general, these laws and regulations permit investments in federal, state and municipal obligations, corporate bonds, preferred and common equity securities, mortgage loans, real estate and certain other investments, subject to specified limits and certain other qualifications. Investments that do not comply with these limits and qualifications are deducted in our insurance subsidiaries' calculation of their statutory capital and surplus.

Terrorism Risk Insurance. The Terrorism Risk Insurance Act of 2002 established a Federal program that provides for a system of shared public and private compensation for insured losses resulting from acts of terrorism. Pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2019 (“TRIPRA”), the program was extended until December 31, 2027.

TRIPRA provides a federal backstop to all U.S. based property and casualty insurers for insurance related losses resulting from any act of terrorism on U.S. soil or against certain U.S. air carriers, vessels or foreign missions. TRIPRA is applicable to almost all commercial lines of property and casualty insurance but excludes auto, burglary and theft, surety, workers' compensation, professional liability and farm owners' multi-peril insurance. Insurers with direct commercial property and casualty insurance exposure in the United States are required to participate in the program and make available coverage for certified acts of terrorism. TRIPRA's definition of certified acts includes domestic terrorism. Federal participation will be triggered under TRIPRA when the Secretary of Treasury certifies an act of terrorism.

Under the program, the federal government will pay 80% of an insurer's covered losses in excess of the insurer's applicable deductible. The insurer's deductible is calculated as 20% of earned premium for the prior year for covered lines of commercial property and casualty insurance. Based on our 2024 earned premiums, our aggregate deductible under TRIPRA during 2025 will be approximately $1,663 million. The federal program will not pay losses for certified acts unless such losses exceed $200 million industry-wide for any calendar year. TRIPRA limits the federal government's share of losses at $100 billion for a program year. In addition, an insurer that has satisfied its deductible is not liable for the payment of losses in excess of the $100 billion cap.

Excess and Surplus Lines. The regulation of our U.S. subsidiaries' excess and surplus lines insurance business differs significantly from the regulation of our admitted business. Our surplus lines subsidiaries are subject to the surplus lines regulation and reporting requirements of the jurisdictions in which they are eligible to write surplus lines insurance. Although surplus lines business is generally less regulated than admitted business, principally with respect to rates and policy forms, strict regulations apply to surplus lines placements in the laws of every state and the regulation of surplus lines insurance may undergo changes in the future. Federal or state measures may be introduced to increase the oversight of surplus lines insurance in the future.

Climate Change and Financial Risks. The NAIC and state insurance regulators continue to evaluate issues related to the management of climate risk. In 2022, the NAIC adopted a new standard for insurance companies to report their climate-related risks as part of its annual Climate Risk Disclosure Survey, which applies to insurers that meet the reporting threshold of $100 million in U.S. direct premium and are licensed in one of the participating jurisdictions. The NYDFS’s 2020 circular letter, which applies to our insurance subsidiaries licensed in New York, states that regulated insurers are expected to integrate financial risks related to climate change into their governance frameworks, risk management processes, business strategies and scenario analysis, and develop their approach to climate-related financial disclosure. For example, an insurer should designate a board member or board committee, as well as a senior management function, to oversee the management of financial risks

associated with climate change. The NYDFS also adopted an amendment to the regulation governing enterprise risk management, which applies to our insurance subsidiaries licensed in New York, that requires an insurance group's enterprise risk management function to address certain additional risks, including climate change risk.

In addition, the Federal Insurance Office (the "FIO") is authorized to monitor the U.S. insurance industry under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), as discussed below under "Federal Regulation." Pursuant to this statutory authority, the FIO is assessing how the insurance sector may mitigate climate risks and help achieve national climate-related goals. In June 2023, the FIO released a report urging insurance regulators to adopt climate-related risk-monitoring guidance in order to enhance their regulation and supervision of insurers.

In 2023, California adopted laws establishing climate disclosure and climate-related financial risk reporting requirements that apply to companies doing business in California that meet applicable revenue thresholds. The Company may be subject to the disclosure requirements of the Climate Corporate Data Accountability Act, requiring entities with more than $1.0 billion in annual revenue to annually disclose emissions on a phased timeline.

Diversity and Corporate Governance.The NAIC and state insurance regulators also continue to evaluate issues related to diversity within the insurance industry, such as the diversity of an insurer's board of directors and management. In March 2021, the NYDFS issued a circular letter stating that it expects the insurers it regulates, such as our insurance subsidiaries licensed in New York, to make diversity of their leadership a business priority and a key element of their corporate governance, and it includes diversity-related questions in its examination process. In addition, the NAIC is examining practices in the insurance industry in order to determine how barriers are created that disadvantage or discriminate against people of color or historically underrepresented groups. NAIC goals include improving access to different types of insurance products in minority communities, addressing issues related to affordability, and providing guidance to regulators on ways to improve insurance access and the understanding of insurance in underserved communities. See "Human Capital Resources" below.

Federal Regulation. The federal government and its regulatory agencies generally do not directly regulate the business of insurance, although federal initiatives could have an impact on our business in a variety of ways. The Dodd-Frank Act effected sweeping changes to financial services regulation in the United States, and created two new federal government bodies, the FIO and the Financial Stability Oversight Council (the "FSOC"). The FIO does not have general supervisory or regulatory authority over the business of insurance, although it has preemption authority over state insurance laws that conflict with certain international agreements, as discussed below. The FIO also has authority to represent the United States in international insurance matters and is authorized to monitor the U.S. insurance industry and identify potential regulatory gaps that could contribute to systemic risk.

The Dodd-Frank Act authorizes the Secretary of the Treasury and U.S. Trade Representative to enter into international agreements of mutual recognition regarding the prudential regulation of insurance or reinsurance. The U.S. and the European Union ("EU") signed such a covered agreement (the "EU Covered Agreement") in September 2017, which addresses three areas of prudential supervision: reinsurance, group supervision and the exchange of information between the U.S. and EU.

In December 2018, the U.S. Department of the Treasury and the Office of the U.S. Trade Representative entered into a covered agreement with the U.K. (the "U.K. Covered Agreement," and together with the EU Covered Agreement, the "Covered Agreements") in anticipation of the U.K.'s exit from the EU. The U.K. Covered Agreement largely reflects the provisions of the EU Covered Agreement and incorporates the same timeframes within it.

Under the Dodd-Frank Act, the FIO has preemption authority over state insurance laws that conflict with the Covered Agreements as of September 1, 2022, such as state credit for reinsurance laws that result in non-U.S. reinsurers subject to the Covered Agreements being treated less favorably than U.S. reinsurers. The NAIC amended its Credit for Reinsurance Model Law to satisfy the substantive and timing requirements of the Covered Agreements, which amendments have been enacted by all states. On September 30, 2023, the FIO reported that it did not recommend taking any preemption action as a result of inconsistency between the Covered Agreements and state credit for reinsurance laws. Under the Covered Agreements, reinsurance collateral requirements no longer apply to qualifying EU and U.K. reinsurers. The amended Credit for Reinsurance Model Law also extends the zero reinsurance collateral provisions in the Covered Agreements to qualified reinsurers domiciled in U.S. jurisdictions that are accredited by the NAIC and to non-U.S. jurisdictions that have not entered into a covered agreement with the U.S. but which the NAIC has identified as "reciprocal jurisdictions" pursuant to the NAIC Qualified Jurisdiction Process.

We cannot currently predict the impact of these changes to the law or whether any other covered agreements will be successfully adopted, and cannot currently estimate the impact of these changes to the law and any such adopted covered agreements on our business, financial condition or operating results.

The Dodd-Frank Act authorizes the FSOC to designate an insurer as a "systemically important financial institution" or a "non-bank SIFI" if the insurer's material financial distress could pose a systemic risk to the financial system or the nature or scale of its activities could pose a threat to U.S. financial stability. The FIO can recommend that an insurer be designated as a non-bank SIFI, which would subject the company to Federal Reserve supervision and heightened prudential standards. There are currently no such non-bank SIFIs designated by the FSOC. In November 2023, the FSOC adopted final guidance that establishes a new process for designating certain financial companies as non-bank SIFIs. The revised process is based on the consideration of risk factors set forth in a new analytic framework, which describes how the FSOC intends to monitor a broad range of institutions and activities and respond to potential risks to U.S. financial stability. The financial vulnerabilities that most often contribute to this type of risk include leverage, liquidity risk and maturity mismatch, inadequate risk management, concentration and destabilizing activities. Under the new guidance, the FSOC is no longer required to conduct a cost-benefit analysis and an assessment of the likelihood of a non-bank financial company's material financial distress before considering the designation of the company. The revised process could have the effect of simplifying and shortening FSOC's procedures for designating certain financial companies as non-bank SIFIs.

Based upon our current business model and balance sheet, we do not believe that we will be designated by the FSOC as such an institution. Although the potential impact of any future amendments to the Dodd-Frank Act on the U.S. insurance industry is not clear, our business could be affected by changes to the U.S. system of insurance regulation or our designation or the designation of insurers or reinsurers with which we do business as non-bank SIFIs.

International Regulation

Our insurance subsidiaries based in the United Kingdom are regulated by the Prudential Regulation Authority ("PRA") and/or the Financial Conduct Authority ("FCA"). The PRA's primary objectives with regard to insurers are to promote the safety and soundness of insurers and to contribute to the securing of an appropriate degree of protection for current and future policyholders. The FCA has three operational objectives: (i) to secure an appropriate degree of protection for consumers, (ii) to protect and enhance the integrity of the United Kingdom's financial system, and (iii) to promote effective competition in the interests of consumers in the financial services markets. The PRA and FCA employ a variety of regulatory tools to achieve their objectives, including periodic auditing and reporting requirements, risk assessment reviews, minimum solvency margins and individual capital assessment requirements, dividend restrictions, in certain cases, approval requirements governing the appointment of key officers, approval requirements governing controlling ownership interests and various other requirements.

Our Lloyd's managing agency is also regulated by Lloyd's, and the Lloyd's syndicate business is subject to Lloyd's supervision. Through Lloyd's, we are licensed to write business in various countries throughout the world by virtue of Lloyd's international licenses. In each such country, we are subject to the laws and insurance regulation of that country. Our insurance subsidiary based in Liechtenstein is regulated by the Financial Market Authority of Liechtenstein ("FMA"), which has regulatory tools analogous to those of the U.K. regulators noted above.

Additionally, U.K. and Liechtenstein laws and regulations also impact us as "controllers" of our European-regulated subsidiaries, whereby we are required to notify the appropriate authorities about significant events relating to such regulated subsidiaries' controllers (i.e. persons or entities which have certain levels of direct or indirect voting power or economic interests in the regulated entities) as well as changes of control, and to submit annual reports regarding their controllers. The PRA/FCA's Senior Managers and Certification Regime and analogous regulation in Liechtenstein further provide regulatory frameworks for standards of fitness and propriety, conduct and accountability for individuals in positions of responsibility at insurers. In addition, certain employees are individually registered at Lloyd's.

Our insurance business throughout the EU and EEA is subject to "Solvency II," an insurance regulatory regime governing, among other things, capital adequacy and risk management. Following the U.K.'s withdrawal from the EU, or Brexit, our Lloyd's managing agency (and the U.K. branch of our Liechtenstein subsidiary) are now subject to a separate U.K. prudential regime, which derives from Solvency II but has recently begun to diverge from it. Accordingly, the U.K.'s HM Treasury revoked all U.K. insurance legislation derived from EU law (referred to as Solvency II "assimilated law") effective December 31, 2024, and broadly reinstated it via additional rules, which will eventually be known as "Solvency U.K." Additionally, in December 2023, the U.K. adopted legislative reforms that amended various parts of the U.K.'s prudential regime, including the risk margin, matching adjustment requirements and regulatory reporting obligations. The PRA also has amended parts of its Rulebook, to reduce the overall regulatory burden on U.K. authorized insurers and to make the U.K. market more internationally competitive. The PRA's amendments took effect throughout 2024.

Similarly, the EU's legislative bodies have undertaken a review of Solvency II and have adopted revisions to the current Solvency II rules. EU member states have until the end of January 2027 to implement these amendments into their respective domestic legislation.

Solvency II provides for the supervision of group solvency. Under Solvency II, it is possible that the U.S. parent of a European Union subsidiary could be subject to certain Solvency II requirements if the U.S. company is not already subject to regulations deemed "equivalent" to Solvency II. Currently, the U.S. system of insurance regulation relating to group supervision is not deemed "equivalent" to Solvency II by European Union authorities. The PRA will also perform separate, but comparable, supervision of group solvency under the U.K.'s own domestic prudential regime where a U.S. holding company is a parent of a subsidiary U.K. insurer or reinsurer.

The Liechtenstein financial services regulator, the FMA, is the group supervisor for our European-regulated subsidiaries. However, the Covered Agreements prohibit any EU supervisor or the PRA (as applicable) from exercising group- wide supervision at any level above the highest company organized in the country of that supervisor.

We must also comply with the EU General Data Protection Regulation (EU) 2016/879) ("GDPR"), including EEA member state legislation implementing the GDPR. The regulation's goal is to impose increased individual rights and protections for all personal data located in or originating from the EU. The Data Protection Act 2018 and the U.K. General Data Protection Regulation, which is the retained EU law version of the GDPR by virtue of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (together, "U.K. GDPR"), regulate data protection for all individuals within the U.K. Both the GDPR and the U.K. GDPR are extraterritorial in that they apply to all businesses in the EU and the U.K. respectively, and any business outside the EU and the U.K. that offers services, or monitors the behavior of individuals, in the EU and/or U.K., and that processes the personal data of individuals in the EU and/or the U.K. Moreover, there are significant fines associated with non-compliance. In particular, we need to monitor our compliance with all relevant member states' laws and regulations, including where permitted derogations from the GDPR and the U.K. GDPR are introduced. The introduction of the GDPR and the U.K. GDPR, and any resultant changes in EU member states' or U.K. national laws and regulations, has increased our compliance obligations and has necessitated the review and implementation of policies and processes relating to our collection and use of data, and has required us to change our business practices regarding these matters.

In addition, we may become subject to or affected by regulatory policies adopted by the IAIS, an international standard setter consisting of supervisors and regulators from more than 200 jurisdictions. The aim of the IAIS is to develop and assist in the implementation of effective and consistent regulation of insurer solvency standards and group supervision of insurance groups in response to the increasing globalization of the insurance sector. In November 2019, the IAIS formally adopted a global framework for the supervision of IAIGs, which is referred to as the Common Framework for the Supervision of Internationally Active Insurance Groups, or "ComFrame." ComFrame is intended to provide a framework of basic standards for IAIGs and a process for supervisors to cooperate in the supervision of IAIGs. Also in November 2019, the IAIS agreed to a version of a risk-based group-wide global insurance capital standard ("ICS") that was intended to apply to IAIGs and ultimately form a part of ComFrame. The ICS was adopted by the IAIS in December 2024 as a group-wide prescribed capital requirement for IAIGs and integrated into the rest of ComFrame. IAIS member states will now update their domestic insurance capital requirements where necessary to fully reflect the ICS.

The IAIS has also separately concluded that an aggregation method approach to a group capital standard, which forms part of the NAIC's group capital calculation, could provide a basis of the implementation of the ICS that would produce comparable outcomes to the ICS. In reaching this determination, the IAIS also highlighted certain areas where it will be necessary for the U.S. to undertake further work as part of implementing the aggregation method to ensure convergence with the ICS. The NAIC has indicated that it intends to work domestically on its approach to the aggregation method as the U.S. implementation of the ICS and will collaborate with the IAIS. Once finalized and implemented, the aggregation method could thereafter be used by US-headquartered IAIGs as a method of group solvency calculation. We have received notice from Delaware, our lead state insurance regulator, that we are considered an IAIG. As an IAIG, we may be subject to international oversight coordinated by the Delaware Department of Insurance.

Our international operations are also subject to varying degrees of regulation in Mexico, Australia and Canada and in certain other countries in Europe, South America, and Southeast Asia. Generally, our subsidiaries must satisfy local regulatory requirements. While each country imposes licensing, solvency, auditing and financial reporting requirements, the type and extent of the requirements differ substantially. Key areas where country regulations may differ include: (i) the type of financial reports to be filed; (ii) a requirement to use local intermediaries; (iii) the amount of reinsurance permissible; (iv) the scope of any regulation of policy forms and rates; and (v) the type and frequency of regulatory examinations.

Our international operations are also subject to increasing regulation governing the management of climate risk. In the United Kingdom, the PRA recognizes that climate change represents both an underwriting and investment risk, and that losses can be incurred from physical climate change-related changes and the global adjustment towards a low-carbon economy. Insurers are therefore expected to reflect the consideration of the financial risks from climate change in their governance arrangements, including allocating responsibility for managing these risks to identified senior management and committees.

Insurers must also monitor and manage the financial risk posed by climate change as part of their risk management frameworks, which would involve scenario testing over a range of time horizons and reporting to the board on identified risks. Financial risks from climate change should also form part of insurers' public regulatory disclosures.

Similarly, the EU's latest revisions to Solvency II contain specific regulations relating to the management of climate and environmental risks. When implemented into EU member states' legislation, insurers must incorporate these risks into their own risk and solvency assessments and perform stress testing on the impact of long-term climate change scenarios on their business. Insurers would also need to include information on any material exposure to climate change-related risks in their public regulatory disclosures. The updated Solvency II text requires the European Insurance and Occupational Pensions Authority, the supervisory authority for the EU insurance industry, to periodically (and at least every five years) review the scope and calibration of the natural catastrophe risk module used in the standard formula for calculating insurers' capital requirements using the latest available climate science.

Competition

The property casualty insurance and reinsurance businesses are highly competitive, with many insurance companies of various sizes, as well as other entities offering risk alternatives such as self-insured retentions or captive programs, transacting business in the United States and internationally. We compete directly with a large number of these companies. Competition in our industry is largely measured by the ability to provide insurance and services at a price and on terms that are reasonable and acceptable to the customer. Our strategy in this highly fragmented industry is to seek specialized areas or geographic regions where our businesses can gain a competitive advantage by responding quickly to changing market conditions. Our businesses establish their own pricing practices based upon a Company-wide philosophy to price products with the intent of making an underwriting profit.

Competition for insurance business within the United States comes from other specialty insurers, regional carriers, large national multi-line companies and reinsurers. Our specialty businesses compete with excess and surplus insurers as well as standard carriers. Our regional businesses compete with mutual and other regional stock companies as well as national carriers. Additionally, direct writers of property casualty insurance compete with our regional businesses by writing insurance through their salaried employees, generally at a lower acquisition cost than through independent agents such as those used by the Company. We compete internationally with native insurance operations both large and small, which in some cases are related to government entities, as well as with branches or local subsidiaries of multinational companies.

Competition for reinsurance business, which is especially strong, comes from domestic and foreign reinsurers, which produce their business either on a direct basis or through the broker market. These competitors include Swiss Re, Munich Re, Berkshire Hathaway, Partner Re and others.

In recent years, various institutional investors have increasingly sought to participate in the property and casualty insurance and reinsurance industries. Well-capitalized new entrants to the property and casualty insurance and reinsurance industries, or existing competitors that receive substantial infusions of capital, provide increasing competition, which may adversely impact our business and profitability. Further, an expanded supply of reinsurance capital may lower costs for insurers that rely on reinsurance and, as a consequence, those insurers may be able to price their products more competitively.

Human Capital Resources

As of January 15, 2025, we employed 8,606 individuals. Of this number, our subsidiaries employed 8,474 individuals and the remaining individuals were employed at the parent company.

We believe that our people are our greatest asset and that our corporate culture is the most important intangible driver of long-term value creation for our Company and the highest priority for pursuing long-term risk-adjusted returns and growth in stockholder value.

Human Capital Management: The Company fosters a performance culture. We are focused on creating a respectful, rewarding, diverse, and inclusive work environment that allows our employees to build meaningful and productive careers. The success of these human capital management objectives is essential to our strategy, as it is our people who drive our success. We invest in their growth as individuals and professionals through training and engagement, as well as in their well-being through robust health and wellness programs and a commitment to diversity.

The Company provides developmental opportunities for our employees through formal and informal programs that focus on enabling employees to build skills and thought leadership in specific facets of our business. Our leadership programs cultivate the talent of our high-potential, strong-performing employees as we strive to deepen, enhance and diversify the Company's leadership team.

We strive to align employee incentives with the risk and performance frameworks of the Company. The Company's "pay for performance" philosophy connects individual, business and Company results to employee compensation, providing employees with opportunities to share in the Company's overall growth and success. The Company offers employees a comprehensive benefits package, including health and wellness, financial, educational and life management benefits. In addition, we support employees in making an impact in their local communities and globally through environmental and social efforts that are meaningful to them.

Our Board of Directors engages with our senior leadership team, including our senior vice president - human resources, on a periodic basis across a range of human capital management issues, including succession planning and development, compensation, benefits, talent recruiting and retention, engagement, diversity and inclusion, and employee feedback.

Culture: The Board of Directors has recognized Accountability, People Oriented Strategy, Responsible Financial Practices, Risk-Adjusted Returns and Transparency as the elements of corporate culture necessary for the Company to achieve success. Our culture unifies our employees across our decentralized business model, positions us to serve our diverse clients globally and propels the Company's continuous evolution.

We are committed to fostering a unifying culture and encouraging innovation across our enterprise. Our culture encompasses the beliefs that (i) specialized knowledge and having a customer-centric focus are competitive advantages and (ii) an environment that promotes integrity, embraces the commitment to "always do right," fosters entrepreneurship and innovation, and values making thoughtful decisions for the long-term benefit of our enterprise. While there is no one "Berkley" way, each of our businesses has its own culture that embodies a shared set of values that define our enterprise. Our structure, with 58 distinct businesses, facilitates the prompt identification of and appropriate action with respect to addressing individual business or cultural issues arising within a business, without affecting the larger enterprise. Furthermore, our businesses are overseen by senior corporate business managers and senior corporate functional managers, including actuarial, claims, compliance, enterprise risk management, finance, insurance risk management and underwriting, providing a governance oversight structure that makes it easier to identify such issues. Because our Board of Directors diligently exercises its risk management oversight through, among other activities, regular interactions with employees beyond corporate senior management, our directors have visibility into and receive timely feedback on cultural issues that may affect our business.

As significant owners of our Company who are required to hold their shares until separation from service, each of our directors and senior executives have a vested interest in cultivating talent and perpetuating a culture that facilitates the execution of our long-term objectives.

Other Information about the Company's Business

We maintain an interest in evaluating the startup of possible new ventures and the acquisition of complementary businesses on an ongoing basis. In addition, our businesses develop new coverages or enter lines of business to meet the needs of insureds.

Seasonal weather variations and other events affect the severity and frequency of losses sustained by the insurance and reinsurance businesses. Although the effect on our business of catastrophes such as tornadoes, hurricanes, hailstorms, wildfires, earthquakes and terrorist acts may be mitigated by reinsurance, they nevertheless can have a significant impact on the results of any one or more reporting periods.

We have no customer that accounts for 10 percent or more of our consolidated revenues.

Compliance by W. R. Berkley and its subsidiaries with federal, state and local provisions that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to protection of the environment, has not had a material effect upon our capital expenditures, earnings or competitive position.

The Company's internet address is www.berkley.com. The information on our website is not incorporated by reference in this annual report on Form 10-K. The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act and other reports filed by us or with respect to our securities by others are accessible free of charge through this website as soon as reasonably practicable after they have been electronically filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

Our businesses face significant risks. If any of the events or circumstances described as risks below occur, our businesses, results of operations and/or financial condition could be materially and adversely affected. In addition to those

described below, our businesses may also be adversely affected by risks and uncertainties not currently known to us or that we currently consider immaterial.

Risks Relating to Our Industry

Our results may fluctuate as a result of many factors, including cyclical changes in the insurance and reinsurance industry.

The results of companies in the property casualty insurance industry historically have been subject to significant fluctuations and uncertainties in supply and demand and pricing, causing cyclical changes in the insurance and reinsurance industry.

The demand for insurance is influenced primarily by general economic conditions, while the supply of insurance is often directly related to available capacity based on the perceived profitability of the business. The adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural disasters and other catastrophic events, regulatory measures and court decisions that define and expand the extent of coverage, and the effects of economic and social inflation on the amount of claims payments due for injuries or losses. In addition, investment rates of return impact rate adequacy. These factors can have a significant impact on ultimate profitability because a property casualty insurance policy is priced before its costs are known as premiums usually are determined long before claims are reported. These factors could produce results that would have a negative impact on our results of operations and financial condition.

The uncertainty of an insurer's ultimate loss costs, and fluctuating competitive conditions, result in alternating periods of "hard" markets (more profitable for insurers) and "soft" markets (less profitable for insurers). In recent years, improvement (or deterioration) in various lines of property casualty insurance has become less uniform in its cyclicality, with changes frequently happening at different rates, and even at times in different directions. Over the past several years, premium rates have increased for most lines of business, while they have decreased in others, most notably workers' compensation and certain professional liability lines of business.

We face significant competitive pressures in our businesses, which can pressure premium rates in certain areas and could harm our ability to maintain or increase our profitability and premium volume in some parts of our business.

We compete with a large number of other companies in our selected lines of business. We compete, and will continue to compete, with major U.S. and non-U.S. insurers and reinsurers, other regional companies, as well as mutual companies, specialty insurance companies, underwriting agencies, diversified financial services companies and insurtech companies. Competitiveness in our businesses is based on many factors, including premium charges, ratings assigned by independent rating agencies, commissions paid to producers, the perceived financial strength of the company, other terms and conditions offered, services provided, ease of doing business, speed of claims payment and reputation and experience in the lines to be written. Periods of insurance industry consolidation may further increase competition in some parts of our business and may cause our insurance subsidiaries to incur greater customer retention and acquisition expenses, affecting the profitability of existing and new business. At times, we have faced significant competition in our business as a result of existing insurers seeking to gain or maintain market share as well as new entrants and capital providers.

Various types of investors seek to participate in the property and casualty insurance and reinsurance industries. Well-capitalized new entrants to the property and casualty insurance and reinsurance industries, or existing competitors that receive substantial infusions of capital or access to third-party capital, provide increasing competition, which may adversely impact our business and profitability. Further, an expanded supply of capital may lower costs for insurers and, as a consequence, those insurers may be able to price their products more competitively. In addition, technology companies or other third parties have created, and may in the future create technology-enabled business models, processes, platforms or alternate distribution channels that may adversely impact our competitive position in some parts of our business.

Some of our competitors, particularly in the reinsurance business, have greater financial and/or marketing resources than we do. These competitors within the reinsurance market include Swiss Re, Munich Re, Berkshire Hathaway and Partner Re. We expect that perceived financial strength, in particular, will become more important as customers seek high quality reinsurers.

This intense competition could cause the supply and/or demand for insurance or reinsurance to change, which affect our ability to price our products at attractive rates and retain existing business or write new products at adequate rates or on terms and conditions acceptable to us. If we are unable to retain existing business or write new business at adequate rates or on terms and conditions acceptable to us, our results of operations could be materially and adversely affected.

Recently, insurance prices have generally increased for most lines of business, excluding workers' compensation and certain professional liability lines of business. However, loss costs have also increased and the duration and magnitude of the improved pricing environment remains uncertain. Despite higher interest rates, current price levels for certain lines of business

may remain below the prices required for us to achieve our long-term return objectives. We expect to continue to face strong competition in our business.

Our actual claims losses may exceed our reserves for claims, which may require us to establish additional reserves.

Our gross reserves for losses and loss expenses were approximately $20.4 billion as of December 31, 2024. Our loss reserves reflect our best estimates of the cost of settling claims and related expenses with respect to insured events that have occurred.

Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claims administration will cost for claims that have occurred, whether known or unknown. The major assumptions about anticipated loss emergence patterns are subject to unanticipated fluctuation. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as well as estimates of future trends in claims severity and frequency, inflation, judicial theories of liability, reinsurance coverage, legislative changes and other factors, including the actions of third parties, which are beyond our control.

The inherent uncertainties of estimating reserves are greater for certain types of liabilities, where long periods of time elapse before a definitive determination of liability is made and settlement is reached. In periods with increased economic volatility, it becomes more difficult to accurately estimate claim costs. It is especially difficult to estimate the impact of inflation on loss reserves given the current economic environment and related government actions. Both inflation overall and medical cost inflation, which has historically been greater than inflation overall, can have an adverse impact. In addition, although the Company has estimated the potential COVID-19 impact to its contingency and event cancellation, workers' compensation, and other lines of business under a number of possible scenarios, there remains uncertainty around COVID-19's ultimate impact on the Company and its related reserves.

Reserve estimates are continually refined in an ongoing process as experience develops and further claims are reported and settled. Adjustments to reserves are reflected in the results of the periods in which such estimates are changed. Because setting reserves is inherently uncertain, we cannot assure that our current reserves will prove adequate in light of subsequent events. Should we need to increase our reserves, our pre-tax income for the reporting period would decrease by a corresponding amount.

We discount our reserves for excess and assumed workers' compensation business because of the long period of time over which losses are paid. Discounting is intended to appropriately match losses and loss expenses to income earned on investment securities supporting liabilities. The expected loss and loss expense payout pattern subject to discounting is derived from our loss payout experience. Changes in the loss and loss expense payout pattern are recorded in the period they are determined. If the actual loss payout pattern is shorter than anticipated, the discount will be reduced and pre-tax income will decrease by a corresponding amount.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and economic, legal, judicial, social, technological and other environmental conditions change, unexpected and unintended issues related to claim and coverage frequently emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. Examples of emerging claims and coverage issues include, but are not limited to:

- judicial expansion of policy coverage and a greater propensity to grant claimants more favorable amounts and the impact of new theories of liability;
- plaintiffs targeting property and casualty insurers, including us, in purported class action litigation relating to claims-handling and other practices;
- social inflation trends, including higher and more frequent claims, more favorable judgments and legislated increases;
- medical developments that link health issues to particular causes, resulting in liability claims;
- claims relating to unanticipated consequences of current or new technologies, including cyber security related risks;
- claims relating to potentially changing climate conditions; and
- increased claims due to third party funding of litigation.

In some instances, these emerging issues may not become apparent for some time after we have issued the affected insurance policies. As a result, the full extent of liability under our insurance policies may not be known until many years after the policies are issued.

In addition, the potential passage of new legislation designed to expand the right to sue, to remove limitations on recovery, to extend the statutes of limitations or otherwise to repeal or weaken tort reforms could have an adverse impact on our business.

The effects of these and other unforeseen emerging claim and coverage issues are difficult to predict and could harm our business and materially and adversely affect our results of operations.

As a property casualty insurer, we face losses from natural and man-made catastrophes.

Property casualty insurers are subject to claims arising out of catastrophes that may have a significant effect on their results of operations, liquidity and financial condition. Catastrophe losses have had a significant impact on our results. For example, current accident year catastrophe losses net of reinsurance recoveries were $298 million in 2024, $195 million in 2023, and $212 million in 2022. Similarly, man-made catastrophes can also have a material impact on our financial results. Depending on market conditions and other factors, we may seek to increase our writing of property casualty insurance, and, accordingly, our exposure to catastrophic events would be increased.

Catastrophes can be caused by various events, including hurricanes, windstorms, earthquakes, tsunamis, hailstorms, explosions, severe winter weather and wildfires, pandemics, as well as terrorist and other man-made activities, including drilling, mining and other industrial accidents, the bankruptcy of a major company, war or other military actions, social unrest,
cyber events or terrorist activities. The incidence and severity of catastrophes are inherently unpredictable, and longer-term natural catastrophe trends may be changing due to climate change causing increased variability and unpredictability. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Some catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, tsunamis and other disasters may produce significant damage in large, heavily populated areas. Catastrophes can cause losses in a variety of our property and casualty lines, and most of our past catastrophe-related claims have resulted from severe storms. Seasonal weather variations or the impact of climate change may affect the severity and frequency of our losses. Insurance companies are not permitted to reserve for a catastrophe until it has occurred. It is therefore possible that a catastrophic event or multiple catastrophic events could produce significant losses and have a material adverse effect on our results of operations and financial condition.

New or emerging pandemics, whether related to COVID-19 or otherwise, may materially and adversely affect our results of operations, financial position and liquidity in the future.

The COVID-19 pandemic, including the related impact on the U.S. and global economies, materially and adversely affected our results of operations. New or emerging pandemics, whether related to COVID-19 or otherwise, may materially and adversely affect our results of operations, financial position and liquidity, including the following:

- Legislative and regulatory initiatives in response to pandemics may adversely affect us by, for example, retroactively mandating coverage for losses that our policies were not intended to cover.
- Although the Company has estimated the potential COVID-19 impact to its contingency and event cancellation, workers' compensation, and other lines of business under a number of possible scenarios, there remains uncertainty around COVID-19's ultimate impact on the Company and its related reserves.
- Claims and coverage issues may emerge that extend coverage beyond our underwriting intent or increase the number and/or size of claims.
- Our reinsurers may refuse to pay reinsurance recoverables due to uncertainty regarding reinsurance coverage for losses related to COVID-19 or any future pandemics. For example, as described in "Item 3. Legal Proceedings," in December 2023, one of our subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses under certain event cancellation insurance policies. In addition, we may be unable to renew our reinsurance coverages or obtain other appropriate reinsurance covers with respect to pandemic-related exposures.
- Reduced economic activity relating to potential pandemics is likely to decrease demand for our insurance products.
- Disruptions in global financial markets due to future pandemics could cause us to incur investment losses.
- Our operations could be disrupted if our senior management or a significant percentage of our workforce or of our agents, brokers, suppliers or other service providers are unable to continue to work because of illness, government directives or otherwise.

Changing climate conditions may alter the frequency and increase the severity of catastrophic events and thereby adversely affect our financial condition and results.

In recent years, changing weather patterns and climatic conditions, such as global warming, appear to have contributed to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. There is a scientific consensus that global warming and other climate change are altering the frequency, severity and peril characteristics of catastrophic weather events, such as hurricanes, windstorms, floods, wildfires and other natural disasters. Such changes make it more difficult for us to predict and model catastrophic events, reducing our ability to accurately price our exposure to such events and mitigate our risks. Any increase in the frequency or severity of natural disasters may adversely affect our financial condition and results.

We, as a primary insurer, may have significant exposure for terrorist acts.

To the extent an act of terrorism, whether a domestic or foreign act, is certified by the Secretary of Treasury, we may be covered under the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA"), for up to 80% of our covered losses for certain property/casualty lines of insurance. However, any such coverage would be subject to a mandatory deductible based on 20% of earned premium for the prior year for the covered lines of commercial property and casualty insurance. Based on our 2024 earned premiums, our aggregate deductible under TRIPRA during 2025 is approximately $1,663 million. In addition, the coverage provided under TRIPRA does not apply to reinsurance that we write. To the extent that our reinsurers have excluded coverage for certain terrorist acts or have priced this coverage at rates that make purchasing such coverage economically infeasible, we may not have reinsurance protection and could be exposed to potential losses as a result of any acts of terrorism.

We are exposed to, and may face adverse developments involving, mass tort claims.

We are exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances. We face potential exposure to mass tort claims, including claims related to exposure to potentially harmful products or substances, such as lead paint, polyfluoroalkyl substances, talc and opioids. Establishing loss reserves for mass tort claims is subject to uncertainties because of many factors, including adverse changes to the tort environment (e.g., increased and more aggressive attorney involvement in insurance claims, increased litigation, expanded theories of liability, higher jury awards, lawsuit abuse and third-party litigation finance, among others); evolving judicial interpretations, including application of various theories of joint and several liabilities; disputes concerning medical causation with respect to certain diseases; geographical concentration of the lawsuits asserting the claims; and the potential for a large rise in the total number of claims without underlying epidemiological developments suggesting an increase in disease rates. Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the current loss reserves. In addition, our estimate of loss reserves may change. These additional liabilities or increases in estimates, or a range of either, could vary significantly from period to period and could materially and adversely affect our results of operations and/or our financial position.

We are subject to extensive governmental regulation, which increases our costs and could restrict the conduct of our business.

We are subject to extensive governmental regulation and supervision in both the United States and foreign jurisdictions. Most insurance regulations are designed to protect the interests of policyholders rather than stockholders and other investors. This system of regulation, generally administered in the United States by a department of insurance in each state in which we do business, relates to, among other things:

- standards of solvency, including risk-based capital measurements;
- restrictions on the nature, quality and concentration of investments;
- limitations on the amount of dividends, tax distributions, intercompany loans and other payments that can be made without prior regulatory approval;
- requirements pertaining to certain methods of accounting;
- evaluating enterprise risk to an insurer;
- privacy, data protection, cybersecurity and artificial intelligence;
- rate and form regulation pertaining to certain of our insurance businesses;
- potential assessments for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies; and

- involvement in the payment or adjudication of catastrophe or other claims beyond the terms of the policies.

State insurance departments conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to the financial condition of insurance companies, holding company issues and other matters. Our Insurance business internationally is also generally subject to a similar regulatory scheme in each of the jurisdictions where we conduct operations outside the United States.

Federal financial services modernization legislation and legislative and regulatory initiatives taken or which may be taken in response to conditions in the financial markets, global insurance supervision and other factors may lead to additional federal regulation of the insurance industry in the coming years.

The Dodd-Frank Act effected sweeping changes to financial services regulation in the United States. The Dodd-Frank Act established the FSOC, which is authorized to recommend that certain systemically significant non-bank financial companies, including insurance companies, be regulated by the Board of Governors of the Federal Reserve. The Dodd-Frank Act also established a FIO which is authorized to study, monitor and report to Congress on the U.S. insurance industry and the significance of global reinsurance to the U.S. insurance market. The FIO also can recommend that the FSOC designate an insurer as an entity posing risks to the United States financial stability in the event of the insurer's material financial distress or failure. Our business could be affected by changes, whether as a result of potential changes to the Dodd-Frank Act, to the U.S. system of insurance regulation or our designation or the designation of insurers or reinsurers with which we do business as systemically significant non-bank financial companies.

The topic of climate risk has come under increased scrutiny by the NAIC and insurance regulators. For instance, in New York, the NYDFS's circular letter, which applies to our insurance subsidiaries licensed in New York, states that regulated insurers are expected to integrate financial risks related to climate change into their governance frameworks, risk management processes, business strategies and scenario analysis, and develop their approach to climate-related financial disclosure. The NYDFS also amended the regulation governing enterprise risk management, which applies to our insurance subsidiaries licensed in New York, that requires an insurance group's enterprise risk management function to address certain additional risks, including climate change risk. In addition, the FIO is assessing how the insurance sector may help mitigate climate- related risks and achieve national climate-related goals, and it released a report in June 2023 urging insurance regulators to adopt climate-related risk monitoring guidance. These measures may subject us to increased oversight at the state and federal level.

State regulation is the primary form of regulation of insurance and reinsurance in the United States, although Congress has considered various proposals regarding federal regulation of insurance, in addition to the changes brought about by the Dodd-Frank Act, such as proposals for the creation of an optional federal charter for insurance companies. We may be subject to potentially increased federal oversight as a financial institution. In addition, the new U.S. administration and the volatile political environment increases the chance of other federal legislative and regulatory changes that could affect us in ways we cannot predict.

With respect to international measures, Solvency II, the EU regime concerning the capital adequacy, risk management and regulatory reporting for insurers and reinsurers may affect our insurance businesses. As described in "International Regulation" above, the EU has recently amended certain provisions in Solvency II, which EU member states will implement in their domestic regulation over the next two years. In addition, despite the waiver of the Solvency II group capital requirements we received, any changes in the application of Solvency II (or any further amendments to Solvency II itself) may have the effect of increasing the capital requirements of our EU domiciled insurers. Additionally, our capital requirements and compliance requirements may be adversely affected if the European Commission does not deem the insurance regulatory regimes of the jurisdictions outside the EU in which we have insurance or reinsurance companies domiciled to be "equivalent" to Solvency II.

Similar considerations apply to our U.K. subsidiaries, which are now subject to a separate U.K. prudential regime that derives from Solvency II. However, the two regimes, and their respective requirements, have begun to diverge due to both the EU's recent amendments to Solvency II described above and the reforms to the U.K.'s domestic prudential regime (please see "International Regulation" above for more information). We therefore may be required to utilize additional resources to ensure compliance with the different rules in each regime.

If our compliance with Solvency II, the U.K.'s prudential regime or any other regulatory regime is challenged, we may be subject to monetary or other penalties. In addition, in order to ensure compliance with applicable regulatory requirements or as a result of any investigation, including remediation efforts, we could be required to incur significant expenses and undertake additional work, which in turn may divert resources from our business.

We may be unable to maintain all required licenses and approvals and our business may not fully comply with the

wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations. Also, some regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or monetarily penalize us. Also, changes in the level of regulation of the insurance industry, whether federal, state or foreign, or changes in laws or regulations themselves or interpretations thereof by regulatory authorities, may further restrict the conduct of our business.

Risks Relating to Our Business

Our expanding international operations expose us to increased investment, political, legal/regulatory, and economic risks, including foreign currency and credit risk.

Our expanding international operations in the United Kingdom, Continental Europe, South America, Canada, Mexico, Scandinavia, the Asia-Pacific region, South Africa and Australia expose us to increased investment, political, legal/regulatory, and economic risks, including foreign currency and credit risk. Changes in the value of the U.S. dollar relative to other currencies have had and could in the future have an adverse effect on our results of operations and financial condition.

Our investments in non-U.S.-denominated assets are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. Non-U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the U.S.

We face additional risks as a result of our international operations which could have an adverse effect on our results of operations and financial condition including: burdens and costs of compliance with a variety of foreign laws and regulations and the associated risk and costs of non-compliance; exposure to undeveloped or evolving legal systems, which may result in unpredictable or inconsistent application of laws and regulations; exposure to commercial, political, legal or regulatory corruption; political, economic or other instability in countries in which we conduct business, including possible terrorist acts; the imposition of tariffs, trade barriers or other protectionist laws or business practices that favor local competition, increased costs and adverse effects on our business; changes to visa or immigration policies; diminished ability to enforce our contractual rights; potential increased risk of data breaches; differences in cultural environments; sociopolitical instability; social, political or economic instability resulting from climate change; changes in regulatory requirements, including changes in regulatory treatment of certain products or services; exposure to local economic conditions and its impact on our clients' performance and creditworthiness; and restrictions on the repatriation of non-U.S. investments and earnings.

Our U.K. business could be specifically adversely impacted by trade barriers between the EU and the U.K. following Brexit, which has reduced the level of trade between the two markets and the U.K.'s overall trade exports, thereby negatively affecting the attractiveness of the U.K. market.

We may be unable to attract and retain key personnel and qualified employees.

We depend on our ability to attract and retain key personnel, including our President and CEO, Executive Chairman, senior executive officers, presidents of our businesses, experienced underwriters and other skilled employees who are knowledgeable about our business. If the quality of our underwriting team and other personnel decreases, we may be unable to maintain our current competitive position in the specialized markets in which we operate, and be unable to expand our operations into new products and markets.

We cannot guarantee that our reinsurers will pay in a timely fashion, if at all, and, as a result, we could experience losses.

We purchase reinsurance by transferring part of the risk that we have assumed, known as ceding, to a reinsurance company in exchange for part of the premium we receive in connection with the risk. Although reinsurance makes the reinsurer contractually liable to us to the extent the risk is transferred or ceded to the reinsurer, it does not relieve us, the reinsured, of our liability to our policyholders. Our reinsurers may not pay the reinsurance recoverables that they owe to us or they may not pay such recoverables on a timely basis. This failure to pay or failure to pay on a timely basis may be due to factors such as whether reinsurers, their affiliates or certain indemnitors have the financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract. Accordingly, we bear credit risk with respect to our reinsurers, and if our reinsurers fail to pay us, our financial results would be adversely affected. Underwriting results and investment returns of some of our reinsurers may affect their future ability to pay claims. As of December 31, 2024, the amount due from our reinsurers was approximately $3,558 million, including amounts due from state funds and industry pools where it was intended that we would bear no risk. Certain of these amounts are secured by letters of credit or by funds held in trust on our behalf.

We are subject to credit risk relating to our policyholders, independent agents and brokers.

In addition to exposure to credit risk related to our reinsurance recoverables and investment portfolio, we are exposed to credit risk in several other areas of our business, including credit risk relating to policyholders, independent agents and brokers. For example our policyholders, independent agents or brokers may not pay a part of or the full amount of premiums owed to us or our brokers or other third party claim administrators may not deliver amounts owed on claims under our insurance and reinsurance contracts for which we have provided funds.

As credit risk is generally a function of the economy, we face a greater credit risk in an economic downturn. While we attempt to manage credit risks through underwriting guidelines, collateral requirements and other oversight mechanisms, our efforts may not be successful. For example, to reduce such credit risk, we require certain third parties to post collateral for some or all of their obligations to us. In cases where we receive pledged securities and the applicable counterparty is unable to honor its obligations, we may be exposed to credit risk on the securities pledged and/or the risk that our access to that collateral may be stayed as a result of bankruptcy. In cases where we receive letters of credit from banks as collateral and one of our counterparties is unable to honor its obligations, we are exposed to the credit risk of the banks that issued the letters of credit.

We are rated by A.M. Best, Standard & Poor's, Moody's, and Fitch, and a decline in these ratings could affect our standing in the insurance industry and cause our sales and earnings to decrease.

Ratings have become an increasingly important factor in establishing the competitive position of insurance companies. Certain of our insurance company subsidiaries are rated by A.M. Best, Standard & Poor's, Moody's and Fitch. Our ratings are subject to periodic review, and we cannot assure you that we will be able to retain our current or any future ratings, especially given that rating agencies may change their criteria or increase capital requirements for various rating levels.

If our ratings are reduced from their current levels by A.M. Best, Standard & Poor's, Moody's or Fitch, our competitive position in the insurance industry could suffer and it would be more difficult for us to market our products. A ratings downgrade could also adversely limit our access to capital markets, which may increase the cost of debt. A significant downgrade could result in a substantial loss of business as policyholders move to other companies with higher financial strength ratings.

If market conditions cause reinsurance to be more costly or unavailable, we may be required to bear increased risks or reduce the level of our underwriting commitments.

As part of our overall risk and capacity management strategy, we purchase reinsurance for certain amounts of risk underwritten by our insurance company subsidiaries, especially catastrophe risks and those risks with relatively high policy limits. We also purchase reinsurance on risks underwritten by others which we reinsure. Market conditions beyond our control determine the availability and cost of the reinsurance protection we seek to purchase, which may affect the level of our business and profitability. Our reinsurance contracts are generally subject to annual renewal, and we may be unable to maintain our current reinsurance contracts or to obtain other reinsurance contracts in adequate amounts and at favorable rates. In addition, we may be unable to obtain reinsurance on terms acceptable to us relating to certain lines of business that we intend to begin writing. If we are unable to renew our expiring contracts or to obtain new reinsurance contracts, either our net exposures would increase or, if we are unwilling to bear an increase in net exposures, we would have to reduce the level of our underwriting commitments, especially catastrophe exposed risks.

Depending on conditions in the financial markets and the general economy, we may be unable to raise debt or equity capital if needed.

If conditions in the financial markets and the general economy are unfavorable, which may result from disruptions, uncertainty or volatility in the capital and credit markets, we may be unable to access debt or equity capital on acceptable terms if needed, which could have a negative impact on our ability to invest in our insurance company subsidiaries and/or to take advantage of opportunities to expand our business, such as the creation of new ventures and possible acquisitions, and inhibit our ability to refinance our existing indebtedness if we desire to do so, on terms acceptable to us.

We may not find suitable new insurance ventures and acquisition candidates and even if we do, we may not successfully invest in such ventures or successfully integrate any such acquired companies.

As part of our present strategy, we continue to evaluate the possible start-up of complementary businesses and acquisition transactions on an ongoing basis, and at any given time we may be engaged in discussions with respect to possible new ventures and acquisitions. We cannot assure you that we will be able to identify suitable insurance ventures or acquisition targets, that such transactions will be financed and completed on acceptable terms or that our future start-up ventures or acquisitions will be successful. Our financial results could be adversely affected by acquired businesses not performing as projected, unforeseen liabilities, routine and unanticipated transaction-related charges, diversion of management time and resources to acquisition integration challenges or growth strategies, loss of key employees, challenges in integrating information technology systems of acquired companies with our own, amortization of expenses related to intangibles, charges

for impairment of long-term assets or goodwill and indemnification. The process of investing in new ventures or integrating any companies we do acquire may have a material adverse effect on our results of operations and financial condition.

If our information technology, telecommunications or other computer systems become unavailable or unreliable, our ability to conduct our business could be negatively or severely impacted.

Our business is highly dependent upon our employees' ability to perform necessary business functions in an efficient and uninterrupted fashion. A shutdown of, or inability to access, one or more of our facilities, a power outage or a failure of one or more of our information technology, telecommunications or other computer systems could significantly impair our employees' ability to perform such functions on a timely basis. In the event of a disaster such as a natural catastrophe, terrorist attack or industrial accident, physical or electronic security breaches, such as breaches by computer hackers, the infection of our systems
by a malicious computer virus, denial of service attack, or other cybersecurity incident, our systems could be inaccessible for an extended period of time. In addition, because our information technology and telecommunications systems interface with and depend on third-party systems and infrastructure beyond our control, we could experience service denials or failures of controls if demand for our service exceeds capacity or a third-party system or infrastructure fails or experiences an interruption. If our business continuity plans or system security does not sufficiently address such a business interruption, system failure or service denial, our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions could be significantly impaired and our business could be harmed.

Failure to maintain the security of information technology systems and confidential data may expose us to liability.

Although we have taken steps intended to protect our data and information technology systems and mitigate the risk of harm caused by cybersecurity incidents or breaches, no safeguards are perfect and any failure of these safeguards could cause a substantial disruption of our business operations, which could result in service interruptions, data security compromises, regulatory action, and other similar operational and legal issues, as well as substantial remediation and other costs. Our operations rely on the secure processing, storage and transmission of confidential and other sensitive information, including personal information, in our computer systems and networks. Cybersecurity breaches, including physical or electronic break-ins, computer viruses, malware, attacks by hackers, ransomware attacks, phishing attacks, supply chain attacks, breaches due to employee error or misconduct and other similar breaches can create system disruptions, shutdowns or unauthorized access to, or disclosure of, information maintained in our information technology systems and in the information technology systems of our vendors and other third parties.

We have in the past experienced cybersecurity incidents affecting our information technology systems as well as the information technology systems of our vendors and other third parties, but, to our knowledge, we have not experienced any material cybersecurity breaches. We expect cybersecurity threats to continue to occur in the future and we are constantly managing efforts to infiltrate and compromise our systems and data. Our electronic transmission of personal, confidential and proprietary information to third parties with whom we have business relationships and our outsourcing of certain technology and business process functions to third parties may expose us to enhanced risk related to data security. While we have implemented secure data transmission capabilities with these third-party vendors and others with whom we do business, such capabilities may not function as intended and our vendors and third parties could still suffer data breaches that could result in the exposure of sensitive data and the infiltration of our computer systems. Our failure to effectively protect sensitive personal and/or proprietary information, whether owing to breaches of our own systems or those of our vendors and other third parties, could result in significant monetary and reputational damages, material adverse effects to our financial condition, costly litigation, or other regulatory enforcement actions. These increased risks, and expanding regulatory requirements regarding data security, including required compliance with applicable privacy and data protection laws (e.g., the GDPR, CCPA, and other state-specific privacy statutes and regulations), could expose us to data loss, monetary and reputational damages and significant increases in compliance costs. As a result, our ability to conduct our business could be materially and adversely affected.

Use of artificial intelligence technologies by us or third-parties on which we rely could expose us to technological, security, legal, and other risks.

Products or services offered that develop or adopt artificial intelligence (“AI”) technologies, including generative AI and machine learning, offer potential benefits (e.g., with respect to efficiency) but likewise may raise technological, security, legal and other risks and challenges that may adversely affect our operations, business, or reputation. Such risks include the misuse, inadvertent or otherwise, of personal data or other sensitive, confidential or proprietary information; flaws in our models or training datasets resulting in biased, inaccurate or unanticipated outcomes; ethical considerations regarding the use and deployment of AI technologies; potential infringement of third-party intellectual property rights or the dilution of our intellectual property; and our ability to implement appropriate governance controls to ensure the ongoing, safe deployment of AI systems. AI technologies may be misused, and that risk is increased by the relative newness of the technology, the speed at which it is being adopted, and ongoing uncertainty with respect to the laws, regulations, and standards governing its

development and deployment federally, across states, and internationally. Such misuse, and a realization of the previously mentioned risks, could negatively impact our reputation, financial condition and results of operations, the demand for our products and services, otherwise cause competitive harm, and/or draw adverse legal and regulatory scrutiny. Moreover, because some AI technologies are relatively new, such as generative AI, many of the potential risks regarding their use are currently unknown.

We could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective.

Our business is highly dependent on our ability to engage on a daily basis in a large number of insurance underwriting, claim processing and investment activities, many of which are highly complex. These activities often are subject to internal guidelines and policies, as well as legal and regulatory standards, including those related to privacy and data security, anti-corruption, anti-bribery and global finance and insurance matters. Our continued expansion into new international markets has brought about additional requirements. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. If our controls are not effective, it could lead to financial loss, unanticipated risk exposure (including underwriting, credit and investment risk), regulatory scrutiny, and/or damage to our reputation.

Limitations in risk management and loss limitation methods may adversely impact our business.

We seek to effectively manage risk and limit our losses in a variety of ways including through effective underwriting, tailoring policy terms, and the use of reinsurance. However, there are certain limitations in these and similar tactics and as a result, loss levels may be higher than modeled or otherwise expected, which could have a material adverse effect on our business.

Scrutiny of our social responsibility and the efforts we take to implement related measures, or the failure to take such measures, may adversely impact our business.

There continues to be scrutiny from regulators and investors of the measures companies take to be socially responsible. Although we have made efforts to be responsible in this manner, for example through our commitment to fostering a unifying culture and encouraging innovation across our operating units, these types of pressures may nonetheless present challenges and have an adverse impact on our business. In addition, we may be subject to negative publicity based on a failure or perceived failure to achieve various social responsibility initiatives and goals relating to diversity, equity and inclusion, and commitment to long-term sustainability we may announce from time to time, or based on an actual or perceived increase in related risks as a result of our or our industry’s business activities.

Risks Relating to Our Investments

A significant amount of our assets is invested in fixed maturity securities and is subject to market fluctuations.

Our investment portfolio consists substantially of fixed maturity securities. As of December 31, 2024, our investment in fixed maturity securities was approximately $22.4 billion, or 75.0% of our total investment portfolio including cash and cash equivalents. As of that date, our portfolio of fixed maturity securities consisted of the following types of securities: U.S. Government securities (10.0%); state and municipal securities (10.5%); corporate securities (37.6%); asset-backed securities (17.3%); mortgage-backed securities (16.8%) and foreign government (7.8%).

The fair value of these assets and the investment income from these assets fluctuate depending on general economic and market conditions. The fair value of fixed maturity securities generally decreases as interest rates rise. If a significant increase in interest rates were to occur, the fair value of our fixed maturity securities would be negatively impacted, while investment income earned from future investments in fixed maturity securities would be higher. Conversely, if interest rates decline, the fair value of our fixed maturity securities would be positively impacted, and investment income earned from future investments in fixed maturity securities will be lower. Some fixed maturity securities, such as mortgage-backed and other asset-backed securities, also carry prepayment risk as a result of interest rate fluctuations. In low interest rate environments, we may not be able to successfully reinvest the proceeds from maturing securities at yields commensurate with our target performance goals.

The value of investments in fixed maturity securities is subject to impairment as a result of deterioration in the credit worthiness of the issuer, default by the issuer (including states and municipalities) in the performance of its obligations in respect of the securities and/or increases in market interest rates. To a large degree, the credit risk we face is a function of the economy; accordingly, we face a greater risk in an economic downturn or recession. During periods of market disruption, it may be difficult to value certain of our securities, particularly if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid

due to the then current financial environment. In such cases, the valuation of a greater number of our securities may require additional subjectivity and management judgment.

Although the historical rates of default on state and municipal securities have been relatively low, our state and municipal fixed maturity securities could be subject to a higher risk of default or impairment due to declining municipal tax bases and revenue. Many states and municipalities operate under deficits or projected deficits, the severity and duration of which could have an adverse impact on both the valuation of our state and municipal fixed maturity securities and the issuer's ability to perform its obligations thereunder. Additionally, our investments are subject to losses as a result of a general decrease in commercial and economic activity for an industry sector in which we invest, as well as risks inherent in particular securities.

Although we attempt to manage these risks through the use of investment guidelines and other oversight mechanisms and by diversifying our portfolio and emphasizing preservation of principal, our efforts may not be successful. Impairments, defaults and/or rate increases could reduce our net investment income or realized and unrealized investment gains or result in investment losses. Investment returns are currently, and will likely continue to be, impacted by economic uncertainty, more generally, and the shape of the yield curve. As a result, our exposure to the risks described above could materially and adversely affect our results of operations, liquidity and financial condition.

We have invested a portion of our assets in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets, which are subject to significant volatility and may decline in value.

We invest a portion of our investment portfolio in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. At December 31, 2024, our investment in these assets was approximately $5.5 billion, or 18.4%, of our investment portfolio, including cash and cash equivalents.

Merger and arbitrage trading securities were $1.1 billion, or 3.8% of our investment portfolio, including cash and cash equivalents at December 31, 2024. Merger arbitrage involves investing in the securities of publicly held companies that are the targets in announced tender offers and mergers. Merger arbitrage differs from other types of investments in its focus on transactions and events believed likely to bring about a change in value over a relatively short time period, usually four months or less. Our merger arbitrage positions are exposed to the risk associated with the completion of announced deals, which are subject to regulatory as well as political and other risks.

Real estate related investments, including directly owned, investment funds and loans receivable, were $1.9 billion, or 6.3% of our investment portfolio, including cash and cash equivalents, at December 31, 2024. We also invest in real estate, financial services, energy, transportation and other investment funds. The values of these investments are subject to fluctuation based on changes in the economy and interest rates in general and the related asset valuations in particular. In addition, our investments in real estate related assets and other alternative investments are less liquid than our other investments.

These investments are subject to significant volatility as a result of the conditions in the financial and commodity markets and the global economy.

Risks Relating to Limitations on Dividends from Subsidiaries and Anti-Takeover Provisions

We are an insurance holding company and, therefore, may not be able to receive dividends in needed amounts.

As an insurance holding company, our principal assets are the shares of capital stock of our insurance company subsidiaries. We have to rely on dividends from our insurance company subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying dividends to stockholders and repurchasing our shares and paying corporate expenses. The payment of dividends by our insurance company subsidiaries is subject to regulatory restrictions and competitive pressures on maintaining financial strength ratings and will depend on the surplus and future earnings of these subsidiaries. During 2025, the maximum amount of dividends that can be paid without regulatory approval is approximately $1.6 billion. Future regulatory actions could further restrict our insurance subsidiaries' ability to pay us dividends. As a result, in the future we may not be able to receive dividends from these subsidiaries at times and in amounts necessary to meet our obligations, pay dividends or repurchase shares.

Laws and regulations of the jurisdictions in which we conduct business could delay, deter or prevent an attempt to acquire control of us that stockholders might consider to be desirable, and may restrict a stockholder's ability to purchase our common stock.

Generally, United States insurance holding company laws require that, before a person can acquire control of an insurance company, prior written approval must be obtained from the insurance regulatory authority in the state in which that insurance company is domiciled. Pursuant to applicable laws and regulations, "control" over an insurer is generally presumed to exist if any person, directly or indirectly, owns, controls, holds the power to vote, or holds proxies representing 10% or more of

the voting securities of that insurer or any parent company of such insurer. Indirect ownership includes ownership of the shares of our common stock. Thus, the insurance regulatory authorities of the states in which our insurance subsidiaries are domiciled are likely to apply these restrictions on acquisition of control to any proposed acquisition of our common stock. Some states require a person seeking to acquire control of an insurer licensed but not domiciled in that state to make a filing prior to completing an acquisition if the acquirer and its affiliates, on the one hand, and the target insurer and its affiliates, on the other hand, have specified market shares in the same lines of insurance in that state. Additionally, many foreign jurisdictions where we conduct business impose similar restrictions and requirements.

These provisions can also lead to the imposition of conditions on an acquisition that could delay or prevent its consummation. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change in control of us through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Certain provisions in our organizational documents may have the effect of hindering, delaying or preventing third party takeovers and thus may prevent our stockholders from receiving premium prices for their shares in an unsolicited takeover or make it more difficult for third parties to replace our current management.

Provisions of our Restated Certificate of Incorporation and By-Laws, as well as state insurance statutes, may hinder, delay or prevent unsolicited acquisitions or changes of our control. These provisions may also have the effect of making it more difficult for third parties to cause the replacement of our current management without the concurrence of our Board of Directors.

These provisions include:

- our classified board of directors and the ability of our board to increase its size and to appoint directors to fill newly created directorships;
- the requirement that the holders of 80% of our shares must approve mergers and other transactions between us and the holder of 5% or more of our shares, unless the transaction was approved by our board of directors prior to such holder's acquisition of 5% of our shares; and
- the need for advance notice in order to raise business or make nominations at stockholders' meetings.

These provisions may discourage potential acquisition proposals and may delay, deter or prevent a change in control of us through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the SEC staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The Company has a documented information security program (the "Program"), which is integrated into its overall risk management processes, to identify, assess, monitor and manage potential cybersecurity threats and incidents. The Program is designed to protect the confidentiality, integrity and availability of our information systems and assets that store, process, or transmit information. The Program is modeled on the global standard for risk assessment, International Organization for Standardization 27001, and is guided by the six domains of cybersecurity established by the National Institute of Standards and Technology Cybersecurity Framework (i.e., govern, identify, protect, detect, respond, and recovery). The Program seeks to adhere to applicable U.S. and international laws and regulations, including New York State’s cybersecurity regulation applicable to financial services institutions authorized by the New York State Department of Financial Services.

The Program’s security and risk policies and standards, implemented by either the Company or third party assessors or consultants, include:

- information security management tools, such as firewalls, intrusion prevention and detection systems, anti-malware functionality, and access privilege controls;
- vulnerability management, including penetration and control testing and vulnerability scans of information systems;

– incident monitoring, breach notification and escalation, including disaster recovery and incident response plans and resources;

– risk based assessment of third party service providers; and

– annual cybersecurity awareness training for employees and contractors.

The Company engages third party consultants with respect to cybersecurity, including to conduct vulnerability assessments and penetration testing of its information technology systems. The Company has established a regular vendor risk management process to evaluate and address potential risks associated with the use of such third parties.

The Company has not identified any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition, for the period covered by this annual report. For a discussion regarding risks associated with cybersecurity threats, see "Risk Factors – Risks Relating to Our Business – If our information technology, telecommunications or other computer systems become unavailable or unreliable, our ability to conduct our business could be negatively or severely impacted" and "Failure to maintain the security of information technology systems and confidential data may expose us to liability"; and "Use of artificial intelligence technologies, by us or third-parties on whom we rely, could expose us to technological, security, legal, and other risks."

Board Oversight, Governance and Risk Management

The entire Board of Directors has oversight of risks from cybersecurity threats and receives periodic updates on such risks from the Company's management, including from the Company's President and CEO and its Senior Vice President - Chief Information Security Officer (CISO).

Our CISO, who has over 25 years of information security experience and is licensed as a Certified Information Systems Security Professional, is principally responsible for assessing and managing all aspects of the Program, including the Company's Regional Information Security Officers (RISOs), third-party consultants, development of industry trends and control testing and tracking by risk level. Our CISO meets periodically with senior executives, including the Company's President and CEO, to discuss the Company's cybersecurity strategy, and its monitoring, prevention, detection, mitigation, and remediation of cybersecurity risks. Regular reporting on the Program is also provided to the Company's Enterprise Risk Management Committee, which is comprised of the President and CEO, Senior Vice President – Enterprise Risk Management, Executive Vice President – Investments, Executive Vice President – Chief Financial Officer, and Executive Vice President – Secretary. Collectively, the CISO and RISOs, along with their teams, in collaboration with the technology and business owners, implement the Program. Legal, Compliance, and Internal Audit functions also assess the Program's adherence to regulatory requirements and internal controls.

In the event of a potentially material cybersecurity incident, the Company's incident response plans establish escalation protocols for relevant IT leaders and functional leaders within Legal, Compliance and Internal Audit to engage management as appropriate.

ITEM 2. PROPERTIES

W. R. Berkley Corporation and its subsidiaries own or lease office buildings or office space suitable to conduct their operations. At December 31, 2024, the Company had aggregate office space of 4,177,891 square feet, of which 1,051,681 were owned and 3,126,210 were leased.

Rental expense for the Company's operations was approximately $45,718,000, $44,256,000 and $43,383,000 for 2024, 2023 and 2022, respectively. Future minimum lease payments, without provision for sublease income, are $48,822,000 in 2025, $41,861,000 in 2026 and $172,679,000 thereafter.

ITEM 3. LEGAL PROCEEDINGS

The Company's subsidiaries are subject to disputes, including litigation and arbitration, arising in the ordinary course of their insurance and reinsurance businesses. The Company's estimates of the costs of settling such matters are reflected in its aggregate reserves for losses and loss expenses, and the Company does not believe that the ultimate outcome of such matters will have a material adverse effect on its financial condition or results of operations.

On December 22, 2023, one of the Company's subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses paid to its policyholders under certain event cancellation and related insurance policies. The Company believes its claims against the reinsurers are meritorious and expects a positive resolution to its lawsuit. While an adverse outcome is possible, the Company believes that the outcome, in any case, will not be material to the Company's financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Company is traded on the New York Stock Exchange under the symbol “WRB”.

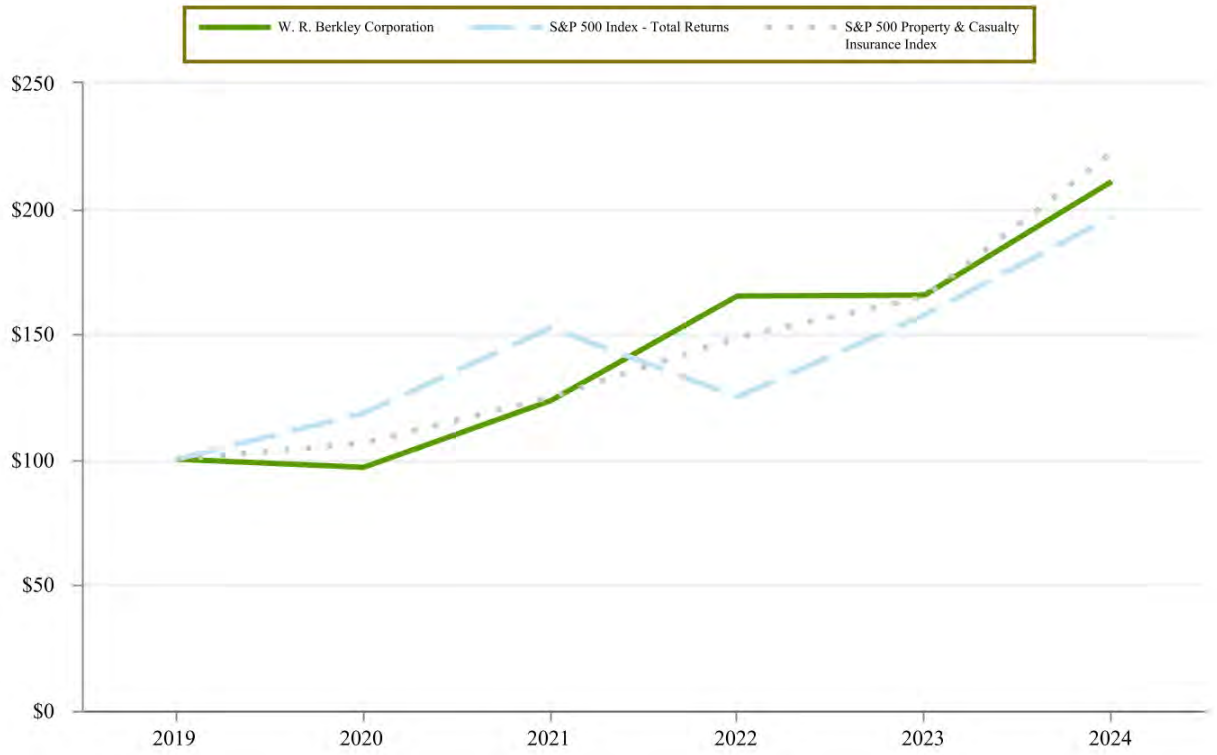
In 2024, the Board declared regular quarterly cash dividends of $0.07 per share in the first quarter and $0.08 per share in each of the remaining three quarters, as well as special dividends of $0.33 per share, $0.25 per share and $0.50 per share in the second, third, and fourth quarters, for a total of $532 million in aggregate dividends in 2024.

The approximate number of record holders of the common stock on February 13, 2025 was 327.

The chart below shows a comparison of 5 year cumulative total return.

Comparison of 5 Year Cumulative Total Return

Assumes initial investment of $100 on January 1, 2019, with dividends reinvested.



As of December 31, 2024, the S&P 500® Property and Casualty Insurance Index consisted of The Allstate Corporation, Arch Capital Group Ltd. (added Nov. 2022), Chubb Limited, Cincinnati Financial Corporation, The Hartford Financial Services Group, Inc., Loews Corporation (CNA), The Progressive Corporation, The Travelers Companies, Inc., and W. R. Berkley Corporation.

		2019	2020	2021	2022	2023	2024
W. R. Berkley Corporation	Cum $	100.00	96.85	123.32	165.10	165.50	210.49
S&P 500 Index - Total Returns	Cum $	100.00	118.38	152.33	124.65	157.48	196.49
S&P 500 Property and Casualty Insurance Index	Cum $	100.00	106.33	124.95	148.60	164.61	222.06

Set forth below is a summary of the shares repurchased by the Company during the fourth quarter of 2024 and the remaining number of shares authorized for purchase by the Company during such period.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs
October 2024	715,920	$ 57.91	715,920	14,608,875
November 2024	449,947	57.69	449,947	14,158,928
December 2024	—	—	—	14,158,928

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

W. R. Berkley Corporation is an insurance holding company that is among the largest commercial lines writers in the United States and operates worldwide in two segments of the property and casualty business: Insurance and Reinsurance & Monoline Excess. Our decentralized structure provides us with the flexibility to respond quickly and efficiently to local or specific market conditions and to pursue specialty business niches. It also allows us to be closer to our customers in order to better understand their individual needs and risk characteristics. While providing our business units with certain operating autonomy, our structure allows us to capitalize on the benefits of economies of scale through centralized capital, investment, reinsurance, enterprise risk management, and actuarial, financial and corporate compliance support. The Company's primary sources of revenues and earnings are its insurance operations and its investments.

An important part of our strategy is to form new businesses to capitalize on various opportunities. Over the years, the Company has formed numerous businesses that are focused on important parts of the economy in the U.S., including healthcare, cyber security, energy and agriculture, and on growing international markets, including the Asia-Pacific region, South America and Mexico.

The profitability of the Company's insurance business is affected primarily by the adequacy of premium rates. The ultimate adequacy of premium rates is not known with certainty at the time an insurance policy is issued because premiums are determined before claims are reported. The ultimate adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural and other disasters, regulatory measures and court decisions that define and change the extent of coverage and the effects of economic or social inflation on the amount of compensation for injuries or losses. General insurance prices are also influenced by available insurance capacity, i.e., the level of capital employed in the industry, and the industry's willingness to deploy that capital.

The Company's profitability is also affected by its investment income and investment gains. The Company's invested assets are invested principally in fixed maturity securities. The return on fixed maturity securities is affected primarily by general interest rates, as well as the credit quality and duration of the securities.

The Company also invests in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. The Company's investments in investment funds and its other alternative investments have experienced, and the Company expects to continue to experience, greater fluctuations in investment income. The Company's share of the earnings or losses from investment funds is generally reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

Commencing with the first quarter of 2024, the Company reclassified a program management business from the Insurance segment to the Reinsurance & Monoline Excess segment. The reclassified business is a program management business offering support on a nationwide basis for commercial casualty and property program administrators. Reclassifications have been made to the Company's 2023 and 2022 financial information to conform with this presentation.

On June 12, 2024, the Company announced that its Board of Directors approved a 3-for-2 common stock split which was paid in the form of a stock dividend to holders of record as of June 24, 2024. The additional shares were issued on July 10, 2024. Shares outstanding and per share amounts in this Form 10-K reflect such 3-for-2 common stock split.

Critical Accounting Estimates

The following presents a discussion of accounting policies and estimates relating to reserves for losses and loss expenses, assumed reinsurance premiums and other-than-temporary impairments of investments. Management believes these policies and estimates are the most critical to its operations and require the most difficult, subjective and complex judgments.

Reserves for Losses and Loss Expenses. To recognize liabilities for unpaid losses, either known or unknown, insurers establish reserves, which is a balance sheet account representing estimates of future amounts needed to pay claims and related expenses with respect to insured events which have occurred. Estimates and assumptions relating to reserves for losses and loss expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an insured loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer's payment of that loss.

In general, when a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment based upon known information about the claim at that time. The estimate represents an informed judgment based on general reserving practices and reflects the experience and knowledge of the claims personnel regarding the nature and value of the specific type of claim. Reserves are also established on an aggregate basis to provide for losses incurred but not reported ("IBNR") to the insurer, potential inadequacy of case reserves and the estimated expenses of settling claims, including legal and other fees and general expenses of administrating the claims adjustment process. Reserves are established based upon the then current legal interpretation of coverage provided.

In examining reserve adequacy, several factors are considered in estimating the ultimate economic value of losses. These factors include, among other things, historical data, legal developments, changes in social attitudes and economic conditions, including the effects of inflation. The actuarial process relies on the basic assumption that past experience, adjusted judgmentally for the effects of current developments and anticipated trends, is an appropriate basis for predicting future outcomes. Reserve amounts are based on management's informed estimates and judgments using currently available data. As additional experience and other data become available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in our results in periods in which such estimates and assumptions are changed.

Reserves do not represent a certain calculation of liability. Rather, reserves represent an estimate of what management expects the ultimate settlement and claim administration will cost. While the methods for establishing reserves are well tested over time, the major assumptions about anticipated loss emergence patterns are subject to uncertainty. These estimates, which generally involve actuarial projections, are based on management's assessment of facts and circumstances then known, as well as estimates of trends in claims severity and frequency, judicial theories of liability and other factors, including the actions of third parties which are beyond the Company's control. These variables are affected by external and internal events, such as inflation and economic volatility, judicial and litigation trends, reinsurance coverage, legislative changes and claim handling and reserving practices, which make it more difficult to accurately predict claim costs. The inherent uncertainties of estimating reserves are greater for certain types of liabilities where long periods of time elapse before a definitive determination of liability is made. Because setting reserves is inherently uncertain, the Company cannot provide assurance that its current reserves will prove adequate in light of subsequent events.

Loss reserves included in the Company's financial statements represent management's best estimates based upon an actuarially derived point estimate and other considerations. The Company uses a variety of actuarial techniques and methods to derive an actuarial point estimate for each business. These methods include paid loss development, incurred loss development, paid and incurred Bornhuetter-Ferguson methods and frequency and severity methods. In circumstances where one actuarial method is considered more credible than the others, that method is used to set the point estimate. For example, the paid loss and incurred loss development methods rely on historical paid and incurred loss data. For new lines of business, where there is insufficient history of paid and incurred claims data, or in circumstances where there have been significant changes in claim practices, the paid and incurred loss development methods would be less credible than other actuarial methods. The actuarial point estimate may also be based on a judgmental weighting of estimates produced from each of the methods considered. Industry loss experience is used to supplement the Company's own data in selecting "tail factors" and in areas where the Company's own data is limited. The actuarial data is analyzed by line of business, coverage and accident or policy year, as appropriate, for each business.

The establishment of the actuarially derived loss reserve point estimate also includes consideration of qualitative factors that may affect the ultimate losses. These qualitative considerations include, among others, the impact of re-underwriting initiatives, changes in the mix of business, changes in distribution sources and changes in policy terms and conditions. Examples of changes in terms and conditions that can have a significant impact on reserve levels are the use of aggregate policy limits, the expansion of coverage exclusions, whether or not defense costs are within policy limits, and changes in deductibles and attachment points.

The key assumptions used to arrive at the best estimate of loss reserves are the expected loss ratios, rate of loss cost inflation, and reported and paid loss emergence patterns. Expected loss ratios represent management's expectation of losses at the time the business is priced and written, before any actual claims experience has emerged. This expectation is a significant determinant of the estimate of loss reserves for recently written business where there is little paid or incurred loss data to consider. Expected loss ratios are generally derived from historical loss ratios adjusted for the impact of rate changes, loss cost trends and known changes in the type of risks underwritten. Expected loss ratios are estimated for each key line of business within each business. Expected loss cost inflation is particularly important for the long-tail lines, such as excess casualty, and claims with a high medical component, such as workers' compensation. Reported and paid loss emergence patterns are used to project current reported or paid loss amounts to their ultimate settlement value. Loss development factors are based on the historical emergence patterns of paid and incurred losses, and are derived from the Company's own experience and industry data. The paid loss emergence pattern is also significant to excess and assumed workers' compensation reserves because those reserves are discounted to their estimated present value based upon such estimated payout patterns. Management believes the estimates and assumptions it makes in the reserving process provide the best estimate of the ultimate cost of settling claims and related expenses with respect to insured events which have occurred; however, different assumptions and variables could lead to significantly different reserve estimates.

Loss frequency and severity are measures of loss activity that are considered in determining the key assumptions described in our discussion of loss and loss expense reserves, including expected loss ratios, rate of loss cost inflation and reported and paid loss emergence patterns. Loss frequency is a measure of the number of claims per unit of insured exposure, and loss severity is a measure of the average size of claims. Factors affecting loss frequency include the effectiveness of loss controls and safety programs and changes in economic activity or weather patterns. Factors affecting loss severity include changes in policy limits, retentions, rate of inflation and judicial interpretations.

Another factor affecting estimates of loss frequency and severity is the loss reporting lag, which is the period of time between the occurrence of a loss and the date the loss is reported to the Company. The length of the loss reporting lag affects our ability to accurately predict loss frequency (loss frequencies are more predictable for lines with short reporting lags) as well as the amount of reserves needed for incurred but not reported losses (less IBNR is required for lines with short reporting lags). As a result, loss reserves for lines with short reporting lags are likely to have less variation from initial loss estimates. For lines with short reporting lags, which include auto, primary workers' compensation, other liability (claims-made) and property business, the key assumption is the loss emergence pattern used to project ultimate loss estimates from known losses paid or reported to date. For lines of business with long reporting lags, which include other liability (occurrence), products liability, excess workers' compensation and liability reinsurance, the key assumption is the expected loss ratio since there is often little paid or incurred loss data to consider. Historically, the Company has experienced less variation from its initial loss estimates for lines of businesses with short reporting lags than for lines of business with long reporting lags.

The key assumptions used in calculating the most recent estimate of the loss reserves are reviewed each quarter and adjusted, to the extent necessary, to reflect the latest reported loss data, current trends and other factors observed. If the actual level of loss frequency and severity are higher or lower than expected, the ultimate losses will be different than management's estimate. The following table reflects the impact of changes (which could be favorable or unfavorable) in frequency and severity, relative to our assumptions, on our loss estimate for claims occurring in 2024:

(In thousands)	**Frequency (+/-)**		
Severity (+/-)	**1%**	**5%**	**10%**
1%	$ 142,388	$ 428,582	$ 786,324
5%	428,582	726,110	1,098,020
10%	786,324	1,098,020	1,487,640

Our net reserves for losses and loss expenses of approximately $17.2 billion as of December 31, 2024 relate to multiple accident years. Therefore, the impact of changes in frequency or severity for more than one accident year could be higher or lower than the amounts reflected above. The impact of such changes would likely be manifested gradually over the course of many years, as the magnitude of the changes became evident.

Approximately $3.3 billion, or 19.1%, of the Company's net loss reserves as of December 31, 2024 relate to the Reinsurance & Monoline Excess segment. There is a higher degree of uncertainty and greater variability regarding estimates of excess workers' compensation and assumed reinsurance loss reserves. In the case of excess workers' compensation, our policies generally attach at $1 million or higher. The claims which reach our layer therefore tend to involve the most serious injuries and many remain open for the lifetime of the claimant, which extends the claim settlement tail. These claims also occur less frequently but tend to be larger than primary claims, which increases claim variability. In the case of assumed reinsurance our loss reserve estimates are based, in part, upon information received from ceding companies. If information received from ceding companies is not timely or correct, the Company's estimate of ultimate losses may not be accurate. Furthermore, due to

delayed reporting of claim information by ceding companies, the claim settlement tail for assumed reinsurance is also extended. Management considers the impact of delayed reporting and the extended tail in its selection of loss development factors for these lines of business.

Information received from ceding companies is used to set initial expected loss ratios, to establish case reserves and to estimate reserves for incurred but not reported losses on assumed reinsurance business. This information, which is generally provided through reinsurance intermediaries, is gathered through the underwriting process and from periodic claim reports and other correspondence with ceding companies. The Company performs underwriting and claim audits of selected ceding companies to determine the accuracy and completeness of information provided to the Company. The information received from the ceding companies is supplemented by the Company's own loss development experience with similar lines of business as well as industry loss trends and loss development benchmarks.

Following is a summary of the Company's reserves for losses and loss expenses by business segment as of December 31, 2024 and 2023:

(In thousands)	2024	2023
Insurance	$ 13,881,574	$ 12,430,202
Reinsurance & Monoline Excess	3,285,067	3,231,618
Net reserves for losses and loss expenses	17,166,641	15,661,820
Ceded reserves for losses and loss expenses	3,201,389	3,077,832
Gross reserves for losses and loss expenses	$ 20,368,030	$ 18,739,652

Following is a summary of the Company's net reserves for losses and loss expenses by major line of business as of December 31, 2024 and 2023:

(In thousands)	Reported Case Reserves	Incurred But Not Reported	Total
December 31, 2024			
Other liability	$ 2,104,721	$ 5,164,994	$ 7,269,715
Professional liability	613,230	1,503,908	2,117,138
Workers' compensation (1)	1,054,427	771,367	1,825,794
Auto	729,462	936,319	1,665,781
Short-tail lines (2)	410,138	593,008	1,003,146
Total Insurance	4,911,978	8,969,596	13,881,574
Reinsurance & Monoline Excess (1) (3)	1,622,399	1,662,668	3,285,067
Total	$ 6,534,377	$ 10,632,264	$ 17,166,641
December 31, 2023			
Other liability	$ 1,912,594	$ 4,607,507	$ 6,520,101
Professional liability	527,555	1,438,102	1,965,657
Workers' compensation (1)	1,019,445	790,944	1,810,389
Auto	645,707	700,850	1,346,557
Short-tail lines (2)	375,129	412,369	787,498
Total Insurance	4,480,430	7,949,772	12,430,202
Reinsurance & Monoline Excess (1) (3)	1,673,581	1,558,037	3,231,618
Total	$ 6,154,011	$ 9,507,809	$ 15,661,820

(1) Reserves for excess and assumed workers' compensation business are net of an aggregate net discount of $405 million and $390 million as of December 31, 2024 and 2023, respectively.

(2) Short-tail lines include commercial multi-peril (non-liability), inland marine, accident and health, fidelity and surety, boiler and machinery, high net worth homeowners and other lines.

(3) Reinsurance & Monoline Excess includes property and casualty reinsurance as well as certain program management business and operations that solely retain risk on an excess basis.

The Company evaluates reserves for losses and loss expenses on a quarterly basis. Changes in estimates of prior year losses are reported when such changes are made. The changes in prior year loss reserve estimates are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims and aggregate claim trends.

Certain of the Company's insurance and reinsurance contracts are retrospectively rated, whereby the Company collects more or less premiums based on the level of loss activity. For those contracts, changes in loss and loss expenses for prior years may be fully or partially offset by additional or return premiums.

Net prior year development (i.e, the sum of prior year reserve changes and prior year earned premiums changes) for each of the last three years ended December 31, are as follows:

(In thousands)	2024	2023	2022
Increase in prior year loss reserves	$ (14,350)	$ (29,681)	$ (54,511)
Increase in prior year earned premiums	18,782	10,782	18,106
Net favorable (unfavorable) prior year development	$ 4,432	$ (18,899)	$ (36,405)

The ultimate net impact of COVID-19 on the Company's reserves remains uncertain. As of December 31, 2024, the Company had recognized losses for COVID-19-related claims activity, net of reinsurance, of approximately $381 million, of which $326 million relates to the Insurance segment and $55 million relates to the Reinsurance & Monoline Excess segment. Such $381 million of COVID-19-related losses included $379 million of reported losses and $2 million of IBNR.

Favorable prior year development (net of additional and return premiums) was $4 million in 2024.

Insurance – Reserves for the Insurance segment developed unfavorably by $8 million in 2024 (net of additional and return premiums). The adverse development was driven by the commercial auto liability and other liability occurrence lines of business, and was largely offset by favorable development for workers' compensation, professional liability, products liability, and commercial property lines of business.

The adverse commercial auto liability development was concentrated in accident years 2021 through 2023, while the adverse other liability occurrence development was focused across accident years 2015 through 2022. The majority of the other liability occurrence development was driven by umbrella and excess liability claims, of which a significant portion related to underlying commercial auto exposures. The Company believes that commercial auto-related claims are being particularly impacted by social inflation, which is contributing to an increase in the frequency of large losses beyond expectations. Social inflation can include higher settlement demands from plaintiffs, use of aggressive actions by the plaintiffs' bar such as litigation funding, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among other factors.

The favorable workers' compensation development for the Insurance segment was mainly related to accident years 2016 through 2023, with accident years 2020 through 2023 contributing the most. For workers' compensation, favorable reported claim frequency, below expectations, continued to be the main driver of the favorable reserve development. The favorable development for both the professional liability and products liability lines of business was related mainly to accident years 2020 through 2023. For both of these lines, reported claim frequency and incurred losses for accident years 2020 through 2023 were better than expected, which drove the favorable reserve development. Business written in these years also benefitted from significant price increases, which the Company now believes will result in higher profitability than initially anticipated. The favorable development for commercial property was mainly associated with the 2023 accident year, and resulted from better than expected settlements for both catastrophe related and non-catastrophe claims.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $12 million in 2024 (net of additional and return premiums). The favorable development was driven mainly by excess workers' compensation business, partially offset by adverse development in the non-proportional reinsurance assumed liability line of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses relative to expectations, and to favorable claim settlements spread across many prior accident years. The unfavorable development for non-proportional reinsurance was concentrated mainly in accident years 2015 through 2019 and was associated primarily with our U.S. and U.K. excess general liability reinsurance businesses, including coverage for cedants insuring construction projects.

Unfavorable prior year development (net of additional and return premiums) was $19 million in 2023.

Insurance – Reserves for the Insurance segment developed unfavorably by $21 million in 2023 (net of additional and return premiums). The unfavorable development for the segment was concentrated in the early part of the year. A key driver of the unfavorable development early in 2023 was property catastrophe losses related to 2022 events which were still being adjusted and settled during the early part of 2023. In particular, losses related to U.S. winter storms which occurred during the month of December 2022 were a significant contributor to the development, as information gathering and evaluation of many of these claims were still ongoing into the new year.

In addition to the property prior year development discussed above, during 2023 the Insurance segment also experienced adverse prior year development on casualty lines of business for the 2016 through 2019 accident years, which was offset by favorable prior year development on casualty lines of business for the 2020 through 2022 accident years. The unfavorable development on the 2016 through 2019 accident years was concentrated in the general liability and commercial auto liability lines of business. The development, which particularly impacted business attaching excess of primary policy limits, was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

The favorable prior year development on casualty lines for the 2020 through 2022 accident years in the Insurance segment was concentrated in the professional liability, workers' compensation, and general liability lines of business. Due to elevated uncertainty regarding incurred loss frequency and severity as a result of ongoing social inflation and the impacts of the COVID-19 pandemic, the Company set its initial loss ratios for the 2020 through 2022 accident years prudently, and largely maintained these estimates through the end of each respective accident year. The reported loss experience to date for these lines of business for the 2020 through 2022 accident years has been significantly better than was expected, and the Company has begun to react to this favorable emergence as the accident years mature beyond the age of twelve months. It should also be noted that commercial auto liability experienced adverse prior year development for the 2020 through 2022 accident years, which partially offset the favorable development discussed above; the adverse development was driven by a larger than expected number of large losses reported.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $2 million in 2023 (net of additional and return premiums). The overall favorable prior year development for the segment was driven mainly by favorable development in excess workers' compensation, substantially offset by unfavorable development in the non-proportional reinsurance assumed liability, excess general liability (including umbrella), and commercial auto liability lines of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses relative to our expectations, and favorable claim settlements. The favorable development was spread across many prior accident years. The unfavorable development for non-proportional reinsurance assumed liability and excess general liability was associated primarily with our U.S. assumed reinsurance business, and related to accounts reinsuring excess and umbrella business and construction projects. The adverse development was concentrated mainly in accident years 2017 through 2020. The unfavorable development for commercial auto liability was concentrated in the 2022 accident year and related to commercial auto program business.

Unfavorable prior year development (net of additional and return premiums) was $36 million in 2022.

Insurance – Reserves for the Insurance segment developed unfavorably by $41 million in 2022 (net of additional and return premiums). The unfavorable development in the segment primarily related to COVID-19 losses at two businesses. These businesses wrote policies providing coverage for event cancellation and film production delay which were heavily impacted by losses directly caused by the COVID-19 pandemic. Most of this COVID-19 related unfavorable development emerged during the third quarter as a result of settlements of claims at values higher than our expectations. However, the Company believes that
as a result of these settlements the remaining level of uncertainty around the ultimate value of its known COVID-19 claims has been significantly reduced.

The unfavorable development mentioned above also includes favorable prior year development for the Insurance segment primarily attributable to the 2020 and 2021 accident years and unfavorable development on the 2015 through 2019 accident years. The favorable development on the 2020 and 2021 accident years was concentrated in certain casualty lines of business including general liability, professional liability, and workers' compensation. The Company experienced lower reported claim frequency in these lines of business during 2020 and 2021 relative to historical averages, and continued to experience lower reported incurred losses relative to its expectations for these accident years as they developed during 2022. These trends began in 2020 and we believe were caused by the impacts of the COVID-19 pandemic, including for example, lockdowns, reduced driving/traffic and increased work from home. Due to the uncertainty regarding the ultimate impacts of the pandemic on accident years 2020 and 2021 incurred losses, the Company was cautious in reacting to these lower trends in

setting and updating its loss ratio estimates for these years. As these accident years have continued to mature, the Company has continued to recognize some of the favorable reported experience in its ultimate loss estimates made during 2022.

The unfavorable development on the 2015 through 2019 accident years was concentrated in the general liability and professional liability, including medical professional, lines of business, as well as auto liability. The development was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $5 million in 2022 (net of additional and return premiums). The overall favorable development for the segment was driven mainly by favorable development in excess workers compensation, substantially offset by unfavorable development in the professional liability, non-proportional reinsurance assumed liability, and commercial auto liability lines of business. The favorable excess workers' compensation development was spread across most prior accident years, including 2012 and prior years, and was driven by a review of the Company's claim reporting patterns as well as a number of favorable claim settlements relative to expectations. The unfavorable professional liability and non-proportional reinsurance assumed liability development was concentrated mainly in accident years 2016 through 2018 and was associated primarily with our U.S. assumed reinsurance business and related to accounts insuring construction projects and professional liability exposures. The unfavorable development for commercial auto liability was concentrated in the 2021 accident year and related to commercial auto program business.

Reserve Discount. The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,358 million and $1,352 million at December 31, 2024 and 2023, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $405 million and $390 million at December 31, 2024 and 2023, respectively. At December 31, 2024, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.6%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2024) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2024), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates prescribed or permitted by the Department of Insurance of the State of Delaware.

Assumed Reinsurance Premiums. The Company estimates the amount of assumed reinsurance premiums that it will receive under treaty reinsurance agreements at the inception of the contracts. These premium estimates are revised as the actual amount of assumed premiums is reported to the Company by the ceding companies. As estimates of assumed premiums are made or revised, the related amount of earned premiums, commissions and incurred losses associated with those premiums are recorded. Estimated assumed premiums receivable were approximately $51 million and $65 million at December 31, 2024 and 2023, respectively. The assumed premium estimates are based upon terms set forth in reinsurance agreements, information received from ceding companies during the underwriting and negotiation of agreements, reports received from ceding companies and discussions and correspondence with reinsurance intermediaries. The Company also considers its own view of market conditions, economic trends and experience with similar lines of business. These premium estimates represent management's best estimate of the ultimate amount of premiums to be received under its assumed reinsurance agreements.

Allowance for Expected Credit Losses on Investments.

Fixed Maturity Securities – For fixed maturity securities in an unrealized loss position where the Company intends to sell, or it is more likely than not that it will be required to sell the security before recovery in value, the amortized cost basis is written down to fair value through net investment gains (losses). For fixed maturity securities in an unrealized loss position where the Company does not intend to sell, or it is more likely than not that it will not be required to sell the security before recovery in value, the Company evaluates whether the decline in fair value has resulted from credit losses or all other factors (non-credit factors). In making this assessment, the Company considers the extent to which fair value is less than amortized cost, changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among

other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for expected credit losses is recorded for the credit loss through net investment gains (losses), limited by the amount that the fair value is less than the amortized cost basis. The allowance is adjusted for any change in expected credit losses and subsequent recoveries through net investment gains (losses). The impairment related to non-credit factors is recognized in other comprehensive income (loss).

The Company's credit assessment of allowance for expected credit losses uses a third party model for available for sale and held to maturity securities, as well as loans receivable. The allowance for expected credit losses is generally based on the performance of the underlying collateral under various economic and default scenarios that involve subjective judgments and estimates by management. Modeling these securities involves various factors, such as projected default rates, the nature and realizable value of the collateral, if any, the ability of the issuer to make scheduled payments, historical performance and other relevant economic and performance factors. A discounted cash flow analysis is used to ascertain the amount of the allowance for expected credit losses, if any. In general, the model reverts to the rating-level long-term average marginal default rates based on 10 years of historical data, beyond the forecast period. For other inputs, the model in most cases reverts to the baseline long-term assumptions linearly over 5 years beyond the forecast period. The long-term assumptions are based on the historical averages.

The Company classifies its fixed maturity securities by credit rating, primarily based on ratings assigned by credit rating agencies. For purposes of classifying securities with different ratings, the Company uses the average of the credit ratings assigned, unless in limited situations the Company's own analysis indicates an internal rating is more appropriate. Securities that are not rated by a rating agency are evaluated and classified by the Company on a case-by-case basis.

A summary of the Company's non-investment grade fixed maturity securities that were in an unrealized loss position at December 31, 2024 is presented in the table below.

($ in thousands)	Number of Securities	Aggregate Fair Value	Unrealized Loss
Foreign government	50	$ 138,388	$ 157,424
Corporate	19	50,525	2,922
State and municipal	6	28,150	1,921
Mortgage-backed securities	17	3,684	206
Asset-backed securities	1	9	1
Total	93	$ 220,756	$ 162,474

As of December 31, 2024, the Company has recorded an allowance for expected credit losses on fixed maturity securities of $0.7 million. The Company has evaluated the remaining fixed maturity securities in an unrealized loss position and believes the unrealized losses are due primarily to temporary market and sector-related factors rather than to issuer-specific factors. None of these securities are delinquent or in default under financial covenants. Based on its assessment of these issuers, the Company expects them to continue to meet their contractual payment obligations as they become due.

Loans Receivable – For loans receivable, the Company estimates an allowance for expected credit losses based on relevant information about past events, including historical loss experience, current conditions and forecasts that affect the expected collectability of the amortized cost of the financial asset. The allowance for expected credit losses is presented as a reduction to amortized cost of the financial asset in the consolidated balance sheet and changes to the estimate for expected credit losses are recognized through net investment gains (losses). Loans receivable are reported net of an allowance for expected credit losses of $1 million and $3 million as of December 31, 2024 and 2023, respectively.

Fair Value Measurements. The Company's fixed maturity available for sale securities, equity securities, and its trading account securities are carried at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for similar assets in active markets. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs may only be used to measure fair value to the extent that observable inputs are not available. The fair value of the vast majority of the Company's portfolio is based on observable data (other than quoted prices) and, accordingly, is classified as Level 2.

In classifying particular financial securities in the fair value hierarchy, the Company uses its judgment to determine whether the market for a security is active and whether significant pricing inputs are observable. The Company determines the existence of an active market by assessing whether transactions occur with sufficient frequency and volume to provide reliable pricing information. The Company determines whether inputs are observable based on the use of such information by pricing services and external investment managers, the uninterrupted availability of such inputs, the need to make significant adjustments to such inputs and the volatility of such inputs over time. If the market for a security is determined to be inactive or if significant inputs used to price a security are determined to be unobservable, the security is categorized in Level 3 of the fair value hierarchy.

Because many fixed maturity securities do not trade on a daily basis, the Company utilizes pricing models and processes which may include benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. Market inputs used to evaluate securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Quoted prices are often unavailable for recently issued securities that are infrequently traded or securities that are only traded in private transactions. For publicly traded securities for which quoted prices are unavailable, the Company determines fair value based on independent broker quotations and other observable market data. For securities traded only in private negotiations, the Company determines fair value based primarily on the cost of such securities, which is adjusted to reflect prices of recent placements of securities of the same issuer, financial data, projections and business developments of the issuer and other relevant information.

The following is a summary of pricing sources for the Company's fixed maturity securities available for sale as of December 31, 2024:

(In thousands)	Carrying Value	Percent of Total
Pricing source:		
Independent pricing services	$ 21,919,679	98.1 %
Syndicate manager	135,129	0.6
Directly by the Company based on:		
Observable data	278,978	1.3
Cash flow model	19,667	—
Total	$ 22,353,453	100.0 %

Independent pricing services - Substantially all of the Company’s fixed maturity securities available for sale were priced by independent pricing services (generally one U.S. pricing service plus additional pricing services with respect to a limited number of foreign securities held by the Company). The prices provided by the independent pricing services are generally based on observable market data in active markets (e.g., broker quotes and prices observed for comparable securities). The determination of whether markets are active or inactive is based upon the volume and level of activity for a particular asset class. The Company reviews the prices provided by pricing services for reasonableness based upon current trading levels for similar securities. If the prices appear unusual to the Company, they are re-examined and the value is either confirmed or revised. In addition, the Company periodically performs independent price tests of a sample of securities to ensure proper valuation and to verify our understanding of how securities are priced. As of December 31, 2024, the Company did not make any adjustments to the prices provided by the pricing services. Based upon the Company’s review of the methodologies used by the independent pricing services, these securities were classified as Level 2.

Syndicate manager – The Company has a 15% participation in a Lloyd’s syndicate, and the Company’s share of the securities owned by the syndicate is priced by the syndicate’s manager. The majority of the securities are liquid, short duration fixed maturity securities. The Company reviews the syndicate manager’s pricing methodology and audited financial statements and holds discussions with the syndicate manager as necessary to confirm its understanding and agreement with security prices. Based upon the Company’s review of the methodologies used by the syndicate manager, these securities were classified as Level 2.

Observable data – If independent pricing is not available, the Company prices the securities directly. Prices are based on observable market data where available, including current trading levels for similar securities and non-binding quotations from brokers. The Company generally requests two or more quotes. If more than one quote is received, the Company sets a price within the range of quotes received based on its assessment of the credibility of the quote and its own evaluation of the security. The Company generally does not adjust quotes obtained from brokers. Since these securities were priced based on observable data, they were classified as Level 2.

Cash flow model – If the above methodologies are not available, the Company prices securities using a discounted cash flow model based upon assumptions as to prevailing credit spreads, interest rates and interest rate volatility, time to maturity and subordination levels. Discount rates are adjusted to reflect illiquidity where appropriate. These securities were classified as Level 3.

Results of Operations for the Years Ended December 31, 2024 and 2023

Business Segment Results

Following is a summary of gross and net premiums written, net premiums earned, loss ratios (losses and loss expenses incurred expressed as a percentage of net premiums earned), expense ratios (policy acquisition and insurance operating expenses expressed as a percentage of net premiums earned) and GAAP combined ratios (sum of loss ratio and expense ratio) for each of our business segments for the years ended December 31, 2024 and 2023. The GAAP combined ratio represents a measure of underwriting profitability, excluding investment income. A GAAP combined ratio in excess of 100 indicates an underwriting loss; a number below 100 indicates an underwriting profit.

(In thousands)	2024	2023
Insurance		
Gross premiums written	$ 12,662,132	$ 11,461,094
Net premiums written	10,549,550	9,560,533
Net premiums earned	10,086,308	9,007,376
Loss ratio	62.8 %	62.3 %
Expense ratio	28.4	28.3
GAAP combined ratio	91.2	90.6
Reinsurance & Monoline Excess		
Gross premiums written	$ 1,548,958	$ 1,510,912
Net premiums written	1,422,546	1,393,934
Net premiums earned	1,462,177	1,393,311
Loss ratio	54.7 %	54.3 %
Expense ratio	29.4	29.4
GAAP combined ratio	84.1	83.7
Consolidated		
Gross premiums written	$ 14,211,090	$ 12,972,006
Net premiums written	11,972,096	10,954,467
Net premiums earned	11,548,485	10,400,687
Loss ratio	61.8 %	61.3 %
Expense ratio	28.5	28.4
GAAP combined ratio	90.3	89.7

Net Income to Common Stockholders. The following table presents the Company's net income to common stockholders and net income per diluted share for the years ended December 31, 2024 and 2023.

(In thousands, except per share data)	2024	2023
Net income to common stockholders	$ 1,756,115	$ 1,381,359
Weighted average diluted shares	403,224	409,948
Net income per diluted share	$ 4.36	$ 3.37

The Company reported net income of $1,756 million in 2024 and $1,381 million in 2023. The $375 million increase in net income reflected an after-tax increase in net investment income of $217 million primarily due to higher interest rates, a larger fixed maturity securities portfolio and investment income associated with our Argentine inflation-linked securities, an after-tax increase in foreign currency gains of $65 million mainly due to strengthening of the U.S. dollar against other currencies in 2024, an after-tax increase in net investment gains of $55 million due to change in market value of equity securities and impairment loss recognized on a real estate investment in 2023, an after-tax increase in underwriting income of $37 million mainly due to growth in premium rates, an after-tax reduction in corporate expenses of $15 million, an after-tax increase of $4 million in noncontrolling interests, an after-tax increase in profits from non-insurance businesses of $3 million and an after-tax increase in profit from insurance service businesses of $3 million, partially offset by an increase of $24 million in tax expense due to a change in the effective tax rate. The number of weighted average diluted shares decreased by 6.7 million for 2024 compared to 2023, mainly reflecting shares repurchased in 2024.

Premiums. Gross premiums written were $14,211 million in 2024, an increase of 10% from $12,972 million in 2023. The increase was due to the growth in the Insurance segment of $1,201 million and in the Reinsurance & Monoline Excess segment of $38 million. Approximately 81% of premiums expiring in 2024 and 2023 were renewed.

Average renewal premium rates (per unit of exposure) for insurance and facultative reinsurance increased 6.9% in 2024 and 7.1% in 2023. Average renewal premium rates (per unit of exposure) for insurance and facultative reinsurance excluding workers' compensation increased 7.9% in 2024 and 8.1% in 2023.

A summary of gross premiums written in 2024 compared with 2023 by line of business within each business segment follows:

- Insurance gross premiums increased 10% to $12,662 million in 2024 from $11,461 million in 2023. Gross premiums increased $509 million (11%) for other liability, $476 million (17%) for short-tail lines, $179 million (12%) for auto, $21 million (1%) for professional liability and $16 million (1%) for workers' compensation.
- Reinsurance & Monoline Excess gross premiums increased 3% to $1,549 million in 2024 from $1,511 million in 2023. Gross premiums written increased $68 million (16%) for property lines and $28 million (10%) for monoline excess, partially offset by a reduction of $58 million (7%) for casualty lines.

Net premiums written were $11,972 million in 2024, an increase of 9% from $10,954 million in 2023. Ceded reinsurance premiums as a percentage of gross written premiums were 16% in both 2024 and 2023.

Premiums earned increased 11% to $11,548 million in 2024 from $10,401 million in 2023. Insurance premiums (including the impact of rate changes) are generally earned evenly over the policy term, and accordingly recent rate increases will be earned over the upcoming quarters. Premiums earned in 2024 are related to business written during both 2024 and 2023. Audit premiums were $350 million in 2024 compared with $363 million in 2023.

Net Investment Income. Following is a summary of net investment income (loss) for the years ended December 31, 2024 and 2023:

	Amount		Average Annualized Yield	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Fixed maturity securities, including cash and cash equivalents and loans receivable	$ 1,260,429	$ 929,098	5.3 %	4.4 %
Arbitrage trading account	69,573	69,369	5.8	5.7
Equity securities	48,920	55,726	5.0	5.1
Investment funds	(11,491)	16,743	(0.7)	1.0
Real estate	(23,616)	(11,185)	(1.8)	(0.9)
Gross investment income	1,343,815	1,059,751	4.6	4.0
Investment expenses	(10,654)	(6,916)	—	—
Total	$ 1,333,161	$ 1,052,835	4.6 %	4.0 %

Net investment income increased 27% to $1,333 million in 2024 from $1,053 million in 2023 due primarily to a $331 million increase in income from fixed maturity securities mainly driven by higher interest rates, a larger fixed maturity securities portfolio and investment income associated with our Argentine inflation-linked securities (see below for further discussion), partially offset by a $28 million decrease in income from investment funds primarily due to financial service funds, a $12 million decrease in real estate, a $7 million decrease from equity securities and a $4 million increase in investment expenses. Investment funds are reported on a one quarter lag. The average annualized yield for fixed maturity securities was 5.3% in 2024 and 4.4% in 2023. The effective duration of the fixed maturity portfolio was 2.6 years at December 31, 2024 and 2.4 years at December 31, 2023. Average invested assets, at cost (including cash and cash equivalents), were $28.9 billion in 2024 up 9.5% from $26.4 billion in 2023.

Pre-tax net investment income associated with the Argentine inflation-linked securities in 2024 was $204 million. Such investment income increased as a result of an adjustment to the inflation rate that was made by the Argentine government in late 2023. As certain of our Argentine bonds matured and were sold throughout 2024 and the inflation rate continued to decline, we do not expect investment income relating to these securities to continue at this level. The proceeds from the Argentine inflation-linked securities that matured and were sold in 2024 have been reinvested.

Insurance Service Fees. The Company earns fees from an insurance distribution business (part of which was sold in June 2023), a third-party administrator, and as a servicing carrier of workers' compensation assigned risk plans for certain states. Insurance service fees increased to $109 million in 2024 from $106 million in 2023 due to an acquisition in the insurance distribution business in late 2023.

Net Realized and Unrealized Gains (Losses) on Investments. The Company buys and sells securities and other investment assets on a regular basis in order to maximize its total return on investments. Decisions to sell securities and other

investment assets are based on management's view of the underlying fundamentals of specific investments as well as management's expectations regarding interest rates, credit spreads, currency values and general economic conditions. Net realized and unrealized gains on investments were $80 million in 2024 compared with $48 million in 2023. In 2024, the gains reflected a change in unrealized gains on equity securities of $121 million, partially offset by net realized losses on investments of $41 million. In 2023, the gains reflected a change in unrealized gains on equity securities of $71 million, partially offset by net realized losses on investments of $23 million.

Change in Allowance for Expected Credit Losses on Investments. Based on credit factors, the allowance for expected credit losses is increased or decreased depending on the percentage of unrealized loss relative to amortized cost by security, changes in rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. The pre-tax change in allowance for expected credit losses on investments reflected in net investment gains, decreased by $38 million ($30 million after-tax) in 2024 due to improved pricing associated with foreign government securities and corporate securities, and increased by $498 thousand ($393 thousand after-tax) in 2023.

Revenues from Non-Insurance Businesses. Revenues from non-insurance businesses were derived from businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aviation-related businesses that provide services to aviation markets, including (i) the distribution, manufacturing, repair and overhaul of aircraft parts and components, (ii) the sale of new and used aircraft, and (iii) avionics, fuel, maintenance, storage and charter services. Revenues from non-insurance businesses decreased to $528 million in 2024 from $536 million in 2023 mainly due to the aviation-related business and the promotional merchandise business.

Losses and Loss Expenses. Losses and loss expenses increased to $7,132 million in 2024 from $6,372 million in 2023. The consolidated loss ratio was 61.8% in 2024 and 61.3% in 2023. Catastrophe losses, net of reinsurance recoveries, were $298 million in 2024 driven by heightened frequency of severe catastrophe events, with Hurricanes Helene and Milton having the largest impacts, and $195 million in 2023. Favorable prior year reserve development (net of premium offsets) was $4 million in 2024 and adverse prior year reserve development was $19 million in 2023 (refer to Note 13 of our consolidated financial statements for more detail). The loss ratio excluding catastrophe losses and prior year reserve development were 59.2% in both 2024 and 2023.

A summary of loss ratios in 2024 compared with 2023 by business segment follows:

- Insurance - The loss ratio was 62.8% in 2024 and 62.3% in 2023. Catastrophe losses were $227 million in 2024 compared with $160 million in 2023. Adverse prior year reserve development was $8 million in 2024 and $21 million in 2023, principally from property catastrophe losses for 2023. The loss ratio excluding catastrophe losses and prior year reserve development increased 0.2 points to 60.5% in 2024 from 60.3% in 2023.
- Reinsurance & Monoline Excess - The loss ratio was 54.7% in 2024 and 54.3% in 2023. Catastrophe losses were $71 million in 2024 compared with $35 million in 2023. Favorable prior year reserve development was $12 million in 2024 and $2 million in 2023. The loss ratio excluding catastrophe losses and prior year reserve development decreased 1.3 points to 50.6% in 2024 from 51.9% in 2023.

Other Operating Costs and Expenses. Following is a summary of other operating costs and expenses:

(In thousands)	2024	2023
Policy acquisition and insurance operating expenses	$ 3,294,902	$ 2,954,686
Insurance service expenses	90,640	91,714
Net foreign currency (gains) losses	(52,376)	31,799
Other costs and expenses	269,140	285,737
Total	$ 3,602,306	$ 3,363,936

Policy acquisition and insurance operating expenses are comprised of commissions paid to agents and brokers, premium taxes and other assessments and internal underwriting costs. Policy acquisition and insurance operating expenses increased 12% and net premiums earned increased 11% from 2023. The expense ratio (policy acquisition and insurance operating expenses expressed as a percentage of net premiums earned) increased by 0.1 points to 28.5% in 2024 from 28.4% in 2023.

Service expenses, which represent the costs associated with the fee-based businesses, was $91 million in 2024 compared to $92 million in 2023.

Net foreign currency (gains) losses result from transactions denominated in a currency other than a businesses' functional currency. Net foreign currency gains were $52 million in 2024 compared to losses of $32 million in 2023, primarily due to the U.S. dollar strengthening against other major currencies in 2024.

Other costs and expenses represent general and administrative expenses of the parent company and other expenses not allocated to business segments, including the cost of certain long-term incentive plans and new business ventures. Other costs and expenses decreased to $269 million in 2024 from $286 million in 2023, primarily due to lower new start-up operating unit expenses in 2024.

Expenses from Non-Insurance Businesses. Expenses from non-insurance businesses represent costs associated with businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aviation-related businesses that include (i) cost of goods sold related to aircraft and products sold and services provided and (ii) general and administrative expenses. Expenses from non-insurance businesses decreased to $513 million in 2024 from $525 million in 2023, primarily due to the aviation-related business and promotional merchandise business.

Interest Expense. Interest expense was $127 million in both 2024 and 2023.

Income Taxes. The effective income tax rate was 22.5% in 2024 and 21.1% in 2023. The higher effective income tax rate for the year, as compared to 2023, was primarily due to the geographical mix of earnings and larger amounts being subject to tax at a rate greater than the U.S. statutory rate, which was partially offset by tax benefits related to tax-exempt investment income and equity-based compensation. See Note 16 of the Consolidated Financial Statements for a reconciliation of the income tax expense and the amounts computed by applying the Federal income tax rate of 21%.

The Company has not provided U.S. deferred income taxes on the undistributed earnings of approximately $481 million of its non-U.S. subsidiaries since these earnings are intended to be permanently reinvested in the non-U.S. subsidiaries. In the future, if such earnings were distributed, the Company projects that the incremental tax, if any, will be immaterial.

For years beginning after December 31, 2025, certain U.S. tax rates applied to international business will change. Specifically, increases to the Global Intangible Low Taxed Income and the Base Erosion and Anti-Abuse Tax rates will take effect. We do not expect this to have a meaningful impact to tax expense. We are actively monitoring legislative developments and will continue to assess the potential financial implications in 2025.

On August 16, 2022, the Inflation Reduction Act of 2022 was enacted. Among other things, the legislation introduced a corporate alternative minimum tax on certain corporations. The tax is applicable for taxable years beginning after December 31, 2022 and imposes a 15% minimum tax on a corporation's applicable financial statement income. While we are not subject to this tax in 2024, we continue to evaluate the overall impact of this tax legislation on our operations and U.S. federal income tax position. In addition, a 1% excise tax is now imposed on the value of corporate share repurchases, net of common share issuances. The tax is included in the cost of treasury stock acquired and was not material for 2024.

Further, the Company is monitoring the impact of the implementation of a global minimum tax rate of 15%, also known as Pillar Two, as introduced by the Organization for Economic Co-operation and Development, which applies in some countries commencing in 2024. The 2024 impact was not material, as the Company mainly operates in jurisdictions with a statutory tax rate above 15%. We continue to evaluate this tax legislation as it will apply to other countries commencing in 2025, as well as possible interactions between Pillar Two measures and recent and potential future actions by the new U.S. administration. Our initial assessment is that the 2025 impact will not be significant.

The "Bermuda Corporate Income Tax Act 2023" was passed into law December 27, 2023. The income tax will be based on a statutory tax rate of 15% on Bermuda businesses, subject to reductions for foreign tax credits, and will be effective for fiscal years beginning on or after January 1, 2025. The legislation does not have a material impact on our income tax position. We will continue to evaluate tax legislation developments during 2025.

Results of Operations for the Years Ended December 31, 2023 and 2022

For a comparison of the Company's results of operations for the year ended December 31, 2023 to the year ended December 31, 2022, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commission on February 23, 2024.

Investments

As part of its investment strategy, the Company establishes a level of cash and highly liquid short-term and intermediate-term securities that, combined with expected cash flow, it believes is adequate to meet its payment obligations. In addition to fixed maturity securities, the Company invests in equity securities, merger arbitrage securities, investment funds, private equity, loans and real estate related assets. The Company's investments in investment funds and its other alternative investments have experienced, and the Company expects to continue to experience, greater fluctuations in investment income.

The Company also attempts to maintain an appropriate relationship between the effective duration of the investment portfolio and the approximate duration of its liabilities (i.e., policy claims and debt obligations). The effective duration of the investment portfolio was 2.6 years and 2.4 years at December 31, 2024 and 2023, respectively. The Company's investment portfolio and investment-related assets as of December 31, 2024 were as follows:

($ in thousands)	Carrying Value	Percent of Total
Fixed maturity securities:		
U.S. government and government agencies	$ 2,235,341	7.5 %
State and municipal:		
Special revenue	1,517,708	5.1
State general obligation	307,514	1.0
Local general obligation	272,376	0.9
Corporate backed	153,574	0.5
Pre-refunded (1)	85,592	0.3
Total state and municipal	2,336,764	7.8
Mortgage-backed securities:		
Agency	3,045,639	10.2
Commercial	532,282	1.8
Residential-Prime	187,806	0.6
Residential-Alt A	2,055	—
Total mortgage-backed securities	3,767,782	12.6
Asset-backed securities	3,885,012	13.0
Corporate:		
Industrial	3,667,199	12.3
Financial	3,320,513	11.1
Utilities	778,694	2.6
Other	651,235	2.2
Total corporate	8,417,641	28.2
Foreign government	1,755,325	5.9
Total fixed maturity securities	22,397,865	75.0
Equity securities available for sale:		
Common stocks	760,167	2.5
Preferred stocks	443,621	1.5
Total equity securities available for sale	1,203,788	4.0
Cash and cash equivalents	1,974,747	6.6
Investment funds	1,468,246	4.9
Real estate	1,291,455	4.3
Arbitrage trading account	1,122,599	3.8
Loans receivable	405,453	1.4
Total investments	$ 29,864,153	100.0 %

(1) Pre-refunded securities are securities for which an escrow account has been established to fund the remaining payments of principal and interest through maturity. Such escrow accounts are funded almost exclusively with U.S. Treasury and U.S. government agency securities.

Fixed Maturity Securities. The Company's investment policy with respect to fixed maturity securities is generally to purchase instruments with the expectation of holding them to their maturity. However, management of the available for sale

portfolio is considered necessary to maintain an approximate matching of assets and liabilities as well as to adjust the portfolio as a result of changes in financial market conditions and tax considerations.

The Company's philosophy related to holding or selling fixed maturity securities is based on its objective of maximizing total return. The key factors that management considers in its investment decisions as to whether to hold or sell fixed maturity securities are its view of the underlying fundamentals of specific securities as well as its expectations regarding interest rates, credit spreads and currency values. In a period in which management expects interest rates to rise, the Company may sell longer duration securities in order to mitigate the impact of an interest rate rise on the fair value of the portfolio. Similarly, in a period in which management expects credit spreads to widen, the Company may sell lower quality securities, and in a period in which management expects certain foreign currencies to decline in value, the Company may sell securities denominated in those foreign currencies. The sale of fixed maturity securities in order to achieve the objective of maximizing total return may result in realized gains (losses); however, there is no reason to expect these gains (losses) to continue in future periods.

Equity Securities. Equity securities primarily represent investments in common and preferred stocks in companies with potential growth opportunities in different sectors, mainly in the financial institutions and energy sectors.

Investment Funds. At December 31, 2024, the carrying value of investment funds was $1,468 million, including investments in financial services funds of $430 million, other funds of $379 million (which includes a deferred compensation trust asset of $38 million), transportation funds of $286 million, real estate funds of $179 million, infrastructure funds of $151 million and energy funds of $43 million. Investment funds are primarily reported on a one-quarter lag.

Real Estate. Real estate is directly owned property held for investment. At December 31, 2024, real estate properties in operation included a long-term ground lease in Washington D.C., an office complex in New York City and the completed portion of a mixed-use project in Washington D.C. In addition, part of the previously mentioned mixed-use project in Washington D.C. is under development. The Company expects to fund further development costs for the project with a combination of its own funds and external financing.

Arbitrage Trading Account. The arbitrage trading account is comprised of direct investments in arbitrage securities. Merger arbitrage is the business of investing in the securities of publicly held companies that are the targets in announced tender offers and mergers.

Loans Receivable. Loans receivable, net of allowance for expected credit losses, had both an amortized cost and an aggregate fair value of $405 million at December 31, 2024. The amortized cost of loans receivable is net of an allowance for expected credit losses of $1 million as of December 31, 2024. Loans receivable include real estate loans of $402 million that are secured by commercial and residential real estate located primarily in the U.K. and New York. Real estate loans generally earn interest at fixed or stepped interest rates and have maturities through 2028. Loans receivable include commercial loans of $3 million that are secured by business assets and have fixed interest rates with varying maturities not exceeding 5 years.

Liquidity and Capital Resources

Cash Flow. Cash flow provided from operating activities increased to $3,678 million in 2024 from $2,929 million in 2023, primarily due to an increase in premium receipts partially offset by increased loss and loss expense payments.

The Company's insurance subsidiaries' principal sources of cash are premiums, investment income, service fees and proceeds from sales and maturities of portfolio investments. The principal uses of cash are payments for claims, taxes, operating expenses and dividends. The Company expects its insurance subsidiaries to fund the payment of losses with cash received from premiums, investment income and fees. The Company generally targets an average duration for its investment portfolio that is within 1.5 years of the average number of years held for its liabilities so that portions of its investment portfolio mature throughout the claim cycle and are available for the payment of claims if necessary. In the event operating cash flow and proceeds from maturities and prepayments of fixed maturity securities are not sufficient to fund claim payments and other cash requirements, the remainder of the Company's cash and investments is available to pay claims and other obligations as they become due. The Company's investment portfolio is highly liquid, with approximately 82% invested in cash, cash equivalents and marketable fixed maturity securities as of December 31, 2024. If the sale of fixed maturity securities were to become necessary, a realized gain or loss equal to the difference between the cost and sales price of securities sold would be recognized.

Debt. At December 31, 2024, the Company had senior notes, subordinated debentures and other debt outstanding with a carrying value of $2,841 million and a face amount of $2,864 million. The maturities of the outstanding debt are $9 million in 2025, $250 million in 2037, $350 million in 2044, $470 million in 2050, $400 million in 2052, $185 million in 2058, $300 million in 2059, $250 million in 2060, and $650 million in 2061.

On April 1, 2022, the Company entered into a senior unsecured revolving credit facility that provides for revolving, unsecured borrowings up to an aggregate of $300 million with a $50 million sublimit for letters of credit. The Company may increase the amount available under the facility to a maximum of $500 million subject to obtaining lender commitments for the increase and other customary conditions. Borrowings under the facility may be used for working capital and other general corporate purposes. All borrowings under the facility must be repaid by April 1, 2027, except that letters of credit outstanding on that date may remain outstanding until April 1, 2028 (or such later date approved by all lenders). Our ability to utilize the facility is conditioned on the satisfaction of representations, warranties and covenants that are customary for facilities of this type. As of December 31, 2024, there were no borrowings outstanding under the facility.

Equity. At December 31, 2024, total common stockholders’ equity was $8.4 billion, common shares outstanding were 380,066,070 and stockholders’ equity per outstanding share was $22.09. The Company repurchased 5,702,996 and 13,061,514 shares of its common stock in 2024 and 2023, respectively. The aggregate cost of the repurchases was $304 million in 2024 and $537 million in 2023. In 2024, the Board declared regular quarterly cash dividends of $0.07 per share in the first quarter and $0.08 per share in each of the remaining three quarters, as well as special dividends of $0.33 per share, $0.25 per share and $0.50 per share in the second, third, and fourth quarters, respectively, for a total of $532 million in aggregate dividends in 2024.

Total Capital. Total capitalization (equity, debt and subordinated debentures) was $11.2 billion at December 31, 2024. The percentage of the Company’s capital attributable to senior notes, subordinated debentures and other debt was 25% and 28% at December 31, 2024 and 2023, respectively.

Federal and Foreign Income Taxes

The Company files a consolidated income tax return in the U.S. and foreign tax returns in each of the countries in which it has overseas operations. At December 31, 2024, the Company had a gross deferred tax asset of $715 million (which primarily relates to, loss and loss expense reserves, unearned premium reserves, employee compensation plans and unrealized losses on investments). The Company also has a $36 million valuation allowance against the gross deferred tax asset and a gross deferred tax liability of $524 million (which primarily relates to deferred policy acquisition costs, and various investment funds) resulting in a net deferred tax asset of $155 million. The realization of this asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for future operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of this asset.

Reinsurance

The Company follows customary industry practice of reinsuring a portion of its exposures in exchange for paying reinsurers a part of the premiums received on the policies it writes. Reinsurance is purchased by the Company principally to reduce its net liability on individual risks and to protect against catastrophic losses. Although reinsurance does not legally discharge an insurer from its primary liability for the full amount of the policies, it does make the assuming reinsurer liable to the insurer to the extent of the reinsurance coverage. The Company monitors the financial condition of its reinsurers and attempts to place its coverages with only financially sound carriers. Reinsurance coverage and retentions vary depending on the line of business, location of the risk and nature of loss. The Company's reinsurance purchases include the following:

- Property reinsurance treaties - The Company purchases property reinsurance to reduce its exposure to large individual property losses and catastrophe events. Following is a summary of significant property reinsurance treaties in effect as of January 1, 2025:
    - The Company's property per risk reinsurance generally covers losses between $2.5 million and $85 million.
    - The Company's property catastrophe excess of loss reinsurance program provides protection for business written by its Insurance segments and U.S. and non-U.S. business written by Lloyd's Syndicate, excluding offshore energy. For 2025, some of our property catastrophe reinsurance is placed via industry loss warranty (ILW) covers and the equivalent W. R. Berkley limit and retention (and resulting net position) are estimated based on our market share and modeled outcome when applying the ILW layering. Retentions by territory and peril range between $46.3 million and $74.0 million. Limits purchased are the difference between the corresponding retentions and $700 million.
- Casualty reinsurance treaties - The Company purchases casualty reinsurance to reduce its exposure to large individual casualty losses and workers' compensation catastrophe losses for the majority of business written by its U.S. companies. A casualty contingency treaty, in effect as of January 1, 2025, provides protection for bad faith and runaway loss adjustment expense losses in excess of $10 million and up to $75 million. For losses involving two or more claimants for primary workers' compensation business, coverage is generally in place for losses between $10 million and $500 million. For excess workers' compensation business, such coverage is generally in place for losses between $25 million and $500 million. Our workers' compensation catastrophe reinsurance program is a shared cover for both excess and primary workers' compensation business.
- Facultative reinsurance - The Company also purchases facultative reinsurance on certain individual policies or risks that are in excess of treaty reinsurance capacity.
- Other reinsurance - Depending on the business, the Company purchases specific additional reinsurance to supplement the above programs.
- Lifson Re is expected to continue to be a participant on the majority of the Company's reinsurance placements. Effective January 1, 2025, Lifson Re participates in a 32.5% share of the placed amounts, increased from 30.0% in the prior year. This pertains to all traditional treaty reinsurance/retrocessional placements for both property and casualty business where there is more than one open market reinsurer participating. Lifson Re is currently capitalized with $418 million of equity from a small group of sophisticated global investors with long-term investment horizons, including a minority participation by the Company. Lifson Re participates on a fully collateralized basis.

The Company places a number of its casualty treaties on a "risk attaching" basis. Under risk attaching treaties, all claims from policies incepting during the period of the reinsurance contract are covered even if they occur after the expiration date of the reinsurance contract. If the Company is unable to renew or replace its existing reinsurance coverage, protection for unexpired policies would remain in place until their expiration. In such case, the Company could revise its underwriting strategy for new business to reflect the absence of reinsurance protection. The casualty contingency treaty highlighted above is purchased on a "losses discovered" basis. Property catastrophe and workers' compensation catastrophe reinsurance is generally placed on a "losses occurring basis," whereby only claims occurring during the period are covered. If the Company is unable to renew or replace these reinsurance coverages, unexpired policies would not be protected, though we generally have the option to purchase run-off coverage in our treaties.

Following is a summary of earned premiums and loss and loss expenses ceded to reinsurers for each of the three years ended December 31, 2024:

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Earned premiums	$ 2,163,213	$ 1,958,581	$ 1,883,263
Losses and loss expenses	1,368,279	1,376,144	1,269,338

Ceded earned premiums increased 10% in 2024 to $2,163 million. The ceded losses and loss expenses ratio decreased 7.0 points to 63% in 2024 from 70% in 2023.

The following table presents the credit quality of amounts due from reinsurers as of December 31, 2024.

(In thousands) Reinsurer	Rating (1)	Amount
Amounts due in excess of $20 million:		
Lloyd's of London	A+	$ 356,338
Partner Re	A+	314,891
Munich Re	AA-	287,864
Berkshire Hathaway	AA+	274,182
Hannover Re Group	AA-	222,719
Renaissance Re	A+	215,300
Swiss Re	AA-	159,462
Liberty Mutual	A	120,381
Everest Re	A+	93,223
Axis Capital	A+	83,756
Arch Capital Group	A+	67,357
Sompo Holdings Group	A+	59,074
Fairfax Financial	A	58,585
Nationwide Group	A+	52,111
Korean Re	A	51,233
Axa Insurance	AA-	50,002
TOA RE	A	47,501
Markel Corp Group	A	42,982
MS & AD Insurance Group	A	34,680
Helvetia Holdings Group	A+	29,490
Chubb Group	AA	26,708
Other reinsurers:		
Rated A- or better		124,699
Secured (2)		636,207
All Others		36,378
Subtotal		$ 3,445,123
Residual market pools (3)		120,922
Allowance for expected credit losses		(8,350)
Total		$ 3,557,695

(1) S&P rating, or if not rated by S&P, A.M. Best rating.

(2) Secured by letters of credit or other forms of collateral.

(3) Many states require licensed insurers that provide workers' compensation insurance to participate in programs that provide workers' compensation to employers that cannot procure coverage from an insurer on a voluntary basis. Insurers can fulfill this residual market obligation by participating in pools where results are shared by the participating companies. The Company acts as a servicing carrier for workers' compensation pools in certain states. As a servicing carrier, the Company writes residual market business directly and then cedes 100% of this business to the respective pool. As a servicing carrier, the Company receives fee income for its services. The Company does not retain underwriting risk, and credit risk is limited as ceded balances are jointly shared by all the pool members.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (1) made guarantees, (2) a retained or contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company, or that engages in leasing, hedging or research and development arrangements with the Company. The Company has no arrangements of these types that management believes may have a material current or future effect on our financial condition, liquidity or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk. The fair value of the Company's investments is subject to risks of fluctuations in credit quality and interest rates. The Company uses various models and stress test scenarios to monitor and manage interest rate risk. The Company attempts to manage its interest rate risk by maintaining an appropriate relationship between the effective duration of the investment portfolio and the average number of years held for its liabilities (i.e., policy claims and debt obligations). The effective duration for the fixed maturity portfolio (including cash and cash equivalents) was 2.6 years and 2.4 years at December 31, 2024 and 2023, respectively.

In addition, the fair value of the Company's international investments is subject to currency risk. The Company attempts to manage its currency risk by matching its foreign currency assets and liabilities where considered appropriate.

The following table outlines the groups of fixed maturity securities and their effective duration at December 31, 2024:

($ in thousands)	**Effective Duration (Years)**	**Fair Value**
Mortgage-backed securities	4.3	$ 3,767,851
U.S. government and government agencies	3.7	2,235,341
State and municipal	2.7	2,338,256
Foreign government	2.7	1,755,325
Corporate	2.6	8,417,641
Loans receivable	2.4	405,248
Asset-backed securities	1.4	3,885,012
Cash and cash equivalents	0.0	1,404,931
Total	2.6	$ 24,209,605

Duration is a common measure of the price sensitivity of fixed maturity securities to changes in interest rates. The Company determines the estimated change in fair value of the fixed maturity securities, assuming parallel shifts in the yield curve for treasury securities while keeping spreads between individual securities and treasury securities static. The estimated fair value at specified levels at December 31, 2024 would be as follows:

(In thousands)

Change in interest rates:	**Estimated Fair Value**	**Change in Fair Value**
300 basis point rise	$ 22,258,604	$ (1,951,001)
200 basis point rise	22,898,254	(1,311,351)
100 basis point rise	23,555,609	(653,996)
Base scenario	24,209,605	—
100 basis point decline	24,827,143	617,538
200 basis point decline	25,393,892	1,184,287
300 basis point decline	25,928,699	1,719,094

Arbitrage investing differs from other types of investments in that its focus is on transactions and events believed likely to bring about a change in value over a relatively short time period (usually four months or less). The Company believes that this makes arbitrage investments less vulnerable to changes in general stock market conditions. Potential changes in market conditions are also mitigated by the implementation of hedging strategies, including short sales.

Additionally, the arbitrage positions are generally hedged against market declines by purchasing put options, selling call options or entering into swap contracts. The Company's merger arbitrage securities are primarily exposed to the risk of completion of announced deals, which are subject to regulatory as well as transactional and other risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
W. R. Berkley Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of W. R. Berkley Corporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedules II to VI (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Reserves for losses and loss expenses

As discussed in Notes 1 and 13 to the consolidated financial statements, the Company estimates the reserves for losses and loss expenses (reserves) using a variety of actuarial techniques and methods. The key assumptions used to arrive at the best estimate of recorded reserves are expected loss ratios, rate of loss cost inflation, reported and paid loss emergence patterns, loss frequency and severity, and the loss reporting lag. Such amounts are adjusted for certain qualitative factors. The reserves as of December 31, 2024 were $20.4 billion.

We identified the assessment of the estimate of reserves as a critical audit matter because it involved significant measurement uncertainty, which required complex auditor judgement. Specialized actuarial skills and knowledge were required to evaluate the actuarial method or methods and assumptions used. Assumptions included loss development

factors; the weighting of actuarial methods when more than one was used; the impact of qualitative factors; and whether payments are fixed and reliably determinable for certain reserves subject to discounting.

The following are the primary procedures we performed to address the critical audit matter. With the assistance of actuarial professionals, when appropriate, we evaluated the design and tested the operating effectiveness of certain internal controls over the Company's reserving process. This included controls over the Company's process to develop the Company's best estimate of reserves based on actuarial methodologies and assumptions employed by the Company's actuaries. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- examining the Company's actuarial methodologies for compliance with Actuarial Standards of Practice
- evaluating the Company's ability to discount certain reserves by comparing the expected payout pattern of claims paid to actual claims paid
- evaluating the Company's actuarial point estimate by performing independent actuarial analyses for certain of the larger, more complex businesses
- evaluating the Company's actuarial point estimate by examining the Company actuaries' process, and key assumptions for certain of the remaining businesses
- developing an independent range of reserves based on actuarial methodologies and assumptions and comparing to the Company's recorded reserves
- evaluating the Company's recorded reserves and year-over-year movements of the Company's reserves relative to, and within, the independently developed range of reserves.

/S/ KPMG LLP

We have served as the Company's auditor since 1972.

New York, New York
February 24, 2025

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year Ended December 31, 2024	2023	2022
REVENUES:			
Net premiums written	$ 11,972,096	$ 10,954,467	$ 10,004,070
Change in net unearned premiums	(423,611)	(553,780)	(442,641)
Net premiums earned	11,548,485	10,400,687	9,561,429
Net investment income	1,333,161	1,052,835	779,185
Net investment gains:			
Net realized and unrealized gains on investments	79,738	47,540	217,311
Change in allowance for expected credit losses on investments	37,970	(498)	(14,914)
Net investment gains	117,708	47,042	202,397
Revenues from non-insurance businesses	528,012	535,508	509,548
Insurance service fees	108,935	106,485	110,544
Other income	2,451	381	3,396
Total revenues	13,638,752	12,142,938	11,166,499
OPERATING COSTS AND EXPENSES:			
Losses and loss expenses	7,131,595	6,372,142	5,861,750
Other operating costs and expenses	3,602,306	3,363,936	2,961,505
Expenses from non-insurance businesses	513,451	524,998	493,189
Interest expense	126,907	127,459	130,374
Total operating costs and expenses	11,374,259	10,388,535	9,446,818
Income before income taxes	2,264,493	1,754,403	1,719,681
Income tax expense	(509,916)	(370,557)	(334,727)
Net income before noncontrolling interests	1,754,577	1,383,846	1,384,954
Noncontrolling interests	1,538	(2,487)	(3,892)
Net income to common stockholders	$ 1,756,115	$ 1,381,359	$ 1,381,062
NET INCOME PER SHARE:			
Basic	$ 4.39	$ 3.40	$ 3.33
Diluted	$ 4.36	$ 3.37	$ 3.29

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Year Ended December 31, 2024	2023	2022
Net income before noncontrolling interests	$ 1,754,577	$ 1,383,846	$ 1,384,954
Other comprehensive (loss) gain:			
Change in unrealized translation adjustments	(77,615)	32,192	1,179
Change in unrealized investment gains (losses), net of taxes	69,182	306,553	(983,803)
Other comprehensive (loss) gain	(8,433)	338,745	(982,624)
Comprehensive income	1,746,144	1,722,591	402,330
Noncontrolling interests	1,536	(2,485)	(3,890)
Comprehensive income to common stockholders	$ 1,747,680	$ 1,720,106	$ 398,440

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31, 2024	December 31, 2023
Assets		
Investments:		
Fixed maturity securities (amortized cost of $23,010,899 and $20,915,245; allowance for expected credit losses of $671 and $36,751 at December 31, 2024 and 2023)	$ 22,397,865	$ 20,178,308
Investment funds	1,468,246	1,621,655
Real estate	1,291,455	1,249,874
Arbitrage trading account	1,122,599	938,049
Equity securities	1,203,788	1,090,347
Loans receivable (net of allowance for expected credit losses of $1,114 and $3,004 at December 31, 2024 and 2023)	405,453	201,271
Total investments	27,889,406	25,279,504
Cash and cash equivalents	1,974,747	1,363,195
Premiums and fees receivable (net of allowance for expected credit losses of $39,884 and $35,110 at December 31, 2024 and 2023)	3,266,845	3,109,334
Due from reinsurers (net of allowance for expected credit losses of $8,350 and $8,404 at December 31, 2024 and 2023)	3,557,695	3,534,527
Deferred policy acquisition costs	951,728	861,609
Prepaid reinsurance premiums	823,207	758,927
Trading account receivable from brokers and clearing organizations	60,327	303,614
Property, furniture and equipment	478,511	426,803
Goodwill	184,332	174,597
Accrued investment income	243,772	213,408
Current federal and foreign income taxes	39,382	1,318
Deferred federal and foreign income taxes	220,217	309,623
Other assets	877,099	865,556
Total assets	$ 40,567,268	$ 37,202,015
Liabilities and Equity		
Liabilities:		
Reserves for losses and loss expenses	$ 20,368,030	$ 18,739,652
Unearned premiums	6,375,112	5,922,326
Due to reinsurers	668,652	631,164
Trading account securities sold but not yet purchased	73,358	9,357
Current federal and foreign income taxes	53,482	47,525
Deferred federal and foreign income taxes	65,151	42,660
Senior notes and other debt	1,831,158	1,827,951
Subordinated debentures	1,009,808	1,009,090
Other liabilities	1,715,078	1,503,053
Total liabilities	32,159,829	29,732,778
Equity:		
Preferred stock, par value $.10 per share:		
Authorized 5,000,000 shares; issued and outstanding — none	—	—
Common stock, par value $.20 per share:		
Authorized 1,250,000,000 shares; issued and outstanding, net of treasury shares, 380,066,070 and 384,817,136 shares, respectively	158,705	158,705
Additional paid-in capital	984,825	964,789
Retained earnings	12,265,070	11,040,908
Accumulated other comprehensive loss	(934,269)	(925,838)
Treasury stock, at cost, 413,455,739 and 408,704,807 shares, respectively	(4,079,220)	(3,783,133)
Total common stockholders' equity	8,395,111	7,455,431
Noncontrolling interests	12,328	13,806
Total equity	8,407,439	7,469,237
Total liabilities and equity	$ 40,567,268	$ 37,202,015

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except per share data)	Year Ended December 31, 2024	2023	2022
COMMON STOCK:			
Beginning and end of period	$ 158,705	$ 158,705	$ 158,705
ADDITIONAL PAID IN CAPITAL:			
Beginning of period	$ 964,789	$ 944,632	$ 928,202
Restricted stock units issued	(32,344)	(29,043)	(32,622)
Restricted stock units expensed	52,380	49,200	49,052
End of period	$ 984,825	$ 964,789	$ 944,632
RETAINED EARNINGS:			
Beginning of period	$ 11,040,908	$ 10,161,005	$ 9,015,135
Net income to common stockholders	1,756,115	1,381,359	1,381,062
Dividends ($1.40, $1.29, and $0.59 per share, respectively)	(531,953)	(501,456)	(235,192)
End of period	$ 12,265,070	$ 11,040,908	$ 10,161,005
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Unrealized investment (losses) gains:			
Beginning of period	$ (586,354)	$ (892,905)	$ 90,900
Change in unrealized gains (losses) on securities without an allowance for expected credit losses	64,756	305,908	(955,435)
Change in unrealized gains (losses) on securities with an allowance for expected credit losses	4,428	643	(28,370)
End of period	(517,170)	(586,354)	(892,905)
Currency translation adjustments:			
Beginning of period	(339,484)	(371,676)	(372,855)
Net change in period	(77,615)	32,192	1,179
End of period	(417,099)	(339,484)	(371,676)
Total accumulated other comprehensive loss	$ (934,269)	$ (925,838)	$ (1,264,581)
TREASURY STOCK:			
Beginning of period	$ (3,783,133)	$ (3,251,429)	$ (3,167,076)
Stock exercised/vested	10,066	10,381	9,787
Stock repurchased	(303,655)	(537,163)	(94,140)
Other	(2,498)	(4,922)	—
End of period	$ (4,079,220)	$ (3,783,133)	$ (3,251,429)
NONCONTROLLING INTERESTS:			
Beginning of period	$ 13,806	$ 19,829	$ 14,719
Contributions (distributions)	58	(8,508)	1,220
Net (loss) income	(1,538)	2,487	3,892
Other comprehensive income (loss), net of tax	2	(2)	(2)
End of period	$ 12,328	$ 13,806	$ 19,829

See accompanying notes to consolidated financial statements.

W. R. BERKLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2024	2023	2022
CASH FROM OPERATING ACTIVITIES:			
Net income to common stockholders	$ 1,756,115	$ 1,381,359	$ 1,381,062
Adjustments to reconcile net income to net cash from operating activities:			
Net investment gains	(117,708)	(47,042)	(202,397)
Depreciation and (accretion) amortization	(170,638)	(20,861)	55,872
Noncontrolling interests	(1,538)	2,487	3,892
Investment funds	11,491	(16,743)	(145,099)
Stock incentive plans	54,381	51,000	49,411
Change in:			
Arbitrage trading account	122,738	(54,213)	(53,291)
Premiums and fees receivable	(184,431)	(334,178)	(268,171)
Reinsurance accounts	(31,738)	(306,017)	(266,307)
Deferred policy acquisition costs	(91,150)	(99,387)	(88,844)
Current income taxes	(28,526)	52,451	(3,534)
Deferred income taxes	95,311	(26,691)	(64,712)
Reserves for losses and loss expenses	1,707,722	1,715,076	1,684,254
Unearned premiums	485,488	617,535	466,590
Other	70,851	14,462	19,878
Net cash from operating activities	3,678,368	2,929,238	2,568,604
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Proceeds from sale of fixed maturity securities	2,310,746	1,011,195	797,948
Proceeds from sale of equity securities	331,291	318,852	82,319
Distributions from (contributions to) investment funds	134,853	(19,904)	24,623
Proceeds from maturities and prepayments of fixed maturity securities	4,890,572	3,506,903	4,891,179
Purchase of fixed maturity securities	(9,368,703)	(6,664,763)	(8,036,680)
Purchase of equity securities	(207,457)	(80,454)	(340,482)
Real estate purchased	(66,632)	(2,074)	(45,920)
Change in loans receivable	(210,816)	(29,719)	(83,212)
Net additions to property, furniture and equipment	(105,623)	(53,080)	(52,684)
Change in balances due from security brokers	107,280	(33,929)	14,337
Cash received in connection with business disposition	—	96,567	906,789
Payment for business purchased, net of cash acquired	—	(11,558)	(49,572)
Net cash used in investing activities	(2,184,489)	(1,961,964)	(1,891,355)
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Net proceeds from issuance of debt	3,105	980	—
Repayment of senior notes and other debt	—	(1,954)	(429,812)
Cash dividends to common stockholders	(531,953)	(501,456)	(235,192)
Purchase of common treasury shares	(303,655)	(537,163)	(94,140)
Other, net	(19,984)	(22,902)	(12,848)
Net cash used in financing activities	(852,487)	(1,062,495)	(771,992)
Net impact on cash due to change in foreign exchange rates	(29,840)	9,070	(24,754)
Net increase (decrease) in cash and cash equivalents	611,552	(86,151)	(119,497)
Cash and cash equivalents at beginning of year	1,363,195	1,449,346	1,568,843
Cash and cash equivalents at end of year	$ 1,974,747	$ 1,363,195	$ 1,449,346

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(A) Principles of consolidation and basis of presentation

The consolidated financial statements, which include the accounts of W. R. Berkley Corporation and its subsidiaries (the "Company"), have been prepared on the basis of U.S. generally accepted accounting principles ("GAAP"). All significant intercompany transactions and balances have been eliminated. Shares outstanding and per share amounts have been adjusted to reflect the 3-for-2 common stock split effected on July 10, 2024. Additionally, commencing with the first quarter of 2024, the Company reclassified a program management business from the Insurance segment to the Reinsurance & Monoline Excess segment. The reclassified business is a program management business offering support on a nationwide basis for commercial casualty and property program administrators. Reclassifications have been made in the 2023 and 2022 financial statements as originally reported to conform to the presentation of the 2024 financial statements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the revenues and expenses reflected during the reporting period. The most significant items on our balance sheet that involve a greater degree of accounting estimates that are subject to change in the future are the valuation of investments, allowance for expected credit losses on investments, reserves for losses and loss expenses and premium estimates. Actual results could differ from those estimates.

(B) Revenue recognition

Insurance premiums are recognized as written at the inception of the policy. Reinsurance premiums are estimated based upon information received from ceding companies, and subsequent differences from such estimates are recorded in the period they are determined. Insurance and reinsurance premiums are primarily earned on a pro rata basis over the policy term. Fees for services are earned over the period that the services are provided. Premiums and fees receivable are reported net of an allowance for expected credit losses, with the allowance being estimated based on current and future expected conditions, historical loss data and specific identification of collectability concerns where applicable. Changes in the allowance are reported within other operating costs and expenses.

Audit premiums are recognized when they are reliably determinable. The change in accruals for earned but unbilled audit premiums increased net premiums written and premiums earned by $19 million, $19 million and $25 million in 2024, 2023 and 2022, respectively.

Revenues from non-insurance businesses are derived from businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aircraft services provided to the general, commercial and military aviation markets. These aircraft services include (i) the distribution, manufacturing, repair and overhaul of aircraft parts and components, (ii) the sale of new and used aircraft, and (iii) avionics, fuel, maintenance, storage and charter services. Revenue is recognized upon the shipment of products and parts, the delivery of aircraft, the delivery of fuel, and over the completion period of services.

Insurance service fee revenue represents servicing fees for program administration and claims management services provided by the Company, including workers' compensation assigned risk plans, as well as insurance brokerage and risk management services. Fees for program administration, claims management and risk management services are primarily recognized ratably over the related contract period for which the underlying services are rendered.

(C) Cash and cash equivalents

Cash equivalents consist of funds invested in money market accounts and investments with an effective maturity of three months or less when purchased.

(D) Investments

Fixed maturity securities classified as available for sale are carried at estimated fair value, with unrealized gains and losses, net of applicable income taxes, excluded from earnings and reported as a component of comprehensive income and a separate component of stockholders' equity. Fixed maturity securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost. Investment income from fixed maturity

securities is recognized based on the constant effective yield method. Premiums and discounts on mortgage-backed securities are adjusted for the effects of actual and anticipated prepayments on a retrospective basis.

Equity securities with readily determinable fair values are measured at fair value, with changes in the fair value recognized in net income within net realized and unrealized gains on investments.

Fixed maturity securities that the Company purchased with the intent to sell in the near-term are classified as trading account securities and are reported at estimated fair value. Realized and unrealized gains and losses from trading activity are reported as net investment income and are recorded at the trade date. Short sales and short call options are presented as trading securities sold but not yet purchased. Unsettled trades and the net margin balances held by the clearing broker are presented as a trading account receivable from brokers and clearing organizations.

Investment funds are carried under the equity method of accounting. The Company's share of the earnings or losses of investment funds is primarily reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

Loans receivable primarily represent commercial and real estate loans and are carried at amortized cost. The accrual of interest on loans receivable is discontinued if the loan is 90 days past due based on the contractual terms of the loan unless the loan is adequately secured and in process of collection. In general, loans are placed on non-accrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. Interest on these loans is accounted for on a cash basis until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value of investments is determined based on a fair value hierarchy that prioritizes the use of observable inputs over the use of unobservable inputs and requires the use of observable inputs when available. (See Note 12 of the Notes to Consolidated Financial Statements.)

Realized gains or losses represent the difference between the cost of securities sold and the proceeds realized upon sale and are recorded at the trade date. The Company uses primarily the first-in, first-out method to determine the cost of securities sold.

For available for sale securities in an unrealized loss position where the Company intends to sell, or it is more likely than not that it will be required to sell the security before recovery in value, the amortized cost basis is written down to fair value through net investment gains. For available for sale securities in an unrealized loss position where the Company does not intend to sell, or it is more likely than not that it will not be required to sell the security before recovery in value, the Company evaluates whether the decline in fair value has resulted from credit losses or all other factors (non-credit factors). In making this assessment, the Company considers the extent to which fair value is less than amortized cost, changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for expected credit losses is recorded for the credit loss through net investment gains, limited by the amount that the fair value is less than the amortized cost basis. The allowance is adjusted for any change in expected credit losses and subsequent recoveries through net investment gains. The impairment related to non-credit factors is recognized in comprehensive income (loss).

For financial assets carried at amortized cost, which includes held to maturity securities and loans receivable, the Company estimates an allowance for expected credit losses based on relevant information about past events, including historical loss experience, current conditions and forecasts that affect the expected collectability of the amortized cost of the financial asset. The allowance for expected credit losses is presented as a reduction to amortized cost of the financial asset in the consolidated balance sheet and changes to the estimate for expected credit losses are recognized through net investment gains.

The Company’s credit assessment of allowance for expected credit losses uses a third party model for available for sale and held to maturity securities, as well as loans receivable. The allowance for expected credit losses is generally based on the performance of the underlying collateral under various economic and default scenarios that involve subjective judgments and estimates by management. Modeling these securities involves various factors, such as projected default rates, the nature and realizable value of the collateral, if any, the ability of the issuer to make scheduled payments, historical performance and other relevant economic and performance factors. A discounted cash flow analysis is used to ascertain the amount of the allowance for expected credit losses, if any. In general, the model reverts to the rating-level long-term average marginal default rates based on 10 years of historical data, beyond the forecast period. For other inputs, the model in most cases reverts to the baseline long-

term assumptions linearly over 5 years beyond the forecast period. The long-term assumptions are based on the historical averages.

The Company reports accrued investment income separately from fixed maturity securities, and has elected not to measure an allowance for expected credit losses for accrued investment income. Accrued investment income is written off through net investment income at the time the issuer of the bond defaults or is expected to default on payments.

Real estate held for investment purposes is initially recorded at the purchase price, which is generally fair value, and is subsequently reported at cost less accumulated depreciation. Real estate taxes, interest and other costs incurred during development and construction are capitalized. Buildings are depreciated on a straight-line basis over the estimated useful lives of the building. Minimum rental income is recognized on a straight-line basis over the lease term. Income and expenses from real estate are reported as net investment income. The carrying value of real estate is reviewed for impairment and an impairment loss is recognized if the estimated undiscounted cash flows from the use and disposition of the property are less than the carrying value of the property.

(E) Per share data

The Company presents both basic and diluted net income per share (“EPS”) amounts. Basic EPS is calculated by dividing net income by weighted average number of common shares outstanding during the year (including 17,659,297 common shares held in a grantor trust). The common shares held in the grantor trust are for delivery upon settlement of vested but mandatorily deferred restricted stock units ("RSUs"). Shares held by the grantor trust do not affect diluted shares outstanding since the shares deliverable under vested RSUs were already included in diluted shares outstanding. Diluted EPS is based upon the weighted average number of basic and common equivalent shares outstanding during the year and is calculated using the treasury stock method for stock incentive plans. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect.

(F) Deferred policy acquisition costs

Acquisition costs associated with the successful acquisition of new and renewed insurance and reinsurance contracts are deferred and amortized ratably over the terms of the related contracts. Ceding commissions received on reinsurance contracts are netted against acquisition costs and are recognized ratably over the life of the contract. Deferred policy acquisition costs are presented net of unearned ceding commissions. Deferred policy acquisition costs are comprised primarily of commissions, as well as employment-related underwriting costs and premium taxes. Deferred policy acquisition costs are reviewed to determine if they are recoverable from future income and, if not, are charged to expense. The recoverability of deferred policy acquisition costs is evaluated separately by each of our operating units. Future investment income is taken into account in measuring the recoverability of deferred policy acquisition costs.

(G) Reserves for losses and loss expenses

Reserves for losses and loss expenses are an accumulation of amounts determined on the basis of (1) evaluation of claims for business written directly by the Company; (2) estimates received from other companies for reinsurance assumed by the Company; and (3) estimates for losses incurred but not reported (based on Company and industry experience). These estimates are periodically reviewed and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments are reflected in the statements of income in the period in which they are determined. The Company discounts its reserves for excess and assumed workers' compensation claims using a risk-free or statutory rate. (See Note 13 of Notes to Consolidated Financial Statements.)

(H) Reinsurance ceded

The unearned portion of premiums ceded to reinsurers is reported as prepaid reinsurance premiums and earned ratably over the policy term. The estimated amounts of reinsurance recoverable on unpaid losses are reported as due from reinsurers. To the extent any reinsurer does not meet its obligations under reinsurance agreements, the Company must discharge its liability. Amounts due from reinsurers are reflected net of funds held where the right of offset is present. The Company has provided an allowance for expected credit losses for estimated uncollectible reinsurance. The allowance is estimated based on the composition of the recoverable balance, considering reinsurer credit ratings, collateral received from financial institutions and funds withheld arrangements, length of collection periods, probability of default methodology, and specific identification of collectability concerns. Changes in the allowance are reported within losses and loss expenses.

(I) Deposit accounting

Contracts that do not meet the risk transfer requirements of GAAP are accounted for using the deposit accounting method. Under this method, an asset or liability is recognized at the inception of the contract based on consideration paid or received. The amount of the deposit asset or liability is adjusted at subsequent reporting dates using the interest method with a corresponding credit or charge to interest income or expense. Deposit liabilities for assumed reinsurance contracts were $29 million and $31 million at December 31, 2024 and 2023, respectively.

(J) Federal and foreign income taxes

The Company files a consolidated income tax return in the U.S. and foreign tax returns in countries where it has overseas operations. The Company's method of accounting for income taxes is the asset and liability method. Under this method, deferred tax assets and liabilities are measured using tax rates currently in effect or expected to apply in the years in which those temporary differences are expected to reverse. Interest and penalties, if any, are reported as income tax expense. The Company believes there are no uncertain tax positions that would require disclosure under GAAP. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

(K) Foreign currency

Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are reported on the statements of income as other operating costs and expenses. Unrealized gains or losses resulting from translating the results of non-U.S. dollar denominated operations are reported in accumulated other comprehensive income. Revenues and expenses denominated in currencies other than U.S. dollars are generally translated at the weighted average exchange rate during the year. Assets and liabilities are translated at the rate of exchange in effect at the balance sheet date.

(L) Property, furniture and equipment

Property, furniture and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the estimated useful lives of the respective assets. Depreciation expense was $55 million, $51 million and $52 million for 2024, 2023 and 2022, respectively.

(M) Comprehensive income

Comprehensive income encompasses all changes in stockholders' equity (except those arising from transactions with stockholders) and includes net income, net unrealized holding gains or losses on available for sale securities and unrealized foreign currency translation adjustments.

(N) Goodwill and other intangible assets

Goodwill and other intangible assets are tested for impairment on an annual basis and at interim periods where circumstances require. The Company's impairment test as of December 31, 2024 indicated that there were no material impairment losses related to goodwill and other intangible assets. Intangible assets of $97 million and $119 million are included in other assets as of December 31, 2024 and 2023, respectively.

(O) Restricted stock units

The costs resulting from all share-based payment transactions with employees are recognized in the consolidated financial statements using a fair-value-based measurement method. Compensation cost is recognized for financial reporting purposes over the period in which the employee is required to provide service in exchange for the award (generally the vesting period).

(P) Statements of cash flows

Interest payments were $138 million, $114 million and $138 million in 2024, 2023 and 2022, respectively. Income taxes paid were $410 million, $332 million and $295 million in 2024, 2023 and 2022, respectively. Other non-cash items include unrealized investment gains and losses. (See Note 10 of Notes to Consolidated Financial Statements.)

(Q) Recent accounting pronouncements

Recently adopted accounting pronouncements:

In November 2023, the Financial Accounting Standards Board issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which enhances current segment disclosures and requires additional disclosures of significant segment expenses. When applying this disclosure requirement, an entity identifies the significant expenses for each reportable segment that are regularly provided to its chief operating decision maker and included in the reported measures of a segment's profit or loss. The guidance was effective for public business entities for annual reporting periods beginning after December 15, 2023, and interim reporting periods beginning after December 15, 2024. The Company adopted this guidance for the year ended December 31, 2024.

Accounting and reporting standards that are not yet effective:

All recently issued but not yet effective accounting and reporting standards are either not applicable to the Company or are not expected to have a material impact on the Company.

(2) Consolidated Statements of Comprehensive Income

The following tables present the components of the changes in accumulated other comprehensive income (AOCI) as of and for the years ended December 31, 2024 and 2023:

(In thousands)						
December 31, 2024	**Unrealized Investment Gains (Losses)**		**Currency Translation Adjustments**		**Accumulated Other Comprehensive Income (Loss)**	
Changes in AOCI						
Beginning of period	$ (586,354)		$ (339,484)		$ (925,838)	
Other comprehensive income (loss) before reclassifications	(26,128)		(77,615)		(103,743)	
Amounts reclassified from AOCI	95,310		—		95,310	
Other comprehensive income (loss)	69,182		(77,615)		(8,433)	
Unrealized investment gain related to noncontrolling interest	2		—		2	
Ending balance	$ (517,170)		$ (417,099)		$ (934,269)	
Amounts reclassified from AOCI						
Pre-tax	$ 120,646	(1)	$ —		$ 120,646	
Tax effect	(25,336)	(2)	—		(25,336)	
After-tax amounts reclassified	$ 95,310		$ —		$ 95,310	
Other comprehensive income (loss)						
Pre-tax	$ 84,474		$ (77,615)		$ 6,859	
Tax effect	(15,292)		—		(15,292)	
Other comprehensive income (loss)	$ 69,182		$ (77,615)		$ (8,433)	

(In thousands)						
December 31, 2023	**Unrealized Investment Gains (Losses)**		**Currency Translation Adjustments**		**Accumulated Other Comprehensive Income (Loss)**	
Changes in AOCI						
Beginning of period	$ (892,905)		$ (371,676)		$ (1,264,581)	
Other comprehensive income before reclassifications	252,782		32,192		284,974	
Amounts reclassified from AOCI	53,771		—		53,771	
Other comprehensive income	306,553		32,192		338,745	
Unrealized investment loss related to non-controlling interest	(2)		—		(2)	
Ending balance	$ (586,354)		$ (339,484)		$ (925,838)	
Amounts reclassified from AOCI						
Pre-tax	$ 68,065	(1)	$ —		$ 68,065	
Tax effect	(14,294)	(2)	—		(14,294)	
After-tax amounts reclassified	$ 53,771		$ —		$ 53,771	
Other comprehensive income						
Pre-tax	$ 392,903		$ 32,192		$ 425,095	
Tax effect	(86,350)		—		(86,350)	
Other comprehensive income	$ 306,553		$ 32,192		$ 338,745	

(1) Net investment gains in the consolidated statements of income.
(2) Income tax expense in the consolidated statements of income.

(3) Investments in Fixed Maturity Securities

At December 31, 2024 and 2023, investments in fixed maturity securities were as follows:

(In thousands)	Amortized Cost	Allowance for Expected Credit Losses (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2024						
Held to maturity:						
State and municipal	$ 42,145	$ (25)	$ 1,492	$ —	$ 43,612	$ 42,120
Residential mortgage-backed	2,292	—	69	—	2,361	2,292
Total held to maturity	44,437	(25)	1,561	—	45,973	44,412
Available for sale:						
U.S. government and government agency	2,268,596	—	9,608	(42,863)	2,235,341	2,235,341
State and municipal:						
Special revenue	1,581,778	—	3,521	(67,591)	1,517,708	1,517,708
State general obligation	272,936	—	1,439	(8,981)	265,394	265,394
Pre-refunded	85,340	—	599	(347)	85,592	85,592
Corporate backed	158,322	—	1,079	(5,827)	153,574	153,574
Local general obligation	278,165	—	922	(6,711)	272,376	272,376
Total state and municipal	2,376,541	—	7,560	(89,457)	2,294,644	2,294,644
Mortgage-backed securities:						
Residential	3,411,796	(5)	11,047	(189,630)	3,233,208	3,233,208
Commercial	534,936	(425)	1,201	(3,430)	532,282	532,282
Total mortgage-backed securities	3,946,732	(430)	12,248	(193,060)	3,765,490	3,765,490
Asset-backed securities	3,910,363	—	16,161	(41,512)	3,885,012	3,885,012
Corporate:						
Industrial	3,746,501	—	14,518	(93,820)	3,667,199	3,667,199
Financial	3,339,718	—	18,871	(38,076)	3,320,513	3,320,513
Utilities	795,839	—	2,970	(20,115)	778,694	778,694
Other	653,194	—	2,493	(4,452)	651,235	651,235
Total corporate	8,535,252	—	38,852	(156,463)	8,417,641	8,417,641
Foreign government	1,928,978	(216)	11,936	(185,373)	1,755,325	1,755,325
Total available for sale	22,966,462	(646)	96,365	(708,728)	22,353,453	22,353,453
Total investments in fixed maturity securities	$ 23,010,899	$ (671)	$ 97,926	$ (708,728)	$ 22,399,426	$ 22,397,865

(In thousands)	Amortized Cost	Allowance for Expected Credit Losses (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2023						
Held to maturity:						
State and municipal	$ 50,547	$ (43)	$ 3,132	$ —	$ 53,636	$ 50,504
Residential mortgage-backed	2,868	—	107	—	2,975	2,868
Total held to maturity	53,415	(43)	3,239	—	56,611	53,372
Available for sale:						
U.S. government and government agency	1,762,997	—	11,403	(57,669)	1,716,731	1,716,731
State and municipal:						
Special revenue	1,682,550	—	5,651	(82,006)	1,606,195	1,606,195
State general obligation	394,429	—	3,550	(16,405)	381,574	381,574
Pre-refunded	103,029	—	1,634	(185)	104,478	104,478
Corporate backed	166,873	(757)	696	(11,973)	154,839	154,839
Local general obligation	396,041	—	3,188	(11,893)	387,336	387,336
Total state and municipal	2,742,922	(757)	14,719	(122,462)	2,634,422	2,634,422
Mortgage-backed securities:						
Residential	1,773,206	—	12,780	(163,844)	1,622,142	1,622,142
Commercial	657,157	(158)	626	(13,312)	644,313	644,313
Total mortgage-backed securities	2,430,363	(158)	13,406	(177,156)	2,266,455	2,266,455
Asset-backed securities	4,252,883	(1,164)	8,527	(73,206)	4,187,040	4,187,040
Corporate:						
Industrial	3,679,219	(40)	24,312	(143,936)	3,559,555	3,559,555
Financial	2,838,220	(4,986)	14,681	(68,681)	2,779,234	2,779,234
Utilities	701,865	—	6,471	(23,412)	684,924	684,924
Other	635,975	—	1,605	(7,234)	630,346	630,346
Total corporate	7,855,279	(5,026)	47,069	(243,263)	7,654,059	7,654,059
Foreign government	1,817,386	(29,603)	15,865	(137,419)	1,666,229	1,666,229
Total available for sale	20,861,830	(36,708)	110,989	(811,175)	20,124,936	20,124,936
Total investments in fixed maturity securities	$ 20,915,245	$ (36,751)	$ 114,228	$ (811,175)	$ 20,181,547	$ 20,178,308

(1) Represents the amount of impairment that has resulted from credit-related factors. The change in the allowance for expected credit losses is recognized in the consolidated statements of income. Amount excludes unrealized losses relating to non-credit factors.

The following table presents the rollforward of the allowance for expected credit losses for held to maturity securities for the years ended December 31, 2024 and 2023:

(In thousands)	State and Municipal 2024	State and Municipal 2023
Allowance for expected credit losses, beginning of period	$ 43	$ 114
Change in allowance for expected credit losses	(18)	(71)
Allowance for expected credit losses, end of period	$ 25	$ 43

The following table presents the rollforward of the allowance for expected credit losses for available for sale securities for the years ended December 31, 2024 and 2023:

(In thousands)	2024						2023					
	Foreign Government	Corporate	Mortgage-Backed	Asset-backed	State and Municipal	Total	Foreign Government	Corporate	Mortgage-Backed	Asset-backed	State and Municipal	Total
Balance, beginning of period	$ 29,603	$ 5,026	$ 158	$ 1,164	$ 757	$ 36,708	$ 32,633	$ 4,701	$ 18	$ —	$ —	$ 37,352
Change on securities for which credit losses were not previously recorded	347	—	1,706	—	—	2,053	—	982	1,766	1,444	821	5,013
Change on securities for which credit losses were previously recorded	(29,355)	(5,026)	(831)	(1,164)	(757)	(37,133)	(3,030)	(650)	(1,624)	(280)	(64)	(5,648)
Reduction due to disposals	(379)	—	(603)	—	—	(982)	—	(7)	(2)	—	—	(9)
Balance, end of period	$ 216	$ —	$ 430	$ —	$ —	$ 646	$ 29,603	$ 5,026	$ 158	$ 1,164	$ 757	$ 36,708

During the year ended December 31, 2024, the Company decreased the allowance for expected credit losses for available for sale securities utilizing its credit loss assessment process and inputs used in its credit loss model, primarily due to improved pricing associated with foreign government securities and corporate securities. During the year ended December 31, 2023, the Company decreased the allowance for expected credit losses for available for sale securities utilizing its credit loss assessment process and inputs used in its credit loss model due to a reduction in unrealized losses primarily associated with foreign government securities.

The amortized cost and fair value of fixed maturity securities at December 31, 2024, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations.

(In thousands)	Amortized Cost (1)	Fair Value
Due in one year or less	$ 1,744,361	$ 1,719,948
Due after one year through five years	9,337,291	9,059,599
Due after five years through ten years	3,966,371	3,902,808
Due after ten years	4,013,827	3,949,220
Mortgage-backed securities	3,949,024	3,767,851
Total	$ 23,010,874	$ 22,399,426

(1) Amortized cost is reduced by the allowance for expected credit losses of $25 thousand related to held to maturity securities.

At December 31, 2024 and 2023, there were no investments, other than investments in United States government and government agency securities, which exceeded 10% of common stockholders' equity. At December 31, 2024, investments with a carrying value of $2,167 million were on deposit in custodial or trust accounts, of which $1,223 million was on deposit with insurance regulators, $884 million was on deposit in support of the Company's underwriting activities at Lloyd's, $33 million was on deposit as security for reinsurance clients and $27 million was on deposit as security for letters of credit issued in support of the Company's reinsurance operations.

(4) Investments in Equity Securities

At December 31, 2024 and 2023, investments in equity securities were as follows:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
December 31, 2024					
Common stocks	$ 612,479	$ 223,981	$ (76,293)	$ 760,167	$ 760,167
Preferred stocks	329,495	122,716	(8,590)	443,621	443,621
Total	$ 941,974	$ 346,697	$ (84,883)	$ 1,203,788	$ 1,203,788
December 31, 2023					
Common stocks	$ 664,997	$ 191,806	$ (18,749)	$ 838,054	$ 838,054
Preferred stocks	284,335	3,075	(35,117)	252,293	252,293
Total	$ 949,332	$ 194,881	$ (53,866)	$ 1,090,347	$ 1,090,347

(5) Arbitrage Trading Account

At December 31, 2024 and 2023, the fair value and carrying value of the arbitrage trading account were $1,123 million and $938 million, respectively. The primary focus of the trading account is merger arbitrage. Merger arbitrage is the business of investing in the securities of publicly held companies which are the targets in announced tender offers and mergers. Arbitrage investing differs from other types of investing in its focus on transactions and events believed likely to bring about a change in value over a relatively short time period (usually four months or less).

The Company uses put options and call options in order to mitigate the impact of potential changes in market conditions on the merger arbitrage trading account. These options are reported at fair value. As of December 31, 2024, the fair value of long option contracts outstanding was $26 million (notional amount of $582 million) and the fair value of short option contracts outstanding was $73 million (notional amount of $582 million). Other than with respect to the use of these trading account securities, the Company does not make use of derivatives.

(6) Net Investment Income

Net investment income consists of the following:

(In thousands)	2024	2023	2022
Investment income (loss) earned on:			
Fixed maturity securities, including cash and cash equivalents and loans receivable	$ 1,260,429	$ 929,098	$ 549,281
Arbitrage trading account (1)	69,573	69,369	45,213
Equity securities	48,920	55,726	52,600
Investment funds	(11,491)	16,743	145,099
Real estate	(23,616)	(11,185)	(3,087)
Gross investment income	1,343,815	1,059,751	789,106
Investment expense	(10,654)	(6,916)	(9,921)
Net investment income	$ 1,333,161	$ 1,052,835	$ 779,185

(1) Net investment income includes earnings from trading account receivables from brokers and clearing organizations.

(7) Investment Funds

The Company evaluates whether it is an investor in a variable interest entity ("VIE"). Such entities do not have sufficient equity at risk to finance their activities without additional subordinated financial support, or the equity investors, as a group, do not have the characteristics of a controlling financial interest (primary beneficiary). The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose, and the Company's relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE and on an ongoing basis. The Company is not the primary beneficiary in any of its investment funds, and accordingly, carries its interests in investments funds under the equity method of accounting.

The Company's maximum exposure to loss with respect to these investments is limited to the carrying amount reported on the Company's consolidated balance sheet and its unfunded commitments of $279 million as of December 31, 2024.

Investment funds consist of the following:

	Carrying Value as of December 31,		(Loss) Income From Investment Funds For the Year Ended		
(In thousands)	2024	2023	2024	2023	2022
Financial services	$ 430,163	$ 433,407	$ (39,418)	$ (10,911)	$ 34,030
Transportation	286,426	344,278	13,335	40,607	53,180
Real estate	178,685	201,625	12,195	(6,676)	48,723
Infrastructure	151,560	130,589	17,071	13,049	4,603
Energy	42,776	114,794	14,501	5,058	1,425
Other funds	378,636	396,962	(29,175)	(24,384)	3,138
Total	$ 1,468,246	$ 1,621,655	$ (11,491)	$ 16,743	$ 145,099

The Company's share of the earnings or losses of investment funds is primarily reported on a one-quarter lag in order to facilitate the timely completion of the Company's consolidated financial statements.

Financial services investment funds include the Company's minority investment in Lifson Re, a Bermuda reinsurance company. Effective January 1, 2021, Lifson Re participated on a fully collateralized basis in a majority of the Company's reinsurance placements for a 22.5% share of placed amounts. The share was increased to 30% on July 1, 2022 and was increased to 32.5% effective January 1, 2025. This pertains to all traditional reinsurance/retrocessional placements for both property and casualty business where there is more than one open market reinsurer participating. For the years ended December 31, 2024 and 2023, the Company ceded approximately $417 million and $437 million, respectively, of written premiums to Lifson Re.

Other funds include deferred compensation trust assets of $38 million and $36 million in 2024 and 2023, respectively. These assets support other liabilities reflected in the balance sheet of an equal amount for employees who have elected to defer a portion of their compensation. The change in the net asset value of the trust is recorded in other funds within net investment income with an offsetting equal amount within corporate expenses.

(8) Real Estate

Investment in real estate represents directly owned property held for investment, as follows:

	As of December 31,	
(In thousands)	2024	2023
Properties in operation	$ 1,063,687	$ 1,022,654
Properties under development	227,768	227,220
Total	$ 1,291,455	$ 1,249,874

In 2024, properties in operation primarily included a long-term ground lease in Washington, D.C., an office complex in New York City and the completed portion of a mixed-use project in Washington D.C. Properties in operation are net of

accumulated depreciation and amortization of $38,671,000 and $32,745,000 as of December 31, 2024 and 2023, respectively. Related depreciation expense was $8,633,000 and $8,935,000 for the years ended December 31, 2024 and 2023, respectively. Future minimum rental income expected on operating leases relating to properties in operation is $35,394,421 in 2025, $34,739,030 in 2026, $34,191,439 in 2027, $35,009,348 in 2028, $30,586,197 in 2029 and $426,838,709 thereafter.

A mixed-use project in Washington, D.C. had been under development in 2024 and 2023, with the completed portion as noted above reported in properties in operation as of December 31, 2024.

The Company had commitments to invest up to $48 million in certain real estate investment projects as of December 31, 2024.

(9) Loans Receivable

At December 31, 2024 and 2023, loans receivable were as follows:

	As of December 31,	
(In thousands)	**2024**	**2023**
Amortized cost (net of allowance for expected credit losses):		
Real estate loans	$ 402,382	$ 200,381
Commercial loans	3,071	890
Total	$ 405,453	$ 201,271
Fair value:		
Real estate loans	$ 402,177	$ 197,354
Commercial loans	3,071	890
Total	$ 405,248	$ 198,244

The real estate loans are secured by commercial and residential real estate primarily located in the U.K. and New York. These loans generally earn interest at fixed or stepped interest rates and have maturities through 2028. The commercial loans are with small business owners who have secured the related financing with the assets of the business. Commercial loans primarily earn interest on a fixed basis and have varying maturities generally not exceeding 5 years.

The following table presents the rollforward of the allowance for expected credit losses for loans receivable for the years ended December 31, 2024 and 2023:

	2024			2023		
(In thousands)	**Real Estate Loans**	**Commercial Loans**	**Total**	**Real Estate Loans**	**Commercial Loans**	**Total**
Allowance for expected credit losses, beginning of period	$ 2,983	$ 21	$ 3,004	$ 1,100	$ 691	$ 1,791
Reduction due to write-offs	—	—	—	—	(569)	(569)
Change in allowance for expected credit losses	(1,895)	5	(1,890)	1,883	(101)	1,782
Allowance for expected credit losses, end of period	$ 1,088	$ 26	$ 1,114	$ 2,983	$ 21	$ 3,004

During the year ended December 31, 2024, the Company decreased the allowance for expected credit losses due to a decrease in the weighted average life of the loan portfolio. During the year ended December 31, 2023, the Company increased the allowance for expected credit losses due to changes in economic assumptions utilized in its credit loss model.

The Company monitors the performance of its loans receivable and assesses the ability of the borrower to pay principal and interest based upon loan structure, underlying property values, cash flow and related financial and operating performance of the property and market conditions.

In evaluating the real estate loans, the Company considers their credit quality indicators, including loan to value ratios, which compare the outstanding loan amount to the estimated value of the property, the borrower's financial condition and performance with respect to loan terms, the position in the capital structure, the overall leverage in the capital structure and other market conditions.

(10) Net Investment Gains

Net investment gains were as follows:

(In thousands)	2024	2023	2022
Net investment gains:			
Fixed maturity securities:			
Gains	$ 15,486	$ 2,003	$ 4,224
Losses	(32,866)	(25,429)	(11,654)
Equity securities (1):			
Net realized gains (losses) on investment sales (2)	116,475	161,271	(12,879)
Change in unrealized gains (losses)	120,799	70,448	(632)
Investment funds	1,835	(25,625)	12,407
Real estate (3) (4)	(2,647)	(70,934)	293,525
Loans receivable	—	(18,841)	(32)
Other (5)	(139,344)	(45,353)	(67,648)
Net realized and unrealized gains on investments in earnings before allowance for expected credit losses	79,738	47,540	217,311
Change in allowance for expected credit losses on investments:			
Fixed maturity securities	36,080	715	(14,841)
Loans receivable	1,890	(1,213)	(73)
Change in allowance for expected credit losses on investments	37,970	(498)	(14,914)
Net investment gains	117,708	47,042	202,397
Income tax expense	(29,205)	(10,250)	(42,670)
After-tax net investment gains	$ 88,503	$ 36,792	$ 159,727
Change in unrealized investment gains (losses):			
Fixed maturity securities without allowance for expected credit losses	$ 83,395	$ 389,839	$ (1,216,292)
Fixed maturity securities with allowance for expected credit losses	4,428	643	(28,370)
Investment funds	(3,217)	3,989	(2,019)
Other	(132)	(1,568)	(1,447)
Total change in unrealized investment gains (losses)	84,474	392,903	(1,248,128)
Income tax (expense) benefit	(15,292)	(86,350)	264,325
Noncontrolling interests	2	(2)	(2)
After-tax change in unrealized investment gains (losses)	$ 69,184	$ 306,551	$ (983,805)

(1) The net realized gains or losses on investment sales represent the total gains or losses from the purchase dates of the equity securities. The change in unrealized gains (losses) consists of two components: (i) the reversal of the gain or loss recognized in previous periods on equity securities sold and (ii) the change in unrealized gain or loss resulting from mark-to-market adjustments on equity securities still held.

(2) In 2023, the Company completed a sale of the property and casualty insurance services division of Breckenridge IS, Inc. and recognized a pre-tax net realized gain on investment of $89 million on the sale (proceeds from the sale is presented on the business disposition line within the Consolidated Statements of Cash Flows).

(3) The Company recognized impairments on real estate of $72 million in 2023.

(4) In 2022, the Company realized a gain on the sale of a real estate investment in London, U.K. of $251 million, net of transaction expenses and the foreign currency impact, including the reversal of the currency translation adjustment (proceeds from the real estate and related entity are presented on the business disposition line within the Consolidated Statements of Cash Flows).

(5) Primarily relates to realized foreign currency losses upon the disposition of fixed maturity securities.

(11) Fixed Maturity Securities in an Unrealized Loss Position

The following tables summarize all fixed maturity securities in an unrealized loss position at December 31, 2024 and 2023 by the length of time those securities have been continuously in an unrealized loss position.

	Less Than 12 Months		12 Months or Greater		Total	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2024						
U.S. government and government agency	$ 767,515	$ 9,637	$ 560,260	$ 33,226	$ 1,327,775	$ 42,863
State and municipal	348,116	8,027	1,411,761	81,430	1,759,877	89,457
Mortgage-backed securities	1,541,464	21,326	1,060,823	171,734	2,602,287	193,060
Asset-backed securities	411,763	4,613	626,237	36,899	1,038,000	41,512
Corporate	1,791,970	21,346	2,951,377	135,117	4,743,347	156,463
Foreign government	600,103	17,933	476,479	167,440	1,076,582	185,373
Fixed maturity securities	$ 5,460,931	$ 82,882	$ 7,086,937	$ 625,846	$ 12,547,868	$ 708,728
December 31, 2023						
U.S. government and government agency	$ 384,392	$ 6,655	$ 614,623	$ 51,014	$ 999,015	$ 57,669
State and municipal	264,273	3,013	1,680,034	119,449	1,944,307	122,462
Mortgage-backed securities	278,819	2,025	1,360,748	175,131	1,639,567	177,156
Asset-backed securities	413,511	2,070	2,176,035	71,136	2,589,546	73,206
Corporate	874,754	11,975	4,418,309	231,288	5,293,063	243,263
Foreign government	204,908	1,758	794,174	135,661	999,082	137,419
Fixed maturity securities	$ 2,420,657	$ 27,496	$ 11,043,923	$ 783,679	$ 13,464,580	$ 811,175

Substantially all of the securities in an unrealized loss position are rated investment grade, except for the securities in the foreign government classification. A significant amount of the unrealized loss on foreign government securities is the result of changes in currency exchange rates.

Fixed Maturity Securities — A summary of the Company's non-investment grade fixed maturity securities that were in an unrealized loss position at December 31, 2024 is presented in the table below:

($ in thousands)	Number of Securities	Aggregate Fair Value	Gross Unrealized Loss
Foreign government	50	$ 138,388	$ 157,424
Corporate	19	50,525	2,922
State and municipal	6	28,150	1,921
Mortgage-backed securities	17	3,684	206
Asset-backed securities	1	9	1
Total	93	$ 220,756	$ 162,474

For fixed maturity securities that management does not intend to sell or to be required to sell, the portion of the decline in value that is considered to be due to credit factors is recognized in earnings, and the portion of the decline in value that is considered to be due to non-credit factors is recognized in other comprehensive income.

The Company has evaluated its fixed maturity securities in an unrealized loss position and believes the unrealized losses are due primarily to temporary market and sector-related factors rather than to issuer-specific factors. None of these securities are delinquent or in default under financial covenants. Based on its assessment of these issuers, the Company expects them to continue to meet their contractual payment obligations as they become due.

(12) Fair Value Measurements

The Company's fixed maturity and equity securities classified as available for sale and its trading account securities are carried at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Quoted prices for similar assets or valuations based on inputs that are observable.

Level 3 - Estimates of fair value based on internal pricing methodologies using unobservable inputs. Unobservable inputs are only used to measure fair value to the extent that observable inputs are not available.

Substantially all of the Company's fixed maturity securities were priced by independent pricing services. The prices provided by the independent pricing services are estimated based on observable market data in active markets utilizing pricing models and processes, which may include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, sector groupings, matrix pricing and reference data. The pricing services may prioritize inputs differently on any given day for any security based on market conditions, and not all inputs are available for each security evaluation on any given day. The pricing services used by the Company have indicated that they will only produce an estimate of fair value if objectively verifiable information is available. The determination of whether markets are active or inactive is based upon the volume and level of activity for a particular asset class. The Company reviews the prices provided by pricing services for reasonableness and periodically performs independent price tests of a sample of securities to ensure proper valuation.

If prices from independent pricing services are not available for fixed maturity securities, the Company estimates the fair value. For Level 2 securities, the Company utilizes pricing models and processes which may include benchmark yields, sector groupings, matrix pricing, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers and reference data. Where broker quotes are used, the Company generally requests two or more quotes and sets a price within the range of quotes received based on its assessment of the credibility of the quote and its own evaluation of the security. The Company generally does not adjust quotes received from brokers. For securities traded only in private negotiations, the Company determines fair value based primarily on the cost of such securities, which is adjusted to reflect prices of recent placements of securities of the same issuer, financial projections, credit quality and business developments of the issuer and other relevant information.

For Level 3 securities, the Company generally uses a discounted cash flow model to estimate the fair value of fixed maturity securities. The cash flow models are based upon assumptions as to prevailing credit spreads, interest rate and interest rate volatility, time to maturity and subordination levels. Projected cash flows are discounted at rates that are adjusted to reflect illiquidity, where appropriate.

The following tables present the assets and liabilities measured at fair value as of December 31, 2024 and 2023 by level:

(In thousands)	Total	Level 1	Level 2	Level 3
December 31, 2024				
Assets:				
Fixed maturity securities available for sale:				
U.S. government and government agency	$ 2,235,341	$ —	$ 2,235,341	$ —
State and municipal	2,294,644	—	2,294,644	—
Mortgage-backed securities	3,765,490	—	3,765,490	—
Asset-backed securities	3,885,012	—	3,885,012	—
Corporate	8,417,641	—	8,397,974	19,667
Foreign government	1,755,325	—	1,755,325	—
Total fixed maturity securities available for sale	22,353,453	—	22,333,786	19,667
Equity securities:				
Common stocks	760,167	757,115	1,011	2,041
Preferred stocks	443,621	—	439,947	3,674
Total equity securities	1,203,788	757,115	440,958	5,715
Arbitrage trading account	1,122,599	1,062,459	56,630	3,510
Total	$ 24,679,840	$ 1,819,574	$ 22,831,374	$ 28,892
Liabilities:				
Trading account securities sold but not yet purchased	$ 73,358	$ 73,358	$ —	$ —
December 31, 2023				
Assets:				
Fixed maturity securities available for sale:				
U.S. government and government agency	$ 1,716,731	$ —	$ 1,716,731	$ —
State and municipal	2,634,422	—	2,634,422	—
Mortgage-backed securities	2,266,455	—	2,266,455	—
Asset-backed securities	4,187,040	—	4,187,040	—
Corporate	7,654,059	—	7,654,059	—
Foreign government	1,666,229	—	1,666,229	—
Total fixed maturity securities available for sale	20,124,936	—	20,124,936	—
Equity securities:				
Common stocks	838,054	835,338	1,158	1,558
Preferred stocks	252,293	—	248,598	3,695
Total equity securities	1,090,347	835,338	249,756	5,253
Arbitrage trading account	938,049	546,110	388,167	3,772
Total	$ 22,153,332	$ 1,381,448	$ 20,762,859	$ 9,025
Liabilities:				
Trading account securities sold but not yet purchased	$ 9,357	$ 9,357	$ —	$ —

The following tables summarize changes in Level 3 assets and liabilities for the years ended December 31, 2024 and 2023:

		Gains (Losses) Included in:							
(In thousands)	**Beginning Balance**	**Earnings (Losses)**	**Other Comprehensive Losses**	**Impairments**	**Purchases**	**Sales**	**Paydowns/Maturities**	**Transfers In / Out**	**Ending Balance**
Year ended December 31, 2024									
Assets:									
Fixed maturity securities available for sale:									
Corporate	$ —	$ —	$ (333)	$ —	$ —	$ —	$ —	$ 20,000	$ 19,667
Total	—	—	(333)	—	—	—	—	20,000	19,667
Equity securities:									
Common stocks	1,558	611	—	—	—	(128)	—	—	2,041
Preferred stocks	3,695	36	—	—	—	(57)	—	—	3,674
Total	5,253	647	—	—	—	(185)	—	—	5,715
Arbitrage trading account	3,772	(261)	—	—	—	(38)	—	37	3,510
Total	$ 9,025	$ 386	$ (333)	$ —	$ —	$ (223)	$ —	$ 20,037	$ 28,892
Year ended December 31, 2023									
Assets:									
Fixed maturity securities available for sale:									
Corporate	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total	—	—	—	—	—	—	—	—	—
Equity securities:									
Common stocks	2,599	(1,041)	—	—	—	—	—	—	1,558
Preferred stocks	11,299	(3)	—	(7,601)	—		—	—	3,695
Total	13,898	(1,044)	—	(7,601)	—	—	—	—	5,253
Arbitrage trading account	3,590	117	—	—	—	—	—	65	3,772
Total	$ 17,488	$ (927)	$ —	$ (7,601)	$ —	$ —	$ —	$ 65	$ 9,025

For the year ended December 31, 2024, one corporate security was transferred into level 3 from level 2 given there were no quoted prices or observable inputs available. For the years ended December 31, 2024 and 2023, one security in each year within the arbitrage trading account portfolio that no longer had a publicly traded price was transferred into Level 3.

(13) Reserves for Losses and Loss Expenses

The Company's reserves for losses and loss expenses are comprised of case reserves and incurred but not reported liabilities (IBNR). When a claim is reported, a case reserve is established for the estimated ultimate payment based upon known information about the claim. As more information about the claim becomes available over time, case reserves are adjusted up or down as appropriate. Reserves are also established on an aggregate basis to provide for IBNR liabilities and expected loss reserve development on reported claims.

Loss reserves included in the Company's financial statements represent management's best estimates based upon an actuarially derived point estimate and other considerations. The Company uses a variety of actuarial techniques and methods to derive an actuarial point estimate for each business. These methods may include paid loss development, incurred loss development, paid and incurred Bornhuetter-Ferguson methods and frequency and severity methods. In circumstances where one actuarial method is considered more credible than the others, that method is used to set the point estimate. The actuarial point estimate may also be based on a judgmental weighting of estimates produced from each of the methods considered. Industry loss experience is used to supplement the Company's own data in selecting "tail factors" in areas where the Company's own data is limited. The actuarial data is analyzed by line of business, coverage and accident or policy year, as appropriate, for each business.

The establishment of the actuarially derived loss reserve point estimate also includes consideration of qualitative factors that may affect the ultimate losses. These qualitative considerations include, among others, the impact of re-underwriting initiatives, changes in claims handling procedures, changes in the mix of business, changes in distribution sources and changes in policy terms and conditions.

The key assumptions used to arrive at the best estimate of loss reserves are the expected loss ratios, rate of loss cost inflation, and reported and paid loss emergence patterns. Expected loss ratios represent management's expectation of losses at the time the business is priced and written, before any actual claims experience has emerged. This expectation is a significant determinant of the estimate of loss reserves for recently written business where there is little paid or incurred loss data to consider. Expected loss ratios are generally derived from historical loss ratios adjusted for the impact of rate changes, loss cost trends and known changes in the type of risks underwritten. Expected loss ratios are estimated for each key line of business within each business. Expected loss cost inflation is particularly important for the long-tail lines, such as excess casualty, and claims with a high medical component, such as workers' compensation. Reported and paid loss emergence patterns are used to project current reported or paid loss amounts to their ultimate settlement value. Loss development factors are based on the historical emergence patterns of paid and incurred losses, and are derived from the Company's own experience and industry data. The paid loss emergence pattern is also significant to excess and assumed workers' compensation reserves because those reserves are discounted to their estimated present value based upon such estimated payout patterns.

Loss frequency and severity are measures of loss activity that are considered in determining the key assumptions described in our discussion of loss and loss expense reserves, including expected loss ratios, rate of loss cost inflation and reported and paid loss emergence patterns. Loss frequency is a measure of the number of claims per unit of insured exposure, and loss severity is a measure of the average size of claims. Factors affecting loss frequency include the effectiveness of loss controls and safety programs and changes in economic activity or weather patterns. Factors affecting loss severity include changes in policy limits, retentions, rate of inflation and judicial interpretations.

Another factor affecting estimates of loss frequency and severity is the loss reporting lag, which is the period of time between the occurrence of a loss and the date the loss is reported to the Company. The length of the loss reporting lag affects our ability to accurately predict loss frequency (loss frequencies are more predictable for lines with short reporting lags) as well as the amount of reserves needed for incurred but not reported losses (less IBNR is required for lines with short reporting lags). As a result, loss reserves for lines with short reporting lags are likely to have less variation from initial loss estimates. For lines with short reporting lags, which include auto, primary workers' compensation, other liability (claims-made) and property business, the key assumption is the loss emergence pattern used to project ultimate loss estimates from known losses paid or reported to date. For lines of business with long reporting lags, which include other liability (occurrence), products liability, excess workers' compensation and liability reinsurance, the key assumption is the expected loss ratio since there is often little paid or incurred loss data to consider. Historically, the Company has experienced less variation from its initial loss estimates for lines of businesses with short reporting lags than for lines of business with long reporting lags.

The key assumptions used in calculating the most recent estimate of the loss reserves are reviewed each quarter and adjusted, to the extent necessary, to reflect the latest reported loss data, current trends and other factors observed.

A claim may be defined as an event, as a claimant (number of parties claiming damages from an event) or by exposure type (e.g., an event may give rise to two parties, each claiming loss for bodily injury and property damage).

The most commonly used claim count method is by event. Most of the Company's businesses use the number of events to define and quantify the number of claims. However, in certain lines of business, where it is common for multiple parties to claim damages arising from a single event, a business may quantify claims on the basis of the number of separate parties involved in an event. This may be the case with businesses writing substantial auto or transportation exposure.

Claim counts for assumed reinsurance will vary based on whether the business is written on a facultative or treaty basis. Further variability as respects treaty claim counts may be reflective of the nature of the treaty, line of business coverage, and type of participation such as quota share or excess of loss contracts. Accordingly, the claim counts have been excluded from the below Reinsurance & Monoline Excess segment tables due to this variability.

The claim count information set forth in the tables presented below may not provide an accurate reflection of ultimate loss payouts by product line.

The following tables present undiscounted incurred and paid claims development as of December 31, 2024, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR). The information about incurred and paid claims development for the years ended December 31, 2014 to 2023 is presented as supplementary information. To enhance the comparability of the loss development data, the Company has removed the impact of foreign exchange rate movements by using the December 31, 2024 exchange rate for all periods.

Insurance

Other Liability
(In thousands)

Accident Year	Loss and Loss Expenses Incurred, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	As of December 31, 2024 IBNR	Cumulative Number of Reported Claims
2015	$ 934,138	$ 969,246	$ 944,351	$ 948,706	$ 951,981	$ 963,118	$ 969,789	$ 999,316	$ 1,005,801	$ 1,019,173	$ 32,718	28
2016		1,003,192	995,148	1,005,560	1,018,025	1,032,281	1,048,121	1,079,436	1,121,260	1,122,233	59,052	29
2017			1,055,253	1,088,787	1,111,550	1,129,392	1,169,138	1,238,759	1,256,832	1,289,349	79,218	28
2018				1,095,529	1,123,152	1,113,675	1,148,972	1,225,588	1,291,745	1,374,348	98,378	28
2019					1,232,661	1,228,679	1,230,016	1,286,835	1,362,171	1,396,012	139,046	30
2020						1,330,660	1,204,248	1,148,852	1,157,392	1,187,560	181,892	24
2021							1,522,682	1,378,751	1,332,486	1,352,616	285,076	26
2022								1,810,560	1,815,653	1,798,403	688,730	28
2023									2,111,178	2,075,065	1,312,841	25
2024										2,379,621	2,070,647	18
Total										$ 14,994,380		

Accident Year	Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 80,079	$ 205,207	$ 374,666	$ 528,935	$ 665,272	$ 745,994	$ 804,340	$ 862,557	$ 916,787	$ 948,434
2016		67,290	203,890	383,909	550,589	667,761	757,110	860,423	944,014	996,649
2017			77,719	251,172	447,743	632,721	767,665	922,090	1,038,695	1,119,123
2018				85,148	261,789	432,148	611,323	801,409	979,311	1,122,768
2019					86,531	271,854	467,267	699,906	902,686	1,073,894
2020						70,540	222,274	417,860	614,351	812,453
2021							75,101	265,080	484,588	794,392
2022								92,248	352,886	704,307
2023									91,733	366,496
2024										95,137
Total										$ 8,033,653
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	178,312
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 7,139,039

Workers' Compensation
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2024	
For the Year Ended December 31,												
Unaudited												
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	IBNR	Cumulative Number of Reported Claims
2015	$ 712,800	$ 690,525	$ 650,997	$ 641,169	$ 626,432	$ 620,741	$ 617,477	$ 612,687	$ 603,731	$ 604,806	$ 14,681	58
2016		702,716	696,339	684,700	660,520	651,278	657,972	654,385	641,549	639,412	15,340	58
2017			762,093	733,505	689,622	673,216	683,880	682,153	675,871	669,988	15,800	58
2018				778,964	724,697	715,055	724,056	721,170	715,018	708,336	14,769	56
2019					784,281	721,018	732,762	734,034	722,456	714,086	18,751	54
2020						725,245	716,430	704,008	668,222	652,424	12,026	42
2021							742,687	701,703	667,517	649,222	22,916	46
2022								772,620	745,218	715,578	56,385	46
2023									784,906	758,657	146,880	45
2024										811,614	378,116	46
Total										$ 6,924,123		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
For the Year Ended December 31,										
Unaudited										
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 139,320	$ 323,744	$ 421,734	$ 477,541	$ 512,933	$ 531,512	$ 544,849	$ 557,215	$ 564,658	$ 570,125
2016		142,998	338,835	446,072	504,850	537,861	558,934	572,669	584,330	591,005
2017			153,456	362,299	468,817	525,753	559,198	583,258	603,006	617,243
2018				171,006	397,464	508,546	574,889	613,675	642,292	660,237
2019					184,715	397,376	515,914	581,003	618,324	644,772
2020						172,478	380,454	485,203	548,585	579,332
2021							172,729	384,867	490,648	547,863
2022								180,982	408,929	527,145
2023									195,204	418,788
2024										196,104
Total										$ 5,352,614
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	246,975
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 1,818,484

Professional Liability
(In thousands)

Accident Year	Loss and Loss Expenses Incurred, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	As of December 31, 2024 IBNR	Cumulative Number of Reported Claims
2015	$ 256,877	$ 255,638	$ 272,360	$ 274,229	$ 289,722	$ 281,461	$ 281,906	$ 286,203	$ 285,591	$ 285,252	$ 11,809	8
2016		307,902	322,107	359,228	400,178	437,690	467,183	462,868	449,033	452,769	15,280	10
2017			331,362	330,753	337,256	376,096	383,246	392,447	401,170	401,789	26,447	11
2018				333,254	320,784	332,201	358,676	381,613	397,102	393,029	59,723	11
2019					334,137	330,146	344,036	353,131	362,333	364,231	62,324	12
2020						391,532	373,550	336,231	312,169	299,806	56,121	11
2021							521,744	468,567	444,060	408,536	119,166	12
2022								644,950	582,764	553,174	307,294	12
2023									642,582	634,269	404,820	13
2024										648,064	499,645	13
Total										$ 4,440,919		

Accident Year	Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 20,271	$ 85,061	$ 139,244	$ 186,834	$ 215,640	$ 232,187	$ 239,162	$ 246,160	$ 258,640	$ 265,643
2016		28,432	102,079	200,949	254,694	296,742	356,717	404,669	412,243	421,639
2017			36,381	96,025	162,469	242,696	260,764	306,270	329,021	349,406
2018				28,072	99,433	154,953	198,351	243,813	283,349	315,361
2019					31,563	97,082	147,500	199,942	234,789	270,623
2020						27,895	79,968	128,579	168,670	196,332
2021							28,465	85,661	152,764	219,932
2022								33,336	90,416	160,965
2023									40,973	121,991
2024										40,200
Total										$ 2,362,092
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	49,908
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 2,128,735

Auto
(In thousands)

Accident Year	Loss and Loss Expenses Incurred, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	As of December 31, 2024 IBNR	Cumulative Number of Reported Claims
2015	$ 374,801	$ 398,090	$ 403,449	$ 411,886	$ 412,416	$ 410,762	$ 407,874	$ 409,797	$ 409,329	$ 410,218	$ 784	50
2016		414,205	415,208	425,808	426,365	423,216	423,171	425,063	426,814	425,280	1,648	48
2017			412,917	410,409	412,760	417,010	423,180	427,474	428,064	429,646	2,931	44
2018				423,120	443,203	459,826	474,469	502,221	511,283	513,458	5,358	43
2019					462,866	465,817	483,438	508,501	525,110	532,292	9,383	43
2020						493,527	396,616	407,515	433,980	440,625	5,170	29
2021							552,002	517,233	552,219	583,693	26,200	35
2022								723,266	740,688	763,806	83,225	41
2023									890,682	907,503	226,458	43
2024										1,062,427	569,636	41
Total										$ 6,068,948		

Accident Year	Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31, Unaudited 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 155,699	$ 255,990	$ 310,923	$ 353,772	$ 379,779	$ 392,093	$ 397,747	$ 401,130	$ 402,938	$ 405,009
2016		178,350	270,304	330,222	375,891	394,720	404,241	412,624	418,672	421,309
2017			173,668	256,952	314,336	356,864	385,822	403,421	414,033	421,898
2018				173,779	272,020	337,599	397,517	445,527	479,144	493,942
2019					179,847	279,858	360,921	423,225	473,940	499,996
2020						136,899	213,638	285,875	346,892	402,177
2021							168,497	289,016	379,966	476,462
2022								237,885	394,136	531,324
2023									271,552	467,227
2024										295,450
Total										$ 4,414,794
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	2,295
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 1,656,449

Short-tail lines
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2024	
For the Year Ended December 31,												
Unaudited												
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	IBNR	Cumulative Number of Reported Claims
2015	$ 718,877	$ 708,711	$ 705,938	$ 704,501	$ 697,123	$ 695,584	$ 693,963	$ 694,284	$ 699,018	$ 697,949	$ 1,485	29
2016		752,238	756,684	744,208	738,577	732,853	735,299	733,993	734,306	732,544	1,814	31
2017			730,239	729,675	723,989	722,967	722,697	723,925	722,551	722,138	2,262	39
2018				741,002	731,643	728,426	726,956	724,399	723,401	718,987	4,803	46
2019					703,177	684,671	674,717	668,632	668,628	658,367	4,744	41
2020						882,508	887,821	905,858	909,800	912,987	3,715	36
2021							805,048	809,924	793,394	790,478	11,207	33
2022								904,554	889,173	880,040	25,611	31
2023									1,035,378	997,176	66,732	28
2024										1,254,576	450,792	24
Total										$ 8,365,242		

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
For the Year Ended December 31,										
Unaudited										
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 380,892	$ 592,871	$ 647,710	$ 669,556	$ 678,891	$ 684,679	$ 691,365	$ 691,545	$ 700,792	$ 702,432
2016		403,529	652,336	693,535	708,340	713,193	719,883	720,716	725,721	727,943
2017			429,132	667,750	695,566	707,472	710,624	717,788	723,111	725,516
2018				401,547	645,228	691,499	708,449	707,471	712,526	715,238
2019					392,083	600,257	629,427	641,809	649,886	651,960
2020						447,105	768,617	829,586	884,460	888,746
2021							388,917	677,015	732,996	755,877
2022								440,856	761,924	827,552
2023									531,838	846,828
2024										559,186
Total										$ 7,401,278
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	5,937
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 969,901

Reinsurance & Monoline Excess

Casualty
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2024
	For the Year Ended December 31,										
	Unaudited										
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	IBNR
2015	$ 285,491	$ 261,479	$ 260,696	$ 281,470	$ 321,934	$ 331,370	$ 333,368	$ 335,541	$ 336,653	$ 346,178	$ 9,461
2016		265,059	277,255	269,643	292,188	325,777	325,590	332,538	328,079	332,140	12,449
2017			255,303	245,631	263,327	285,053	304,542	320,518	334,003	344,072	19,683
2018				245,491	235,054	254,696	270,699	282,547	310,129	327,489	26,167
2019					260,178	257,452	264,664	265,001	294,105	315,025	35,101
2020						333,743	329,319	327,257	346,355	345,540	62,760
2021							425,922	428,105	421,190	423,874	118,203
2022								488,982	501,517	474,466	208,624
2023									472,810	466,192	305,158
2024										429,455	382,444
Total										$ 3,804,431	

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 24,672	$ 61,106	$ 110,230	$ 163,728	$ 203,940	$ 232,001	$ 260,577	$ 278,540	$ 295,608	$ 308,837
2016		26,599	73,546	115,017	159,651	193,167	228,163	249,017	267,375	279,490
2017			25,295	54,395	86,509	143,838	169,379	198,517	233,096	269,239
2018				18,921	52,668	93,211	128,691	163,823	207,435	245,037
2019					21,506	52,609	81,222	116,579	170,169	219,777
2020						28,291	66,937	109,396	171,527	217,958
2021							24,649	76,977	145,859	211,884
2022								28,029	83,590	159,100
2023									17,622	66,568
2024										16,794
Total										$ 1,994,684
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	357,939
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 2,167,686

Monoline Excess
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2024
	For the Year Ended December 31,										
	Unaudited										
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	IBNR
2015	$ 69,977	$ 57,897	$ 50,099	$ 45,115	$ 39,682	$ 39,781	$ 36,774	$ 32,604	$ 33,590	$ 28,220	$ 5,749
2016		72,657	70,281	71,404	64,957	65,485	65,222	63,932	59,804	55,371	5,800
2017			76,701	80,508	70,749	71,025	66,795	65,147	62,213	57,073	8,242
2018				77,820	72,505	71,448	66,180	60,347	58,244	54,784	14,257
2019					78,929	77,482	76,242	76,478	73,571	70,929	13,613
2020						84,354	83,468	82,952	80,946	70,219	23,018
2021							98,110	90,980	89,220	84,681	27,325
2022								128,923	101,725	100,612	26,481
2023									110,446	86,901	41,059
2024										120,046	98,632
Total										$ 728,836	

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 2,069	$ 2,481	$ 3,272	$ 4,099	$ 4,416	$ 5,083	$ 5,421	$ 6,457	$ 6,844	$ 7,402
2016		2,498	4,783	5,573	5,928	7,685	9,883	11,819	13,569	16,872
2017			6,282	12,810	15,356	17,327	18,375	19,275	21,275	23,523
2018				6,141	8,230	9,368	10,359	12,414	13,583	14,952
2019					6,241	10,884	12,728	15,436	18,836	21,094
2020						4,869	8,699	10,471	12,869	15,427
2021							4,586	6,026	8,872	11,412
2022								5,898	10,564	17,778
2023									6,390	12,471
2024										5,723
Total										$ 146,654
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	577,639
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 1,159,821

Property
(In thousands)

Loss and Loss Expenses Incurred, Net of Reinsurance											As of December 31, 2024
	For the Year Ended December 31,										
	Unaudited										
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	IBNR
2015	$ 141,484	$ 132,570	$ 146,437	$ 145,422	$ 144,486	$ 146,140	$ 145,697	$ 146,346	$ 146,893	$ 146,485	$ 444
2016		185,533	191,947	198,909	198,523	204,004	201,996	203,070	204,190	203,198	781
2017			227,950	223,315	222,463	221,413	215,295	215,723	216,854	215,714	347
2018				125,574	128,611	120,284	121,985	120,254	118,633	117,569	918
2019					119,838	93,038	97,748	96,681	96,575	95,708	1,282
2020						131,649	133,897	132,670	137,504	136,155	844
2021							156,046	168,265	165,760	161,699	2,766
2022								205,886	205,569	202,600	24,379
2023									176,457	172,995	37,096
2024										255,770	137,881
Total										$ 1,707,893	

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance										
	For the Year Ended December 31,									
	Unaudited									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 64,495	$ 103,634	$ 123,995	$ 133,605	$ 137,708	$ 140,564	$ 141,963	$ 143,103	$ 143,999	$ 144,369
2016		91,514	150,326	174,449	185,937	193,595	195,736	200,070	201,985	202,409
2017			87,892	162,814	194,150	202,436	206,018	209,232	211,837	212,577
2018				46,892	80,976	98,416	103,833	112,061	113,418	114,035
2019					35,563	69,694	83,990	86,633	88,628	90,550
2020						39,652	81,238	102,593	111,508	118,503
2021							31,624	92,579	130,371	145,315
2022								56,483	128,640	152,174
2023									58,316	110,095
2024										69,379
Total										$ 1,359,406
									Reserves for loss and loss adjustment expenses before 2015, net of reinsurance	1,971
									Reserves for loss and loss adjustment expenses, net of reinsurance	$ 350,458

The reconciliation of the net incurred and paid claims development tables to the reserves for losses and loss expenses in the consolidated balance sheet is as follows:

(In thousands)	December 31, 2024
Undiscounted reserves for loss and loss expenses, net of reinsurance:	
Other liability	$ 7,139,039
Workers' compensation	1,818,484
Professional liability	2,128,735
Auto	1,656,449
Short-tail lines	969,901
Other	180,628
Insurance	13,893,236
Casualty	2,167,686
Monoline excess	1,159,821
Property	350,458
Reinsurance & Monoline Excess	3,677,965
Total undiscounted reserves for loss and loss expenses, net of reinsurance	$ 17,571,201

(In thousands)	December 31, 2024
Due from reinsurers on unpaid claims:	
Other liability	$ 1,044,974
Workers' compensation	175,244
Professional liability	1,148,320
Auto	82,331
Short-tail lines	434,368
Other	121,010
Insurance	3,006,247
Casualty	104,928
Monoline excess	36,042
Property	54,172
Reinsurance & Monoline Excess	195,142
Total due from reinsurers on unpaid claims	$ 3,201,389

(In thousands)		December 31, 2024
Loss reserve discount:		
	Other liability	$ —
	Workers' compensation	(11,662)
	Professional liability	—
	Auto	—
	Short-tail lines	—
	Other	—
	Insurance	(11,662)
	Casualty	(68,788)
	Monoline excess	(324,110)
	Property	—
	Reinsurance & Monoline Excess	(392,898)
Total loss reserve discount		$ (404,560)
Total gross reserves for loss and loss expenses		$ 20,368,030

The following is supplementary information regarding average historical claims duration as of December 31, 2024:

Insurance

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9	10
Other liability	5.7 %	13.2 %	15.8 %	16.2 %	13.2 %	10.6 %	8.6 %	6.5 %	5.0 %	3.1 %
Workers' compensation	24.7 %	31.1 %	16.3 %	9.1 %	5.2 %	3.5 %	2.5 %	2.0 %	1.1 %	0.9 %
Professional liability	7.3 %	16.0 %	16.3 %	14.8 %	9.0 %	10.1 %	6.7 %	3.1 %	3.2 %	2.5 %
Auto	33.7 %	20.4 %	14.8 %	12.1 %	8.2 %	4.2 %	2.2 %	1.4 %	0.5 %	0.5 %
Short-tail lines	53.1 %	33.6 %	6.2 %	2.8 %	0.7 %	0.8 %	0.5 %	0.3 %	0.8 %	0.2 %

Reinsurance & Monoline Excess

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9	10
Casualty	6.3 %	11.0 %	12.7 %	14.5 %	11.7 %	11.2 %	9.0 %	7.1 %	4.3 %	3.8 %
Monoline excess	7.3 %	5.1 %	3.3 %	2.7 %	3.1 %	2.6 %	2.7 %	3.6 %	3.7 %	2.0 %
Property	34.4 %	32.1 %	15.1 %	5.6 %	3.7 %	1.5 %	1.2 %	0.7 %	0.4 %	0.3 %

The table below provides a reconciliation of the beginning and ending reserve balances:

(In thousands)	2024	2023	2022
Net reserves at beginning of year	$ 15,661,820	$ 14,248,879	$ 12,848,362
Net provision for losses and loss expenses:			
Claims occurring during the current year (1)	7,083,999	6,311,780	5,774,713
Increase in estimates for claims occurring in prior years (2)	14,350	29,681	54,511
Loss reserve discount accretion	33,246	30,681	32,526
Total	7,131,595	6,372,142	5,861,750
Net payments for claims:			
Current year	1,278,585	1,217,078	1,068,577
Prior year	4,205,845	3,764,532	3,279,333
Total	5,484,430	4,981,610	4,347,910
Foreign currency translation	(142,344)	22,409	(113,323)
Net reserves at end of year	17,166,641	15,661,820	14,248,879
Ceded reserve at end of year	3,201,389	3,077,832	2,762,344
Gross reserves at end of year	$ 20,368,030	$ 18,739,652	$ 17,011,223
Net change in premiums and losses occurring in prior years:			
Increase in estimates for claims occurring in prior years (2)	$ (14,350)	$ (29,681)	$ (54,511)
Retrospective premium adjustments for claims occurring in prior years (3)	18,782	10,782	18,106
Net premium and reserve development on prior years	$ 4,432	$ (18,899)	$ (36,405)

(1) Claims occurring during the current year are net of loss reserve discounts of $49 million, $47 million and $35 million in 2024, 2023, and 2022, respectively.
(2) The change in estimates for claims occurring in prior years is net of loss reserve discount. On an undiscounted basis, the estimates for claims occurring in prior years increased by $13 million in 2024, decreased by $13 million in 2023, and increased by $16 million in 2022.
(3) For certain retrospectively rated insurance polices and reinsurance agreements, changes in loss and loss expenses for prior years are offset by additional or return premiums.

The ultimate net impact of COVID-19 on the Company's reserves remains uncertain. As of December 31, 2024, the Company had recognized losses for COVID-19-related claims activity, net of reinsurance, of approximately $381 million, of which $326 million relates to the Insurance segment and $55 million relates to the Reinsurance & Monoline Excess segment. Such $381 million of COVID-19-related losses included $379 million of reported losses and $2 million of IBNR.

Favorable prior year development (net of additional and return premiums) was $4 million in 2024.

Insurance – Reserves for the Insurance segment developed unfavorably by $8 million in 2024 (net of additional and return premiums). The adverse development was driven by the commercial auto liability and other liability occurrence lines of business, and was largely offset by favorable development for workers' compensation, professional liability, products liability, and commercial property lines of business.

The adverse commercial auto liability development was concentrated in accident years 2021 through 2023, while the adverse other liability occurrence development was focused across accident years 2015 through 2022. The majority of the other liability occurrence development was driven by umbrella and excess liability claims, of which a significant portion related to underlying commercial auto exposures. The Company believes that commercial auto-related claims are being particularly impacted by social inflation, which is contributing to an increase in the frequency of large losses beyond expectations. Social inflation can include higher settlement demands from plaintiffs, use of aggressive actions by the plaintiffs' bar such as litigation funding, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among other factors.

The favorable workers' compensation development for the Insurance segment was mainly related to accident years 2016 through 2023, with accident years 2020 through 2023 contributing the most. For workers' compensation, favorable reported claim frequency, below expectations, continued to be the main driver of the favorable reserve development. The

favorable development for both the professional liability and products liability lines of business was related mainly to accident years 2020 through 2023. For both of these lines, reported claim frequency and incurred losses for accident years 2020 through 2023 were better than expected, which drove the favorable reserve development. Business written in these years also benefitted from significant price increases, which the Company now believes will result in higher profitability than initially anticipated. The favorable development for commercial property was mainly associated with the 2023 accident year, and resulted from better than expected settlements for both catastrophe related and non-catastrophe claims.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $12 million in 2024 (net of additional and return premiums). The favorable development was driven mainly by excess workers' compensation business, partially offset by adverse development in the non-proportional reinsurance assumed liability line of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses relative to expectations, and favorable claim settlements spread across many prior accident years. The unfavorable development for non-proportional reinsurance was concentrated mainly in accident years 2015 through 2019 and was associated primarily with our U.S. and U.K. excess general liability reinsurance businesses, including coverage for cedants insuring construction projects.

Unfavorable prior year development (net of additional and return premiums) was $19 million in 2023.

Insurance – Reserves for the Insurance segment developed unfavorably by $21 million in 2023 (net of additional and return premiums). The unfavorable development for the segment was concentrated in the early part of the year. A key driver of the unfavorable development early in 2023 was property catastrophe losses related to 2022 events which were still being adjusted and settled during the early part of 2023. In particular, losses related to U.S. winter storms which occurred during the month of December 2022 were a significant contributor to the development, as information gathering and evaluation of many of these claims were still ongoing into the new year.

In addition to the property prior year development discussed above, during 2023 the Insurance segment also experienced adverse prior year development on casualty lines of business for the 2016 through 2019 accident years, which was offset by favorable prior year development on casualty lines of business for the 2020 through 2022 accident years. The unfavorable development on the 2016 through 2019 accident years was concentrated in the general liability and commercial auto liability lines of business. The development, which particularly impacted business attaching excess of primary policy limits, was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

The favorable prior year development on casualty lines for the 2020 through 2022 accident years in the Insurance segment was concentrated in the professional liability, workers' compensation, and general liability lines of business. Due to elevated uncertainty regarding incurred loss frequency and severity as a result of ongoing social inflation and the impacts of the COVID-19 pandemic, the Company set its initial loss ratios for the 2020 through 2022 accident years prudently, and largely maintained these estimates through the end of each respective accident year. The reported loss experience to date for these lines of business for the 2020 through 2022 accident years has been significantly better than was expected, and the Company has begun to react to this favorable emergence as the accident years mature beyond the age of twelve months. It should also be noted that commercial auto liability experienced adverse prior year development for the 2020 through 2022 accident years, which partially offset the favorable development discussed above; the adverse development was driven by a larger than expected number of large losses reported.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $2 million in 2023 (net of additional and return premiums). The overall favorable prior year development for the segment was driven mainly by favorable development in excess workers' compensation, substantially offset by unfavorable development in the non-proportional reinsurance assumed liability, excess general liability (including umbrella), and commercial auto liability lines of business. The favorable excess workers' compensation development was driven by continued lower claim frequency and reported losses relative to our expectations, and to favorable claim settlements. The favorable development was spread across many prior accident years. The unfavorable development for non-proportional reinsurance assumed liability and excess general liability was associated primarily with our U.S. assumed reinsurance business, and related to accounts reinsuring excess and umbrella business and construction projects. The adverse development was concentrated mainly in accident years 2017 through 2020. The unfavorable development for commercial auto liability was concentrated in the 2022 accident year and related to commercial auto program business.

Unfavorable prior year development (net of additional and return premiums) was $36 million in 2022.

Insurance – Reserves for the Insurance segment developed unfavorably by $41 million in 2022 (net of additional and return premiums). The unfavorable development in the segment primarily related to COVID-19 losses at two businesses. These businesses wrote policies providing coverage for event cancellation and film production delay which were heavily impacted by losses directly caused by the COVID-19 pandemic. Most of this COVID-19 related unfavorable development emerged during the third quarter as a result of settlements of claims at values higher than our expectations. However, the Company believes that as a result of these settlements the remaining level of uncertainty around the ultimate value of its known COVID-19 claims has been significantly reduced.

The unfavorable development mentioned above also includes favorable prior year development for the Insurance segment primarily attributable to the 2020 and 2021 accident years and unfavorable development on the 2015 through 2019 accident years. The favorable development on the 2020 and 2021 accident years was concentrated in certain casualty lines of business including general liability, professional liability, and workers' compensation. The Company experienced lower reported claim frequency in these lines of business during 2020 and 2021 relative to historical averages, and continued to experience lower reported incurred losses relative to its expectations for these accident years as they developed during 2022. These trends began in 2020 and we believe were caused by the impacts of the COVID-19 pandemic, including for example, lockdowns, reduced driving/traffic and increased work from home. Due to the uncertainty regarding the ultimate impacts of the pandemic on accident years 2020 and 2021 incurred losses, the Company was cautious in reacting to these lower trends in setting and updating its loss ratio estimates for these years. As these accident years have continued to mature, the Company has continued to recognize some of the favorable reported experience in its ultimate loss estimates made during 2022.

The unfavorable development on the 2015 through 2019 accident years was concentrated in the general liability and professional liability, including medical professional, lines of business, as well as auto liability. The development was driven by a larger than expected number of large losses reported. The Company believes social inflation is contributing to an increase in the frequency of large losses for these accident years. Social inflation can include higher settlement demands from plaintiffs, use of tactics such as litigation funding by the plaintiffs' bar, negative public sentiment towards large businesses and corporations, and erosion of tort reforms, among others.

Reinsurance & Monoline Excess – Reserves for the Reinsurance & Monoline Excess segment developed favorably by $5 million in 2022 (net of additional and return premiums). The overall favorable development for the segment was driven mainly by favorable development in excess workers compensation, substantially offset by unfavorable development in the professional liability, non-proportional reinsurance assumed liability, and commercial auto liability lines of business. The favorable excess workers' compensation development was spread across most prior accident years, including 2012 and prior years, and was driven by a review of the Company's claim reporting patterns as well as a number of favorable claim settlements relative to expectations. The unfavorable professional liability and non-proportional reinsurance assumed liability development was concentrated mainly in accident years 2016 through 2018 and was associated primarily with our U.S. assumed reinsurance business and related to accounts insuring construction projects and professional liability exposures. The unfavorable development for commercial auto liability was concentrated in the 2021 accident year and related to commercial auto program business.

Environmental and Asbestos — To date, known environmental and asbestos claims have not had a material impact on the Company's operations, because its subsidiaries generally did not insure large industrial companies that are subject to significant environmental or asbestos exposures prior to 1986 when an absolute exclusion was incorporated into standard policy language.

The Company's net reserves for losses and loss expenses relating to asbestos and environmental claims on policies written before adoption of the absolute exclusion was $16 million and $17 million at December 31, 2024 and 2023, respectively. The estimation of these liabilities is subject to significantly greater than normal variation and uncertainty because it is difficult to make an actuarial estimate of these liabilities due to the absence of a generally accepted actuarial methodology for these exposures and the potential effect of significant unresolved legal matters, including coverage issues, as well as the cost of litigating the legal issues. Additionally, the determination of ultimate damages and the final allocation of such damages to financially responsible parties are highly uncertain.

Discounting — The Company discounts its liabilities for certain workers' compensation reserves. The amount of workers' compensation reserves that were discounted was $1,358 million and $1,352 million at December 31, 2024 and 2023, respectively. The aggregate net discount for those reserves, after reflecting the effects of ceded reinsurance, was $405 million and $390 million at December 31, 2024 and 2023, respectively. At December 31, 2024, discount rates by year ranged from 0.7% to 6.5%, with a weighted average discount rate of 3.6%.

Substantially all discounted workers' compensation reserves (97% of total discounted reserves at December 31, 2024) are excess workers' compensation reserves. In order to properly match loss expenses with income earned on investment securities supporting the liabilities, reserves for excess workers' compensation business are discounted using risk-free discount

rates determined by reference to the U.S. Treasury yield curve. These rates are determined annually based on the weighted average rate for the period. Once established, no adjustments are made to the discount rate for that period, and any increases or decreases in loss reserves in subsequent years are discounted at the same rate, without regard to when any such adjustments are recognized. The expected loss and loss expense payout patterns subject to discounting are derived from the Company's loss payout experience.

The Company also discounts reserves for certain other long-duration workers' compensation reserves (representing approximately 3% of total discounted reserves at December 31, 2024), including reserves for quota share reinsurance and reserves related to losses regarding occupational lung disease. These reserves are discounted at statutory rates prescribed or permitted by the Department of Insurance of the State of Delaware.

(14) Premiums and Reinsurance Related Information

The Company reinsures a portion of its insurance exposures in order to reduce its net liability on individual risks and catastrophe losses. Reinsurance coverage and retentions vary depending on the line of business, location of the risk and nature of loss. The Company's reinsurance purchases include the following: property reinsurance treaties that reduce exposure to large individual property losses and catastrophe events; casualty reinsurance treaties that reduce its exposure to large individual casualty losses, workers' compensation catastrophe losses and casualty losses involving multiple claimants or insureds; and facultative reinsurance that reduces exposure on individual policies or risks for losses that exceed treaty reinsurance capacity. Depending on the business, the Company purchases specific additional reinsurance to supplement the above programs.

The following is a summary of reinsurance financial information:

(In thousands)	2024	2023	2022
Written premiums:			
Direct	$ 12,904,893	$ 11,676,743	$ 10,695,138
Assumed	1,306,198	1,295,263	1,213,914
Ceded	(2,238,995)	(2,017,539)	(1,904,982)
Total net written premiums	$ 11,972,096	$ 10,954,467	$ 10,004,070
Earned premiums:			
Direct	$ 12,346,924	$ 11,112,980	$ 10,217,891
Assumed	1,364,774	1,246,288	1,226,801
Ceded	(2,163,213)	(1,958,581)	(1,883,263)
Total net earned premiums	$ 11,548,485	$ 10,400,687	$ 9,561,429
Ceded losses and loss expenses incurred	$ 1,368,279	$ 1,376,144	$ 1,269,338
Ceded commission earned	$ 505,753	$ 471,841	$ 477,437

The following table presents the rollforward of the allowance for expected credit losses for premiums and fees receivable for the years ended December 31, 2024 and 2023:

(In thousands)	2024	2023
Allowance for expected credit losses, beginning of period	$ 35,110	$ 30,660
Change in allowance for expected credit losses	4,774	4,450
Allowance for expected credit losses, end of period	$ 39,884	$ 35,110

The following table presents the rollforward of the allowance for expected credit losses associated with due from reinsurers for the years ended December 31, 2024 and 2023:

(In thousands)	2024	2023
Allowance for expected credit losses, beginning of period	$ 8,404	$ 8,064
Change in allowance for expected credit losses	(54)	340
Allowance for expected credit losses, end of period	$ 8,350	$ 8,404

The following table presents the amounts due from reinsurers as of December 31, 2024:

(In thousands)	
Lifson Re	$ 416,509
Lloyd's of London	356,338
Partner Re	314,891
Munich Re	287,864
Berkshire Hathaway	274,182
Hannover Re Group	222,719
Renaissance Re	215,300
Swiss Re	159,462
Liberty Mutual	120,381
Everest Re	93,223
Axis Capital	83,756
Arch Capital Group	67,357
Sompo Holdings Group	59,074
Fairfax Financial	58,585
Nationwide Group	52,111
Korean Re	51,233
Axa Insurance	50,002
TOA RE	47,501
Markel Corp Group	42,982
MS & AD Insurance Group	34,680
Helvetia Holdings Group	29,490
Chubb Group	26,708
Other reinsurers less than $20,000	380,775
Subtotal	3,445,123
Residual market pools (1)	120,922
Allowance for expected credit losses	(8,350)
Total	$ 3,557,695

(1) Many states require licensed insurers that provide workers' compensation insurance to participate in programs that provide workers' compensation to employers that cannot procure coverage from an insurer on a voluntary basis. Insurers can fulfill this residual market obligation by participating in pools where results are shared by the participating companies. The Company acts as a servicing carrier for workers' compensation pools in certain states. As a servicing carrier, the Company writes residual market business directly and then cedes 100% of this business to the respective pool. As a servicing carrier, the Company receives fee income for its services. The Company does not retain underwriting risk, and credit risk is limited as ceded balances are jointly shared by all the pool members.

(15) Indebtedness

Indebtedness consisted of the following as of December 31, 2024 (the difference between the face value and the carrying value is unamortized discount and debt issuance costs):

(In thousands)	Interest Rate	Face Value	Carrying Value	
			2024	2023
Senior notes and other debt due on:				
February 15, 2037	6.250%	$ 250,000	$ 248,666	$ 248,556
August 1, 2044	4.750%	350,000	346,389	346,205
May 12, 2050	4.000%	470,000	489,207	489,964
March 30, 2052	3.550%	400,000	394,609	394,411
September 30, 2061	3.150%	350,000	343,314	343,129
Subsidiary debt and other (1)	Various	8,973	8,973	5,686
Total senior notes and other debt		$ 1,828,973	$ 1,831,158	$ 1,827,951
Subordinated debentures due on:				
March 30, 2058	5.700%	$ 185,000	$ 179,650	$ 179,489
December 30, 2059	5.100%	300,000	291,656	291,418
September 30, 2060	4.250%	250,000	244,813	244,668
March 30, 2061	4.125%	300,000	293,689	293,515
Total subordinated debentures		$ 1,035,000	$ 1,009,808	$ 1,009,090

(1) Subsidiary debt of $9.4 million is due in 2025, partially offset by the unamortized cost of $0.4 million due to entering into the $300 million senior unsecured revolving credit facility.

On April 1, 2022, the Company entered into a senior unsecured revolving credit facility that provides for revolving, unsecured borrowings up to an aggregate of $300 million with a $50 million sublimit for letters of credit. The Company may increase the amount available under the facility to a maximum of $500 million subject to obtaining lender commitments for the increase and other customary conditions. Borrowings under the facility may be used for working capital and other general corporate purposes. All borrowings under the facility must be repaid by April 1, 2027, except that letters of credit outstanding on that date may remain outstanding until April 1, 2028 (or such later date approved by all lenders). Our ability to utilize the facility is conditioned on the satisfaction of representations, warranties and covenants that are customary for facilities of this type. As of December 31, 2024, there were no borrowings outstanding under the facility.

(16) Income Taxes

Income tax expense (benefit) consists of:

(In thousands)	Current Expense	Deferred Expense (Benefit)	Total
December 31, 2024			
Domestic	$ 344,210	$ 51,754	$ 395,964
Foreign	69,312	44,640	113,952
Total expense	$ 413,522	$ 96,394	$ 509,916
December 31, 2023			
Domestic	$ 352,891	$ (43,456)	$ 309,435
Foreign	44,372	16,750	61,122
Total expense (benefit)	$ 397,263	$ (26,706)	$ 370,557
December 31, 2022			
Domestic	$ 295,849	$ (27,544)	$ 268,305
Foreign	42,890	23,532	66,422
Total expense (benefit)	$ 338,739	$ (4,012)	$ 334,727

Income before income taxes from domestic operations was $1,840 million, $1,430 million and $1,240 million for the years ended December 31, 2024, 2023 and 2022, respectively. Income before income taxes from foreign operations was $424 million, $324 million and $480 million for the years ended December 31, 2024, 2023 and 2022, respectively.

A reconciliation of the income tax expense and the amounts computed by applying the Federal and foreign income tax rate of 21% for 2024, 2023 and 2022 to pre-tax income are as follows:

(In thousands)	2024	2023	2022
Computed “expected” tax expense	$ 475,543	$ 368,425	$ 361,133
Tax-exempt investment income	(7,110)	(8,361)	(10,815)
Change in valuation allowance	(220)	(10,883)	(28,064)
Impact of foreign operations and related tax rates	19,317	(1,896)	(3,444)
State and local taxes, net of federal benefit	12,329	12,271	8,976
Other, net	10,057	11,001	6,941
Total expense	$ 509,916	$ 370,557	$ 334,727

At December 31, 2024 and 2023, the tax effects of differences that give rise to significant portions of the deferred tax asset and deferred tax liability are as follows:

(In thousands)	2024	2023
Deferred tax asset:		
Loss reserve discounting	$ 218,222	$ 230,956
Unearned premiums	216,721	200,938
Unrealized investment losses	58,701	126,693
Net operating losses & foreign tax credits	62,159	59,154
Other-than-temporary impairments	7,149	12,691
Employee compensation plans	70,529	68,062
Other	81,915	78,025
Gross deferred tax asset	715,396	776,519
Less valuation allowance	(36,063)	(36,283)
Deferred tax asset	679,333	740,236
Deferred tax liability:		
Amortization of intangibles	15,124	15,205
Loss reserve discounting - transition rule	4,944	9,894
Deferred policy acquisition costs	195,150	176,281
Property, furniture and equipment	45,276	43,501
Investment funds	184,899	161,867
Other	78,874	66,525
Deferred tax liability	524,267	473,273
Net deferred tax asset	$ 155,066	$ 266,963

The Company had a net current tax payable of $14 million and $46 million at December 31, 2024 and 2023, respectively. At December 31, 2024, the Company had foreign net operating loss carryforwards of $196 million that have no expiration date. At both December 31, 2024 and 2023, the Company had a valuation allowance of $36 million. The Company has provided a valuation allowance against the utilization of $13 million of foreign tax credits and the future net operating loss carryforward benefits of $23 million for certain foreign operations. The statute of limitations for the Company's U.S. Federal income tax returns has closed for all years through December 31, 2020.

The realization of the deferred tax asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for future current operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of this asset.

The Company has not provided U.S. deferred income taxes on the undistributed earnings of approximately $481 million of its non-U.S. subsidiaries since these earnings are intended to be permanently reinvested in the non-U.S. subsidiaries. In the future, if such earnings were distributed the Company projects that the incremental tax, if any, will be immaterial.

(17) Dividends from Subsidiaries and Statutory Financial Information

The Company's insurance subsidiaries are restricted by law as to the amount of dividends they may pay without the approval of regulatory authorities. The Company's lead insurer, Berkley Insurance Company ("BIC"), directly or indirectly owns all of the Company's other insurance companies. During 2025, the maximum amount of dividends that can be paid by BIC without such approval is approximately $1.6 billion.

BIC's combined net income and statutory capital and surplus, as determined in accordance with statutory accounting practices ("SAP"), are as follows:

(In thousands)	2024	2023	2022
Net income	$ 1,624,686	$ 1,176,255	$ 1,358,813
Statutory capital and surplus	$ 9,421,874	$ 8,776,138	$ 8,330,587

The significant variances between SAP and GAAP are that for statutory purposes bonds are carried at amortized cost, unrealized gains and losses on equity securities are recorded in surplus, acquisition costs are charged to income as incurred, deferred Federal income taxes are subject to limitations, excess and assumed workers' compensation reserves are discounted at different discount rates and certain assets designated as "non-admitted assets" are charged against surplus. The Commissioner of Insurance of the State of Delaware has allowed BIC to recognize a non-tabular discount on certain workers' compensation loss reserves, which is a permitted practice that differs from SAP. The effect of using this permitted practice was an increase to BIC's statutory capital and surplus by $163 million at December 31, 2024.

The National Association of Insurance Commissioners ("NAIC") has risk-based capital ("RBC") requirements that require insurance companies to calculate and report information under a risk-based formula which measures statutory capital and surplus needs based on a regulatory definition of risk in a company's mix of products and its balance sheet. This guidance is used to calculate two capital measurements: Total Adjusted Capital and RBC Authorized Control Level. Total Adjusted Capital is equal to the Company's statutory capital and surplus excluding capital and surplus derived from the use of permitted practices that differ from statutory accounting practices. RBC Authorized Control Level is the capital level used by regulatory authorities to determine whether remedial action is required. Generally, no remedial action is required if Total Adjusted Capital is 200% or more of the RBC Authorized Control Level. At December 31, 2024, BIC's Total Adjusted Capital of $9.3 billion was 411% of its RBC Authorized Control Level.

See Note 3, Investments in Fixed Maturity Securities, for a description of assets held on deposit as security.

(18) Common Stockholders' Equity

The weighted average number of shares used in the computation of net income per share was as follows:

(In thousands)	2024	2023	2022
Basic	399,734	406,500	415,278
Diluted	403,224	409,948	419,192

Treasury shares have been excluded from average outstanding shares from the date of acquisition. The weighted average number of basic shares outstanding includes the impact of 17,659,297 common shares held in a grantor trust. The common shares held in the grantor trust are for delivery upon settlement of vested but mandatorily deferred restricted stock units ("RSUs"). Shares held by the grantor trust do not affect diluted shares outstanding since shares deliverable under vested RSUs were already included in diluted shares outstanding. The difference in calculating basic and diluted net income per share is attributable entirely to the dilutive effect of stock-based compensation plans. Changes in shares of common stock outstanding, net of treasury shares, are presented below. Shares of common stock issued and outstanding do not include shares related to unissued restricted stock units (including shares held in the grantor trust).

	2024	2023	2022
Balance, beginning of year	384,817,136	396,819,150	397,756,323
Shares issued	951,930	1,059,500	1,118,418
Shares repurchased	(5,702,996)	(13,061,514)	(2,055,591)
Balance, end of year	380,066,070	384,817,136	396,819,150

The amount of dividends paid is dependent upon factors such as the receipt of dividends from our subsidiaries, our results of operations, cash flow, financial condition and business needs, the capital and surplus requirements of our subsidiaries, and applicable insurance regulations that limit the amount of dividends that may be paid by our regulated insurance subsidiaries.

(19) Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 2024 and 2023:

	2024		2023	
(In thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Assets:				
Fixed maturity securities	$ 22,397,865	$ 22,399,426	$ 20,178,308	$ 20,181,547
Equity securities	1,203,788	1,203,788	1,090,347	1,090,347
Arbitrage trading account	1,122,599	1,122,599	938,049	938,049
Loans receivable	405,453	405,248	201,271	198,244
Cash and cash equivalents	1,974,747	1,974,747	1,363,195	1,363,195
Trading accounts receivable from brokers and clearing organizations	60,327	60,327	303,614	303,614
Due from broker	—	—	36,747	36,747
Liabilities:				
Due to broker	70,483	70,483	—	—
Trading account securities sold but not yet purchased	73,358	73,358	9,357	9,357
Senior notes and other debt	1,831,158	1,425,852	1,827,951	1,480,076
Subordinated debentures	1,009,808	805,864	1,009,090	929,598

The estimated fair values of the Company's fixed maturity securities, equity securities available for sale and arbitrage trading account securities are based on various valuation techniques that rely on fair value measurements as described in Note 12 above. The fair value of loans receivable is estimated by using current institutional purchaser yield requirements for loans with similar credit characteristics, which is considered a Level 2 input. The fair value of the senior notes and other debt and the subordinated debentures is based on spreads for similar securities, which is considered a Level 2 input.

(20) Commitments, Litigation and Contingent Liabilities

In the ordinary course of business, the Company is subject to disputes, litigation and arbitration arising from its insurance and reinsurance businesses. These matters are generally related to insurance and reinsurance claims and are considered in the establishment of loss and loss expense reserves. In addition, the Company may also become involved in legal actions which seek extra-contractual damages, punitive damages or penalties, including claims alleging bad faith in handling of insurance claims. The Company expects its ultimate liability with respect to such matters will not be material to its financial condition. However, adverse outcomes on such matters are possible, from time to time, and could be material to the Company's results of operations in any particular financial reporting period.

On December 22, 2023, one of the Company's subsidiaries filed a lawsuit against certain reinsurers to recover in excess of $90 million in respect of certain losses paid to its policyholders under certain event cancellation and related insurance policies. The Company believes its claims against the reinsurers are meritorious and expects a positive resolution to its lawsuit. While an adverse outcome is possible, the Company believes that the outcome, in any case, will not be material to the Company's financial condition.

At December 31, 2024, the Company had commitments to invest up to $279 million and $48 million in certain investment funds and real estate construction projects, respectively.

(21) Leases

Lessees are required to recognize a right-of-use asset and a lease liability for leases with terms of more than 12 months on the balance sheet. All leases disclosed within this note are classified as operating leases. Recognized right-of-use asset and lease liability are reported within other assets and other liabilities, respectively, in the consolidated balance sheet. Lease expense is reported in other operating costs and expenses in the consolidated statement of income and accounted for on a straight-line basis over the lease term.

To determine the discount rate used to calculate present value of future minimum lease payments, the Company uses its incremental borrowing rate during the lease commencement period in line with the respective lease duration. In certain

cases, the Company has the option to renew the lease. Lease renewal future payments are included in the present value of the future minimum lease payments when the Company determines it is reasonably certain to renew.

The main leases entered into by the Company are for office space used by the Company's operating units across the world. Additionally, the Company, to a lesser extent, has equipment leases mainly for office equipment. Further information relating to operating lease expense and other operating lease information is as follows:

	For the Year Ended December 31,	
(In thousands)	**2024**	**2023**
Leases:		
Lease cost	$ 45,718	$ 44,256
Cash paid for amounts included in the measurement of lease liabilities reported in operating cash flows	$ 49,441	$ 49,910
Right-of-use assets obtained in exchange for new lease liabilities	$ 43,624	$ 53,753

	As of December 31,	
($ in thousands)	**2024**	**2023**
Right-of-use assets	$ 180,035	$ 176,496
Lease liabilities	$ 218,397	$ 218,621
Weighted-average remaining lease term	7.2 years	7.3 years
Weighted-average discount rate	5.59 %	5.10 %

Contractual maturities of the Company's future minimum lease payments are as follows:

(In thousands)	**December 31, 2024**
Contractual Maturities:	
2025	$ 48,822
2026	41,861
2027	32,775
2028	30,550
2029	27,374
Thereafter	81,980
Total undiscounted future minimum lease payments	263,362
Less: Discount impact	44,965
Total lease liability	$ 218,397

(22) Stock Incentive Plan

Pursuant to the Company's stock incentive plan, the Company may issue restricted stock units ("RSUs") to employees of the Company and its subsidiaries. The RSUs generally vest three to five years from the award date and are subject to other vesting and forfeiture provisions contained in the award agreement. The following table summarizes RSU information for the three years ended December 31, 2024:

	2024	2023	2022
RSUs granted and unvested at beginning of period:	6,435,267	6,927,639	7,716,779
Granted	1,217,056	1,647,690	1,537,440
Vested	(1,594,183)	(1,726,956)	(1,888,020)
Canceled	(323,743)	(413,106)	(438,560)
RSUs granted and unvested at end of period:	5,734,397	6,435,267	6,927,639

Upon vesting, shares of the Company’s common stock equal to the number of vested RSUs are issued or deferred to a later date, depending on the terms of the specific award agreement. As of December 31, 2024, 17,589,942 RSUs had been deferred. RSUs that have not yet vested and vested RSUs that have been deferred are not considered to be issued and outstanding shares.

The fair value of RSUs at the date of grant are recorded as unearned compensation, a component of stockholders’ equity, and expensed over the vesting period. Following is a summary of changes in unearned compensation for the three years ended December 31, 2024:

(In thousands)	2024	2023	2022
Unearned compensation at beginning of year	$ 148,080	$ 142,060	$ 135,535
RSUs granted, net of cancellations	63,347	62,418	60,628
RSUs expensed	(52,380)	(49,200)	(47,611)
RSUs forfeitures	(5,718)	(7,198)	(6,492)
Unearned compensation at end of year	$ 153,329	$ 148,080	$ 142,060

(23) Compensation Plans

The Company and its subsidiaries have profit sharing plans in which substantially all employees participate. The plans provide for minimum annual contributions of 5% of eligible compensation; contributions above the minimum are discretionary and vary with each participating businesses's profitability. Employees become eligible to participate in the plan on the first day of the calendar quarter following the first full calendar quarter after the employee's date of hire provided the employee has completed 250 hours of service during the calendar quarter. The plans provide that 40% of the contributions vest immediately and that the remaining 60% vest at varying percentages based upon years of service. Profit sharing expense was $72 million, $75 million and $62 million in 2024, 2023 and 2022, respectively.

The Company has a long-term incentive compensation plan ("LTIP") that provides for compensation to key executives based on the growth in the Company's book value per share over a five year period.

The following table summarizes the outstanding LTIP awards as of December 31, 2024:

	Units Outstanding	Maximum Value	Inception to date earned through December 31, 2024 on outstanding units
2020 grant	196,500	$ 19,650,000	$ 19,650,000
2021 grant	206,000	20,600,000	20,600,000
2022 grant	227,750	22,775,000	20,169,540
2023 grant	241,000	24,100,000	12,466,473
2024 grant	253,750	25,375,000	6,476,304

The following table summarizes the LTIP expense for each of the three years ended December 31, 2024:

(In thousands)	2024	2023	2022
2018 grant	$ —	$ (125)	$ 4,299
2019 grant	—	3,366	6,904
2020 grant	135	7,047	6,653
2021 grant	3,543	6,561	6,574
2022 grant	8,167	6,155	6,232
2023 grant	7,076	5,424	—
2024 grant	6,476	—	—
Total	$ 25,397	$ 28,428	$ 30,662

(24) Supplemental Financial Statement Data

Other operating costs and expenses consist of the following:

(In thousands)	2024	2023	2022
Amortization of deferred policy acquisition costs	$ 1,219,849	$ 1,038,975	$ 1,038,903
Insurance operating expenses	2,075,053	1,915,711	1,635,000
Insurance service expenses	90,640	91,714	96,419
Net foreign currency (gains) losses	(52,376)	31,799	(50,930)
Other costs and expenses	269,140	285,737	242,113
Total	$ 3,602,306	$ 3,363,936	$ 2,961,505

(25) Industry Segments

The Company’s reportable segments include the following two business segments, plus a corporate segment:

- Insurance - predominantly commercial insurance business, including excess and surplus lines, admitted lines and specialty personal lines throughout the United States, as well as insurance business in Asia, Australia, Canada, Continental Europe, Mexico, Scandinavia, South America and the United Kingdom.

- Reinsurance & Monoline Excess - reinsurance business on a facultative and treaty basis, primarily in the United States, United Kingdom, Continental Europe, Australia, the Asia-Pacific region and South Africa, as well as operations that solely retain risk on an excess basis and certain program management business.

The Company's chief operating decision maker ("CODM") is the President and Chief Executive Officer. The CODM assesses performance, makes decisions and allocates resources for each of the three reportable segments based on their contribution towards the Company's profitability and balance sheet strength. Certain key metrics such as combined ratio and return on allocated capital for the Insurance and Reinsurance & Monoline Excess segments, as well as Corporate segment expenditures, are examples of key components of the assessment, decision-making and resource-allocation process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Income tax expense and benefits are calculated based upon the Company’s overall effective tax rate.

Summary financial information about the Company’s reporting segments is presented in the following table. Income before income taxes by segment includes allocated investment income. Identifiable assets by segment are those assets used in or allocated to the operation of each segment.

(In thousands)	Revenues				Expenses				Pre-Tax Income (Loss)	Net Income (Loss) to Common Stockholders
	Earned Premiums (1)	Investment Income	Other	Total (2)	Losses and Loss Expenses	Policy Acquisition and Insurance Operating Expenses	Other	Total		
Year ended December 31, 2024										
Insurance	$ 10,086,308	$ 1,057,738	$ 37,455	$ 11,181,501	$ 6,332,490	$ 2,863,697	$ 43,231	$ 9,239,418	$ 1,942,083	$ 1,503,875
Reinsurance & Monoline Excess	1,462,177	234,728	—	1,696,905	799,105	431,205	—	1,230,310	466,595	367,569
Corporate, other and eliminations (3)	—	40,695	601,943	642,638	—	—	904,531	904,531	(261,893)	(203,832)
Net investment gains	—	—	117,708	117,708	—	—	—	—	117,708	88,503
Consolidated	$ 11,548,485	$ 1,333,161	$ 757,106	$ 13,638,752	$ 7,131,595	$ 3,294,902	$ 947,762	$ 11,374,259	$ 2,264,493	$ 1,756,115
Year ended December 31, 2023										
Insurance	$ 9,007,376	$ 783,660	$ 36,830	$ 9,827,866	$ 5,615,526	$ 2,545,310	$ 37,112	$ 8,197,948	$ 1,629,918	$ 1,283,281
Reinsurance & Monoline Excess	1,393,311	221,966	—	1,615,277	756,616	409,376	—	1,165,992	449,285	355,155
Corporate, other and eliminations (3)	—	47,209	605,544	652,753	—	—	1,024,595	1,024,595	(371,842)	(293,869)
Net investment gains	—	—	47,042	47,042	—	—	—	—	47,042	36,792
Consolidated	$ 10,400,687	$ 1,052,835	$ 689,416	$ 12,142,938	$ 6,372,142	$ 2,954,686	$ 1,061,707	$ 10,388,535	$ 1,754,403	$ 1,381,359
Year ended December 31, 2022										
Insurance	$ 8,171,828	$ 543,844	$ 33,347	$ 8,749,019	$ 5,013,614	$ 2,268,649	$ 31,294	$ 7,313,557	$ 1,435,462	$ 1,153,231
Reinsurance & Monoline Excess	1,389,601	200,512	—	1,590,113	848,136	405,254	—	1,253,390	336,723	271,580
Corporate, other and eliminations (3)	—	34,829	590,141	624,970	—	—	879,871	879,871	(254,901)	(203,476)
Net investment gains	—	—	202,397	202,397	—	—	—	—	202,397	159,727
Consolidated	$ 9,561,429	$ 779,185	$ 825,885	$ 11,166,499	$ 5,861,750	$ 2,673,903	$ 911,165	$ 9,446,818	$ 1,719,681	$ 1,381,062

Identifiable Assets

(In thousands)	December 31,	
	2024	2023
Insurance	$ 33,030,140	$ 29,976,619
Reinsurance & Monoline Excess	5,669,729	5,545,249
Corporate, other and eliminations (3)	1,867,399	1,680,147
Consolidated	$ 40,567,268	$ 37,202,015

(1) Certain amounts included in earned premiums of each segment are related to inter-segment transactions.

(2) Revenues for Insurance includes $1,471 million, $1,171 million, and $1,029 million in 2024, 2023 and 2022, respectively, from foreign countries. Revenues for Reinsurance & Monoline Excess includes $485 million, $463 million, and $412 million in 2024, 2023 and 2022, respectively, from foreign countries.

(3) Corporate, other and eliminations represent corporate revenues and expenses and certain other items that are not allocated to business segments.

Net premiums earned by major line of business were as follows:

(In thousands)	2024	2023	2022
Insurance			
Other liability	$ 4,068,662	$ 3,605,298	$ 3,188,399
Short-tail lines (1)	2,201,661	1,825,027	1,562,122
Auto	1,481,569	1,270,907	1,097,704
Workers' compensation	1,237,888	1,212,294	1,197,810
Professional liability	1,096,528	1,093,850	1,125,793
Total Insurance	10,086,308	9,007,376	8,171,828
Reinsurance & Monoline Excess			
Casualty (2)	771,329	821,826	893,777
Property (2)	424,296	330,359	278,807
Monoline Excess (3)	266,552	241,126	217,017
Total Reinsurance & Monoline Excess	1,462,177	1,393,311	1,389,601
Total	$ 11,548,485	$ 10,400,687	$ 9,561,429

(1) Short-tail lines include commercial multi-peril (non-liability), inland marine, accident and health, fidelity and surety, boiler and machinery, high net worth homeowners and other lines.

(2) Includes reinsurance casualty and property and certain program management business.

(3) Monoline excess includes operations that solely retain risk on an excess basis.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this annual report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company has in place effective controls and procedures designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act and the rules thereunder, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.
During the quarter ended December 31, 2024, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report On Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of Treadway Commission. Based on our evaluation under the framework in Internal Control - Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
W. R. Berkley Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited W. R. Berkley Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedules II to VI (collectively, the consolidated financial statements), and our report dated February 24, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ KPMG LLP

New York, New York
February 24, 2025

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) Security ownership of certain beneficial owners

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

(b) Security ownership of management

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

(c) Changes in control

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

(d) Equity compensation plan information

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, New York, NY, Auditor Firm ID: 185.

Reference is made to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024, and which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Index to Financial Statements

The schedules to the consolidated financial statements listed below should be read in conjunction with the consolidated financial statements included in this Annual Report on Form 10-K. Financial statement schedules not included in this Annual Report on Form 10-K have been omitted because they are not applicable or required information is shown in the financial statements or notes thereto.

Index to Financial Statement Schedules	**Page**
Schedule II — Condensed Financial Information of Registrant	125
Schedule III — Supplementary Insurance Information	129
Schedule IV — Reinsurance	130
Schedule V — Valuation and Qualifying Accounts	131
Schedule VI — Supplementary Information Concerning Property — Casualty Insurance Operations	132

(b) Exhibits

EXHIBITS

Number	
(3.1)	The Company's Restated Certificate of Incorporation, as amended through May 10, 2004 (incorporated by reference to Exhibits 3.1 and 3.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2003).
(3.2)	Amendment, dated May 11, 2004, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 5, 2004).
(3.3)	Amendment, dated May 16, 2006, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 17, 2006).
(3.4)	Amendment, dated June 12, 2020, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on June 16, 2020).
(3.5)	Amendment, dated June 15, 2022, to the Company's Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on June 16, 2022).
(3.6)	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 1, 2023).
(4.1)	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 24, 2023).
(4.2)	Indenture, dated as of February 14, 2003, between the Company and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 31, 2003).
(4.3)	Fifth Supplemental Indenture, dated as of February 9, 2007, between the Company and The Bank of New York, as Trustee, relating to $250,000,000 principal amount of the Company's 6.250% Senior Notes due 2037, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.7 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 1, 2007).
(4.4)	Ninth Supplemental Indenture, dated as of August 6, 2014, between the Company and The Bank of New York Mellon, as Trustee, relating to $350,000,000 principal amount of the Company's 4.750% Senior Notes due 2044, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on August 6, 2014).
(4.5)	Indenture, dated as of May 12, 2020, between the Company and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 12, 2020).
(4.6)	First Supplemental Indenture, dated as of May 12, 2020, between the Company and The Bank of New York Mellon, as Trustee, relating to $470,000,000 principal amount of the Company's 4.000% Senior Notes due 2050, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on May 12, 2020).
(4.7)	Second Supplemental Indenture, dated as of March 16, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $400,000,000 principal amount of the Company's 3.550% Senior Notes due 2052, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 16, 2021).
(4.8)	Third Supplemental Indenture, dated as of September 15, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $350,000,000 principal amount of the Company's 3.150% Senior Notes due 2061, including the form of the Notes as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on September 15, 2021).

(4.9)	Subordinated Indenture, dated as of March 26, 2018, between the Company and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 26, 2018).
(4.10)	First Supplemental Indenture, dated as of March 26, 2018, between the Company and The Bank of New York Mellon, as Trustee, relating to $185,000,000 principal amount of the Company's 5.700% Subordinated Debentures due 2058, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on March 26, 2018).
(4.11)	Second Supplemental Indenture, dated as of December 16, 2019, between the Company and the Bank of New York Mellon, as Trustee, relating to $300,000,000 principal amount of the Company's 5.100% Subordinated Debentures due 2059, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on December 16, 2019).
(4.12)	Third Supplemental Indenture, dated as of September 21, 2020, between the Company and The Bank of New York Mellon, as Trustee, relating to $250,000,000 principal amount of the Company's 4.250% Subordinated Debentures due 2060, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on September 21, 2020).
(4.13)	Fourth Supplemental Indenture, dated as of February 10, 2021, between the Company and The Bank of New York Mellon, as Trustee, relating to $300,000,000 principal amount of the Company's 4.125% Subordinated Debentures due 2061, including the form of the Securities as Exhibit A (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 10, 2021).
(4.14)	The instruments defining the rights of holders of the other long term debt securities of the Company are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company agrees to furnish supplementally copies of these instruments to the Commission upon request.
(10.1)	Credit Agreement, dated as of April 1, 2022, by and among W. R. Berkley Corporation, as borrower, each lender from time to time party thereto, Credit Suisse AG, New York Branch, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. as Syndication Agents, and Bank of America, N.A., as Administrative Agent, Several L/C Agent and Fronting L/C Issuer (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on April 4, 2022).
(10.2)	W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Annex B of the Company's 2018 Proxy Statement (File No. 1-15202) filed with the Commission on April 19, 2018).
(10.3)	Form of Restricted Stock Unit Agreement for grant of April 4, 2003 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2003).
(10.4)	Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2003 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 3, 2005).
(10.5)	Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2003 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on August 6, 2010).
(10.6)	Form of Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 8, 2012).
(10.7)	Form of 2014 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 7, 2014).
(10.8)	Form of 2015 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 9, 2015).

(10.9)	Form of 2017 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 8, 2017).
(10.10)	Form of 2018 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 7, 2018).
(10.11)	Form of 2020 Performance-Based Restricted Stock Unit Agreement under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 5, 2020).
(10.12)	Form of 2023 Performance-Based Restricted Stock Unit Agreement Under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 23, 2024).
(10.13)	Form of 2024 Performance-Based Restricted Stock Unit Agreement Under the W. R. Berkley Corporation 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 4, 2024).
(10.14)	W. R. Berkley Corporation Deferred Compensation Plan for Officers as amended and restated effective December 1, 2021 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on November 12, 2021).
(10.15)	W. R. Berkley Corporation Deferred Compensation Plan for Directors as amended and restated effective December 1, 2021 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on November 12, 2021).
(10.16)	W. R. Berkley Corporation Amended and Restated Annual Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 25, 2019).
(10.17)	W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's current Report on Form 8-K (File No. 1-15202) filed with the Commission on February 25, 2019).
(10.18)	Form of 2021 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on November 4, 2021).
(10.19)	Form of 2022 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 3, 2022).
(10.20)	Form of 2023 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 4, 2023).
(10.21)	Form of 2024 Performance Unit Award Agreement under the W. R. Berkley Corporation 2019 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 1-15202) filed with the Commission on May 3, 2024).
(10.22)	W. R. Berkley Corporation 2009 Directors Stock Plan (incorporated by reference to Annex B of the Company's 2021 Proxy Statement (File No. 1-15202) filed with the Commission on April 27, 2021).
(10.23)	Supplemental Benefits Agreement between William R. Berkley and the Company as amended and restated as of December 21, 2011 (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 28, 2012).
(14)	Code of Ethics for Senior Financial Officers (incorporated by reference to Exhibit 14 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on March 14, 2005).
(19.1)	Insider Trading Policy

(21)	List of the Company’s subsidiaries.
(23)	Consent of Independent Registered Public Accounting Firm.
(31.1)	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a).
(31.2)	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a).
(32.1)	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(97)	W. R. Berkley Corporation Clawback Policy (incorporated by reference to Exhibit 97 of the Company's Annual Report on Form 10-K (File No. 1-15202) filed with the Commission on February 23, 2024).

ITEM 16. FORM 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

W. R. BERKLEY CORPORATION

By /s/ W. Robert Berkley, Jr.
W. Robert Berkley, Jr.
President and Chief Executive Officer

February 24, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William R. Berkley William R. Berkley	Executive Chairman of the Board of Directors	February 24, 2025
/s/ W. Robert Berkley, Jr. W. Robert Berkley, Jr.	President Chief Executive Officer and Director (Principal executive officer)	February 24, 2025
/s/ Christopher L. Augostini Christopher L. Augostini	Director	February 24, 2025
/s/ Ronald E. Blaylock Ronald E. Blaylock	Director	February 24, 2025
/s/ Mary C. Farrell Mary C. Farrell	Director	February 24, 2025
/s/ María Luisa Ferré María Luisa Ferré	Director	February 24, 2025
/s/ Marie A. Mattson Marie A. Mattson	Director	February 24, 2025
/s/ Daniel L. Mosley Daniel L. Mosley	Director	February 24, 2025
/s/ Mark L. Shapiro Mark L. Shapiro	Director	February 24, 2025
/s/ Jonathan Talisman Jonathan Talisman	Director	February 24, 2025
/s/ Richard M. Baio Richard M. Baio	Executive Vice President and Chief Financial Officer (Principal financial officer and principal accounting officer)	February 24, 2025

Schedule II

W. R. Berkley Corporation
Condensed Financial Information of Registrant
Balance Sheets (Parent Company)

(In thousands)	December 31, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	$ 112,931	$ 128,434
Fixed maturity securities available for sale at fair value (cost $251,938 and $190,708 at December 31, 2024 and 2023, respectively)	251,800	189,189
Loans receivable (net of allowance for expected credit losses of $591 and $1,146 at December 31, 2024 and 2023, respectively)	27,659	91,304
Equity securities, at fair value (cost $3,430 at both December 31, 2024 and 2023)	3,430	3,430
Investment in subsidiaries	10,770,734	9,887,117
Current federal income taxes	36,417	—
Deferred federal income taxes	228,329	278,946
Property, furniture and equipment at cost, less accumulated depreciation	9,320	10,382
Other assets	126,799	44,186
Total assets	$ 11,567,419	$ 10,632,988
Liabilities and stockholders' equity:		
Liabilities:		
Due to subsidiaries	$ 182,445	$ 178,676
Other liabilities	158,281	166,399
Current federal income taxes	—	1,721
Subordinated debentures	1,009,808	1,009,090
Senior notes	1,821,774	1,821,671
Total liabilities	3,172,308	3,177,557
Stockholders' equity:		
Preferred stock	—	—
Common stock	158,705	158,705
Additional paid-in capital	984,825	964,789
Retained earnings (including accumulated undistributed net income of subsidiaries of $9,216,210 and $8,497,674 at December 31, 2024 and 2023, respectively)	12,265,070	11,040,908
Accumulated other comprehensive loss	(934,269)	(925,838)
Treasury stock, at cost	(4,079,220)	(3,783,133)
Total stockholders' equity	8,395,111	7,455,431
Total liabilities and stockholders' equity	$ 11,567,419	$ 10,632,988

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation
Condensed Financial Information of Registrant, Continued
Statements of Income (Parent Company)

(In thousands)	**Year Ended December 31, 2024**	**2023**	**2022**
Management fees and investment income including dividends from subsidiaries of $1,196,538, $1,261,166, and $22,807 for the years ended December 31, 2024, 2023 and 2022, respectively	$ 1,252,194	$ 1,325,997	$ 32,585
Net investment gains (losses)	90,284	(5,895)	1,007
Other income	853	368	1,916
Total revenues	1,343,331	1,320,470	35,508
Operating costs and expense	277,679	272,750	192,175
Interest expense	126,400	126,397	129,633
Income (loss) before federal income taxes	939,252	921,323	(286,300)
Federal income taxes:			
Federal income taxes provided by subsidiaries on a separate return basis	424,456	253,292	414,660
Federal income tax expense on a consolidated return basis	(356,943)	(284,757)	(258,776)
Net federal income tax benefit (expense)	67,513	(31,465)	155,884
Income (loss) before undistributed equity in net income of subsidiaries	1,006,765	889,858	(130,416)
Equity in undistributed net income of subsidiaries	749,350	491,501	1,511,478
Net income	$ 1,756,115	$ 1,381,359	$ 1,381,062

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation
Condensed Financial Information of Registrant, Continued
Statements of Cash Flows (Parent Company)

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Cash flow from (used in) operating activities:			
Net income	$ 1,756,115	$ 1,381,359	$ 1,381,062
Adjustments to reconcile net income to net cash from operating activities:			
Net investment (gains) losses	(90,284)	5,895	(1,007)
Depreciation and (accretion) amortization	(5,120)	(6,753)	4,281
Equity in undistributed earnings of subsidiaries	(749,350)	(491,501)	(1,511,478)
Tax payments received from subsidiaries	432,402	373,504	321,682
Federal income taxes provided by subsidiaries on a separate return basis	(424,456)	(253,292)	(414,660)
Stock incentive plans	54,381	51,000	49,411
Change in:			
Federal income taxes	(9,346)	(15,793)	(40,746)
Equity in undistributed earnings of other investments	(10,444)	—	—
Other assets	(9,888)	(5,647)	3,163
Other liabilities	114,418	(88,954)	87,100
Accrued investment income	(1,740)	1,200	890
Net cash from (used in) operating activities	1,056,688	951,018	(120,302)
Cash (used in) from investing activities:			
Proceeds from sales of fixed maturity securities	598,915	748,825	543,549
Proceeds from maturities and prepayments of fixed maturity securities	260,999	82,075	83,134
Cost of purchases of fixed maturity securities	(824,476)	(732,685)	(109,289)
Change in loans receivable	64,200	17,843	(16,249)
Investments in and advances to subsidiaries, net	(238,337)	21,605	(171,062)
Change in balance due to security broker	(71,143)	(38)	(10,289)
Net additions to real estate, furniture & equipment	(37)	(18)	(432)
Other, net	73	290	368
Net cash (used in) from investing activities	(209,806)	137,897	319,730
Cash used in financing activities:			
Net proceeds from issuance of senior notes	—	—	(914)
Repayment and redemption of debt	—	—	(426,503)
Purchase of common treasury shares	(303,655)	(537,163)	(94,140)
Cash dividends to common stockholders	(531,953)	(501,456)	(235,192)
Other, net	(26,777)	(25,384)	(23,194)
Net cash used in from financing activities	(862,385)	(1,064,003)	(779,943)
Net (decrease) increase in cash and cash equivalents	(15,503)	24,912	(580,515)
Cash and cash equivalents at beginning of year	128,434	103,522	684,037
Cash and cash equivalents at end of year	$ 112,931	$ 128,434	$ 103,522

See Report of Independent Registered Public Accounting Firm and note to condensed financial information.

W. R. Berkley Corporation

Condensed Financial Information of Registrant, Continued

December 31, 2024

Note to Condensed Financial Information (Parent Company)

The accompanying condensed financial information should be read in conjunction with the notes to consolidated financial statements included elsewhere herein. Reclassifications have been made in the 2023 and 2022 financial statements as originally reported to conform them to the presentation of the 2024 financial statements.

The Company files a consolidated federal income tax return with the results of its domestic insurance subsidiaries included on a statutory basis. Under present Company policy, federal income taxes payable by subsidiary companies on a separate-return basis are paid to W. R. Berkley Corporation, and the Company pays the tax due on a consolidated return basis.

Schedule III

W. R. Berkley Corporation and Subsidiaries
Supplementary Insurance Information
December 31, 2024, 2023 and 2022

(In thousands)	Deferred Policy Acquisition Cost	Reserve for Losses and Loss Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Loss and Loss Expenses	Amortization of Deferred Policy Acquisition Cost	Other Operating Costs and Expenses	Net Premiums Written
December 31, 2024									
Insurance	$ 840,917	$ 16,887,821	$ 5,836,435	$ 10,086,308	$ 1,057,738	$ 6,332,490	$ 1,081,170	$ 1,825,758	$ 10,549,550
Reinsurance & Monoline Excess	110,811	3,480,209	538,677	1,462,177	234,728	799,105	138,679	292,526	1,422,546
Corporate, other and eliminations	—	—	—	—	40,695	—	—	264,173	—
Total	$ 951,728	$ 20,368,030	$ 6,375,112	$ 11,548,485	$ 1,333,161	$ 7,131,595	$ 1,219,849	$ 2,382,457	$ 11,972,096
December 31, 2023									
Insurance	$ 736,348	$ 15,298,372	$ 5,322,869	$ 9,007,376	$ 783,660	$ 5,615,526	$ 897,908	$ 1,684,514	$ 9,560,533
Reinsurance & Monoline Excess	125,261	3,441,280	599,457	1,393,311	221,966	756,616	141,067	268,309	1,393,934
Corporate, other and eliminations	—	—	—	—	47,209	—	—	372,138	—
Total	$ 861,609	$ 18,739,652	$ 5,922,326	$ 10,400,687	$ 1,052,835	$ 6,372,142	$ 1,038,975	$ 2,324,961	$ 10,954,467
December 31, 2022									
Insurance	$ 633,493	$ 13,655,613	$ 4,708,586	$ 8,171,828	$ 543,844	$ 5,013,614	$ 881,567	$ 1,418,374	$ 8,609,028
Reinsurance & Monoline Excess	129,993	3,355,610	589,068	1,389,601	200,512	848,136	157,336	247,918	1,395,042
Corporate, other and eliminations	—	—	—	—	34,829	—	—	256,310	—
Total	$ 763,486	$ 17,011,223	$ 5,297,654	$ 9,561,429	$ 779,185	$ 5,861,750	$ 1,038,903	$ 1,922,602	$ 10,004,070

See Report of Independent Registered Public Accounting Firm.

Schedule IV

W. R. Berkley Corporation and Subsidiaries
Reinsurance
Years ended December 31, 2024, 2023 and 2022

(In thousands, other than percentages)	Premiums Written				
	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 2024					
Insurance	$ 12,417,129	$ 2,112,582	$ 245,003	$ 10,549,550	2.3 %
Reinsurance & Monoline Excess	487,764	126,413	1,061,195	1,422,546	74.6 %
Total	$ 12,904,893	$ 2,238,995	$ 1,306,198	$ 11,972,096	10.9 %
Year ended December 31, 2023					
Insurance	$ 11,209,325	$ 1,900,560	$ 251,768	$ 9,560,533	2.6 %
Reinsurance & Monoline Excess	467,418	116,979	1,043,495	1,393,934	74.9 %
Total	$ 11,676,743	$ 2,017,539	$ 1,295,263	$ 10,954,467	11.8 %
Year ended December 31, 2022					
Insurance	$ 10,193,154	$ 1,796,845	$ 212,719	$ 8,609,028	2.5 %
Reinsurance & Monoline Excess	501,984	108,137	1,001,195	1,395,042	71.8 %
Total	$ 10,695,138	$ 1,904,982	$ 1,213,914	$ 10,004,070	12.1 %

See Report of Independent Registered Public Accounting Firm.

Schedule V

W. R. Berkley Corporation and Subsidiaries
Valuation and Qualifying Accounts
Years ended December 31, 2024, 2023 and 2022

(In thousands)	Opening Allowance Balance	Additions-Charged to Expense	Deduction-Amounts Written Off	Ending Allowance Balance
Year ended December 31, 2024				
Premiums, fees and other receivables	$ 42,325	$ 15,743	$ (8,587)	$ 49,481
Due from reinsurers	8,404	568	(622)	8,350
Deferred federal and foreign income taxes	36,283	9,219	(9,439)	36,063
Fixed maturity securities	36,751	2,053	(38,133)	671
Loan loss reserves	3,004	5	(1,895)	1,114
Total	$ 126,767	$ 27,588	$ (58,676)	$ 95,679
Year ended December 31, 2023				
Premiums, fees and other receivables	$ 36,931	$ 13,637	$ (8,243)	$ 42,325
Due from reinsurers	8,064	340	—	8,404
Deferred federal and foreign income taxes	47,166	3,864	(14,747)	36,283
Fixed maturity securities	37,466	5,013	(5,728)	36,751
Loan loss reserves	1,791	1,782	(569)	3,004
Total	$ 131,418	$ 24,636	$ (29,287)	$ 126,767
Year ended December 31, 2022				
Premiums, fees and other receivables	$ 30,860	$ 13,734	$ (7,663)	$ 36,931
Due from reinsurers	7,713	352	(1)	8,064
Deferred federal and foreign income taxes	75,230	1,046	(29,110)	47,166
Fixed maturity securities	22,625	15,152	(311)	37,466
Loan loss reserves	1,718	73	—	1,791
Total	$ 138,146	$ 30,357	$ (37,085)	$ 131,418

See Report of Independent Registered Public Accounting Firm.

Schedule VI

W. R. Berkley Corporation and Subsidiaries
Supplementary Information Concerning Property-Casualty Insurance Operations
Years Ended December 31, 2024, 2023 and 2022

(In thousands)	2024	2023	2022
Deferred policy acquisition costs	$ 951,728	$ 861,609	$ 763,486
Reserves for losses and loss expenses	20,368,030	18,739,652	17,011,223
Unearned premiums	6,375,112	5,922,326	5,297,654
Net premiums earned	11,548,485	10,400,687	9,561,429
Net investment income	1,333,161	1,052,835	779,185
Losses and loss expenses incurred:			
Current year	7,083,999	6,311,780	5,774,713
Prior years	14,350	29,681	54,511
Loss reserve discount accretion	33,246	30,681	32,526
Amortization of deferred policy acquisition costs	1,219,849	1,038,975	1,038,903
Paid losses and loss expenses	5,484,430	4,981,610	4,347,910
Net premiums written	11,972,096	10,954,467	10,004,070

See Report of Independent Registered Public Accounting Firm.

W. R. Berkley Corporation
Insider Trading Policy

February 2025

Introduction

The securities laws of the United States and the various states impose important restrictions on officers, directors and employees ("Covered Persons") of W. R. Berkley Corporation and its subsidiaries (together, the "Company") with respect to sales, purchases and other transactions involving securities. This Insider Trading Policy (this "Policy") reviews these restrictions concerning securities transactions by Covered Persons. Note that, while the following provides a useful overview, it is not a comprehensive attempt to deal with all potential restrictions; it is designed to help you identify potential problems and be aware of areas where caution is warranted and you should seek further advice.

This Policy also establishes specific procedures, designed to ensure compliance with the securities laws and regulations, to be followed by the Company and Covered Persons engaging in transactions in the Company's securities and, in certain circumstances, securities of third parties. Compliance with this Policy is necessary to protect the Company's business and reputation, to prevent violations of law by you and by the Company and to avoid the appearance of impropriety.

If you encounter a problem or have any doubts about your transactions in securities, you should consult with the Company's General Counsel, so that the proper advice can be given and the proper actions can be taken.

General Restrictions and Policies

Insider Trading

It is unlawful for an "insider" (as defined below) to trade in securities on the basis of material information known to that individual but not to the public ("Material Non-Public Information"), or to transmit Material Non-Public Information to any other person who may trade on the basis of such information. Violation of this prohibition is a serious federal offense and the penalties can include a prison term and disgorgement of any profits. The fact that the insider did not intend to defraud anyone may not insulate the insider from liability. It is the Company's policy that its Covered Persons strictly comply with this prohibition. In particular, Covered Persons are prohibited from using Material Non-Public Information in connection with:

- the purchase or sale of securities for their own accounts or for the accounts in which they have a direct or indirect beneficial interest or over which they have the power, directly or indirectly, to make investment decisions;
- the solicitation of orders to purchase or sell securities; or
- the issuance of research reports, recommendations or comments that could be construed as recommendations.

In addition, when a Covered Person is in possession of Material Non-Public Information about the Company, the Covered Person may not pass (or "tip") that information to others or recommend to anyone the purchase or sale of the relevant securities.

The foregoing restrictions apply to securities and information of the Company as well as to the securities and information of another company (*e.g.*, a proposed acquisition target) to the extent a Covered Person, in the course of working for the Company, learns of Material Non-Public Information about a company (1) with which the Company does business, including, for example, the Company's customers, reinsurers and suppliers ("business partners"), or

(2) that is involved in a potential transaction or business relationship with the Company ("Other Securities"). See "*Applicability of Policy to Material Non-Public Information Regarding Other Companies*" below.

An "insider" is any person who has access to Material Non-Public Information. Insiders include all individuals who have access to such information, including, among others, legal, accounting, investor relations and financial personnel, administrative assistants and any person (a "tippee") to whom they relay such insider information. Additionally, an "immediate family member," defined as a child, stepchild, child away at college, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any person (other than a tenant or employee) sharing the household of the specified person, may also be deemed to be an insider.

Trading on the basis of Material Non-Public Information is forbidden. Material Non-Public Information includes any non-public information which a reasonable investor is likely to consider important in determining whether to buy, sell or hold securities, or the information, if disclosed, could be viewed by a reasonable investor as having significantly altered the total mix of information available in the marketplace about a company or security. Moreover, the fact that an insider (or a tippee of an insider) has traded on the basis of particular information which has not been made public may itself be regarded as evidence that the information is material. Both positive and negative information could be material.

Examples of information that the courts have found to be material, depending upon the circumstances, include:

- projections of future premiums or earnings or losses, or other earnings guidance;
- earnings and other financial results, especially if inconsistent with the consensus expectations of the investment community;
- a pending or proposed merger, acquisition, financing or tender offer;
- a pending or proposed acquisition or disposition of a significant asset;
- a significant expansion or curtailment of operations;
- a material change in dividend policy or an offering of additional securities;
- a material change in senior management;
- the existence or occurrence of a significant cyber security event;
- significant litigation or regulatory proceedings or investigations and significant developments related thereto; and
- the gain or loss of a significant contract or business relationship.

If you are unsure whether information is material, you should assume that it is material rather than risk violating the securities laws by trading while possessing such information.

Securities transactions by insiders in possession of material information, provided they are otherwise consistent with the procedures set forth in this Policy, should be made only when the insider is certain that such information has been sufficiently publicized by ***official*** announcements. Information is not public merely because it is reflected by rumors or other unofficial statements in the marketplace. Moreover, the insider may not attempt to "beat the market" by trading simultaneously with, or shortly after, the official release of such information. Information is considered to be available to the public only

(1) ***after*** it has been released to the public through appropriate channels (*e.g.*, by means of a widely disseminated press release or Securities and Exchange Commission ("SEC") filing); ***and***

(2) enough time has elapsed to permit the investment market to absorb and evaluate the information.

Information will not be considered disseminated if the information is disclosed solely by means of (a) speeches or meetings open to the public, (b) television interviews or other media events, (c) social medial channels, or (d) industry publications. Depending on the circumstances, information normally should not be regarded as public until at least ***one trading day*** after it has been broadly disseminated to the public in a press release, a public filing with the

SEC, a pre-announced public webcast or another broad, non-exclusionary form of public communication. If you are unsure whether information has been appropriately disseminated, you should consult with the Company's General Counsel.

Exceptions to this Policy

Except where otherwise indicated, this Policy does not apply under the following circumstances:

- Securities transactions by a Covered Person's immediate family member made in connection with his or her principal occupation and that are not for the benefit of the Covered Person or any member of his or her immediate family or any of their relatives, so long as the Covered Person has not shared Material Non-Public Information about the issuer of the securities in question with the immediate family member making the transaction. For the purpose of this exclusion, the fact that the immediate family member may earn a fee or commission in connection with the transaction does not render the transaction as being one for the benefit of the immediate family member.
- Securities transactions if the counterparty is the issuer of the securities. Forfeitures of stock to the Company to pay the tax withholding obligations for vesting/settlement of restricted stock units are included in this exception.
- Purchases of the Company's stock in the Company's Profit Sharing/401(k) plan or Employee Stock Purchase Plan resulting from a periodic contribution of money to the plan pursuant to an employee's payroll deduction election (but not transactions pursuant to a change in an election or other elections by the employee).
- Purchase or sales of securities pursuant to a Rule 10b5-1 trading plan ("10b5-1 Plan") approved by the Company. Rule 10b5-1 under the Securities Exchange Act provides an affirmative defense against a claim of insider trading for transactions made pursuant to a pre-existing 10b5-1 Plan that meets certain conditions. Covered Persons interested in establishing a 10b5-1 Plan should discuss such a plan with the Company's General Counsel. Any 10b5-1 Plan must be reviewed and approved in writing by the Company's General Counsel prior to entry into such Plan (or if revised or amended, such revisions or amendments have been reviewed and approved in advance by the Company's General Counsel).

Questions

Whenever you have any doubt as to the materiality or non-public nature of any information known to you, you should consult with the Company's General Counsel before trading in such securities for your own account, or disclosing the information to others.

Trading Restrictions

General Restrictions

In order to prevent the misuse of Material Non-Public Information and to avoid potential liability to the Company and its officers, directors, and employees under the federal securities laws, the Company has imposed following restrictions on trading in Company stock and other securities:

- Covered Persons may not buy or sell stock or conduct any other transaction in the Company's securities for personal or "related" accounts while in possession of Material Non-Public Information. Examples of personal and related accounts include retail brokerage, IRA, 401(k), Keogh and similar accounts and accounts of an immediate family member that you have the ability to control. The restrictions described above also apply to Other Securities.

- All presidents and chief financial officers of the Company's businesses, the Company's senior officers[1] and directors, and employees in the Company's finance and legal departments who regularly come into possession of Material Non-Public Information ("Reporting Persons") must *pre clear* with the Company's General Counsel all Company security transactions (including gifts and including transactions by others where the Reporting Person has a beneficial interest in the security involved). The Company's General Counsel may from time to time designate additional employees as Reporting Persons. Transactions subject to this restriction include sales of Company common stock acquired upon vesting of restricted stock units and elections to purchase or sell Company stock in the Company's Profit Sharing Plan/401(k) and Employee Stock Purchase Plan (including your initial election to invest in Company stock through the Company's Profit Sharing Plan/401(k) or Employee Stock Purchase Plan and any subsequent elections you make to increase or decrease the amount you invest in Company stock). Once a transaction is pre-cleared by the Company's General Counsel, the transaction must be effected within 48 hours of such pre-clearance. If more than 48 hours elapse before you complete your transaction, you must pre-clear your transaction again.

The foregoing restrictions are subject to the exceptions set forth express in "*General Restrictions and Policy – Exceptions to this Policy*."

Limits on Trades in the Company's Securities — "Blackout" Periods

A "blackout" period is a period during which a Reporting Person may not execute transactions in the Company's securities, including in related accounts, other than as provided in "*General Restrictions and Policy – Exceptions to this Policy*." Even if a blackout period is not then in effect, a Reporting Person may not trade in the Company's securities if the Reporting Person is aware of Material Non-Public Information about the Company, other than as provided in "*General Restrictions and Policy – Exceptions to this Policy*." For example, if the Company issues a quarterly earnings press release and a Reporting Person is aware of other Material Non-Public Information concerning the Company not disclosed in the earnings press release, the Reporting Person may not trade in the Company's securities. The prohibition on trading while being aware of Material Non-Public Information about the Company extends to sales of shares issued upon vesting of restricted stock units granted under the Company's Stock Incentive Plan.

- Quarterly Earnings Blackout Periods. Reporting Persons may not buy or sell Company securities during the period beginning with the opening of business on the last business day of each fiscal quarter (i.e., March 31, June 30, September 30 and December 31) and ending one full trading day following the public release of the financial results for the fiscal quarter or year (for example, by means of a press release or an SEC filing). In accordance with this Policy, the Company may from time to time advise interested parties of the expected timing of its earnings press releases.
- Event-Specific Blackout Periods. The Company reserves the right to impose trading blackout periods from time to time when, in its judgment, a blackout period is warranted. A blackout period may be imposed for any reason, including the Company's involvement in a material transaction or other material event. The existence of an event-specific blackout period may not be announced, or may be announced only to those who are aware of the transaction or event giving rise to the blackout period. Individuals that are subject to event-specific blackout periods may be contacted when these periods are instituted from time to time. If a Covered Person is made aware of the existence of an event-specific blackout period, that Covered Person should not disclose the existence of such blackout period to any other person.

[1] For purposes of this Policy, the Company's senior officers are W. R. Berkley Corporation's Executive Chairman, Chief Executive Officer, President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents.

Other Trading Restrictions Applicable to Company Securities

The Company considers it improper and inappropriate for Covered Persons to engage in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of insider trading laws. Accordingly, transactions in Company securities by Covered Persons are subject to the following.

- Short Sales. Covered Persons may not engage in short sales of Company securities (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery).
- Publicly Traded Options. Covered Persons may not engage in transactions in publicly traded options on Company securities (such as puts, calls, and other derivative securities) on an exchange or in any other organized market.
- Hedging. In addition to Short Sales and Publicly Traded Options discussed above, certain forms of hedging or monetization transactions, such as zero cost collars and forward sale contracts, allow a Covered Person to lock in much of the value of his or her holdings in Company securities, often in exchange for all or part of the potential for upside appreciation. These transactions would allow a Covered Person to continue to own the covered Company securities, but without the full risks and rewards of ownership. When that occurs, their interests and the interests of the Company and its shareholders may be misaligned and may signal a message to the trading market that may not be in the best interests of the Company and its stockholders at the time it is conveyed. Accordingly, unless otherwise specifically addressed in this Policy, hedging transactions and all other similar forms of monetization transactions are prohibited. For purposes of this Policy, hedging includes the purchase of financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or engaging in any other transaction, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company securities.
- Standing Orders. Standing orders (other than stock option limit orders or orders pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1) should be used only for a brief period of time. A standing order placed with a broker to sell or purchase stock at a specified price leaves the seller with no control over the timing of the transaction. A standing order transaction executed by the broker when a Covered Person is aware of Material Non-Public Information may result in unlawful insider trading even if the standing order was placed at a time when the Covered Person did not possess Material Non-Public Information.
- Margin Accounts and Pledges. Securities held in a margin account or pledged as collateral for a loan may be sold by the broker if a Covered Person fails to meet a margin call or by the lender in foreclosure if the Covered Person defaults on the loan. Covered Persons may not have control over these transactions as the securities may be sold at certain times without the Covered Person's consent. A margin or foreclosure sale that occurs when a Covered Person is aware of Material Non-Public Information may, under some circumstances, result in unlawful insider trading. Accordingly, unless otherwise approved by the General Counsel, Covered Persons are prohibited from holding the Company's securities in a margin account or pledging the Company's securities as collateral for a loan.
- Discretionary Trading Accounts. If a Covered Person has established a discretionary trading account for which the Covered Person has ceded to another person the authority to engage in trades for the benefit of the Covered Person absent specific instructions from the Covered Person, the Covered Person must direct any such person with discretionary trading authority not to engage in any trades in the Company's securities without the Covered Person's prior express consent.

Press Inquiries and Press Releases

In order to guard against the release of non-public information and ensure the accuracy and consistency of public information, all press releases or similar planned public announcements and all inquiries about the Company, its subsidiaries or affiliates from financial analysts, stockholders, reporters and others should be referred to the Company's Executive Chairman, President and Chief Executive Officer, Chief Financial Officer, Secretary, General Counsel, or Vice President – Investor Relations. No director or employee should issue a press release or respond to any such inquiries absent specific authorization to do so.

Applicability of Policy to Material Non-Public Information Regarding Other Companies

As discussed above, it is the policy of the Company that any Covered Person who, in the course of working for the Company, learns of Material Non-Public Information about a company (1) with which the Company does business, including the Company's business partners, and (2) that is involved in a potential transaction or business relationship with the Company, may not engage in transactions in that company's securities until the information becomes public or is no longer material. The consequences for violations discussed below may result from trading on Material Non-Public Information regarding the Company's business partners. All Covered Persons should treat Material Non-Public Information about the Company's business partners with the same care required with respect to information related directly to the Company. In addition to information regarding other companies that has not been publicly disclosed, non-public information that may be considered material can include confidential analyses, financial information, business data and plans and other information received from a third party with the expectation that it will be kept confidential and used solely for business purposes.

Additional Restrictions for Certain Persons

Certain executive officers and the directors of the Company are subject to additional restrictions, including reporting requirements, short-swing trading restrictions and other provisions of the securities laws. Please contact the Company's General Counsel for information concerning those restrictions.

Consequences for Violations

Upon determining that a violation or possible insider trading violation has occurred, appropriate sanctions against the Covered Person may be imposed.

Internal Sanctions for Violations

Appropriate sanctions imposed by the Company may include, without limitation:

- immediate unwinding of the transaction;
- forfeiture of any profit from the transaction;
- termination of employment; and/or
- for insider trading violations, notification by the Company to the SEC or other local authority, if deemed appropriate, of the alleged violation and cooperation with the SEC or other local authority in any enforcement action and/or prosecution of the individual(s) involved.

Regulatory Sanctions

If a Covered Person trades in the Company securities or in Other Securities while in possession of Material Non-Public Information, it could subject the Covered Person to potential criminal and civil liability under applicable securities laws.

In addition, liability may also be imposed for improper transactions by any person (commonly referred to as a "tippee") to whom a Covered Person has disclosed Material Non-Public Information or to whom a Covered Person has made recommendations or expressed opinions on the basis of such information as to trading in securities of the Company or one of its business partners. Both the disclosing person (*i.e.*, the "tipper") and the tippee can be held liable for violations of this nature.

Post-Employment Transactions

If a Covered Person is aware of Material Non-Public Information concerning the Company when the Covered Person's employment or service relationship terminates, the Covered Person may not trade in the Company's securities until that information has been publicly released, notwithstanding the termination of the Covered Person's employment or service relationship.

Exhibit 21

Subsidiaries of the Registrant (as of December 31, 2024). Ownership is 100% unless otherwise indicated.

Entity Name	Domicile
52 Lime Street Management Limited	United Kingdom
Acadia Insurance Company	Iowa
Acadia Insurance Group, LLC	Delaware
Admiral Indemnity Company	Delaware
Admiral Insurance Company	Delaware
Admiral Insurance Group, LLC	Delaware
American Mining Insurance Group, LLC	Delaware
Armada Insurance Services, Inc.	California
BerkDel Investors Limited	Bermuda
Berkley Accident and Health, LLC	Delaware
Berkley Administrators of Connecticut, Inc.	Delaware
Berkley Alliance Managers, LLC	Delaware
Berkley Alternative Markets Insurance Services, LLC	Delaware
Berkley Argentina de Reaseguros S.A.	Argentina
Berkley Asset Protection Underwriters, LLC	Delaware
Berkley Assurance Company	Iowa
Berkley Aviation, LLC	Delaware
Berkley Capital Investors, L.P.	Delaware
Berkley Capital, LLC	Delaware
Berkley Casualty Company	Iowa
Berkley Claims Solutions LLC	Delaware
Berkley Connect Insurance Solutions, LLC	Delaware
Berkley Custom Insurance Managers, LLC	Delaware
Berkley Dean & Company, Inc.	Delaware
Berkley European Brokers AS	Norway
Berkley European Underwriters AS	Norway
Berkley Facultative Reinsurance Services, LLC	Delaware
Berkley FinSecure, LLC	Delaware
Berkley Global Underwriters, LLC	Delaware
Berkley Healthcare Professional Insurance Services, LLC	Delaware
Berkley Insurance Company	Delaware
Berkley Insurance Company – Escritorio De Representacao do Brasil Ltda.	Brazil
Berkley Insurance Services, LLC	Delaware
Berkley International Aseguradora de Riesgos del Trabajo S. A.	Argentina
Berkley International Brasil Participacoes Ltda	Brazil
Berkley International Compañía de Garantias México S.A. de C.V.	Mexico
Berkley International Compañia de Servicios Mexico, S. A de C. V.	Mexico
Berkley International Compañia de Servicios Uruguay, S.A.	Uruguay
Berkley International do Brasil Seguros S. A.	Brazil
Berkley International Holdings, LLC	Delaware
Berkley International Investments Spain, S.L.	Spain
Berkley International Latinoamerica S. A.	Argentina

Berkley International Puerto Rico, LLC	Puerto Rico
Berkley International Seguros Colombia S.A.	Colombia
Berkley International Seguros Mexico S.A. de C.V.	Mexico
Berkley International Seguros, S. A. (99.59% ownership)	Argentina
Berkley International Seguros, S. A. (Uruguay)	Uruguay
Berkley International Services, LLC	Puerto Rico
Berkley International, LLC	New York
Berkley Latin America and Caribbean Managers, LLC	Delaware
Berkley Life and Health Insurance Company	Iowa
Berkley Life Sciences, LLC	Delaware
Berkley London Holdings, Inc.	Delaware
Berkley LS Insurance Solutions, LLC	Delaware
Berkley Luxury Insurance Company	Iowa
Berkley Managers Insurance Services, LLC	Delaware
Berkley Mid-Atlantic Group, LLC	Delaware
Berkley National Insurance Company	Iowa
Berkley Net Underwriters, LLC	Delaware
Berkley North Pacific Group, LLC	Delaware
Berkley Offshore Underwriting Managers UK, Limited	United Kingdom
Berkley Offshore Underwriting Managers, LLC	Delaware
Berkley Oil & Gas Specialty Services, LLC	Delaware
Berkley Prestige Insurance Company	Iowa
Berkley Product Recall Insurance Agency, LLC	Delaware
Berkley Professional Liability UK Limited	United Kingdom
Berkley Professional Liability, LLC	Delaware
Berkley Program Specialists, LLC	Delaware
Berkley Public Entity Managers, LLC	Delaware
Berkley Re America, LLC	Delaware
Berkley Re Direct, LLC	Delaware
Berkley Re UK Limited	United Kingdom
Berkley Regional Insurance Company	Iowa
Berkley Regional Insurance Services, LLC	Delaware
Berkley Regional Specialty, LLC	Delaware
Berkley Risk Administrators Company, LLC	Minnesota
Berkley Risk Administrators of Texas, Inc.	Texas
Berkley Risk Services of Vermont, Inc.	Delaware
Berkley Risk Solutions, LLC	Delaware
Berkley Select, LLC	Delaware
Berkley Southeast Insurance Group, LLC	Delaware
Berkley Specialty Insurance Company	Delaware
Berkley Specialty Insurance Services, LLC	Delaware
Berkley Specialty Underwriting Managers, LLC	Delaware
Berkley Surety Group, LLC	Delaware
Berkley Technology Services LLC	Delaware
Berkley Technology Underwriters, LLC	Delaware

Berkley Ventures, LLC	Delaware
BI China, Limited	Hong Kong

BIA Japan Services GK	Japan
BIL Advisors, LLC	Delaware
Birchwood Real Estate Capital Limited	England
Birchwood Real Estate Capital UK Limited	England
BREC 1 UK Limited	United Kingdom
BREC Fund 1 CIP GP Limited	Jersey
BREC Fund 1 CIP LP	Jersey
BREC Fund 1 GP Limited	Jersey
BREC Fund 1 Jersey Limited	Jersey
BREC Fund 1 LP	Jersey
BXM Insurance Services, Inc.	Delaware
Capitol Crossing I LLC [1]	Delaware
Capitol Crossing II LLC [1]	Delaware
Capitol Crossing III LLC [1]	Delaware
Capitol Crossing IV LLC [1]	Delaware
Capitol Crossing V LLC [1]	Delaware
Capitol Crossing Advisors, LLC	Delaware
Carolina Casualty Insurance Company	Iowa
Carolina Casualty Insurance Group, LLC	Delaware
CC Equity Holdings, LLC	Delaware
CC Investors, LLC	Delaware
CC SPE I LLC [2]	Delaware
CC SPE II LLC [2]	Delaware
CC SPE III LLC [2]	Delaware
CC SPE IV LLC [2]	Delaware
CC SPE V LLC [2]	Delaware
CC SPE Member LLC [3]	Delaware
Center Place Holdings LLC [4]	Delaware
CGH Claims Service, Inc.	Pennsylvania
CGH Insurance Group, LLC	Alabama
Chilewich SL	New York
Chilewich Sultan LLC	New York
Citrus Insurance Services LLC	Delaware
Clermont Insurance Company	Iowa
Clermont Specialty Managers, Ltd.	New Jersey
Continental Western Group, LLC	Delaware
Continental Western Insurance Company	Iowa
Corporate Imaging Concepts, LLC (82.06% ownership)	Delaware
Cotasy Corporation S. A.	Uruguay
Crypton Belgium BVBA	Delaware
Crypton Investment Holdings LLC (89.5% ownership)	Delaware
Crypton LLC	Michigan
Crypton Real Estate, LLC	Delaware
Crypton Mills, LLC	Delaware
East Isles Reinsurance, Ltd.	Bermuda

eCompanyStore, LLC	Delaware
Facultative Resources, Inc.	Connecticut

Fayston Farms Shipping Ltd.	Bermuda
Firemen's Insurance Company of Washington, D.C.	Delaware
Franchise Credit, LLC	Delaware
Gemini Insurance Company	Delaware
Gemini Transportation Underwriters, LLC	Delaware
Global Agency Holdings, LLC	Delaware
Great Divide Insurance Company	North Dakota
Greenwich AeroGroup, Inc.	Delaware
GRG Investment Holdings, Ltd.	Cayman Islands
Guangzhou Meridian Chemical Limited	China
Insurance Auction Solutions, LLC	Delaware
Insurance Networks Alliance, LLC	Delaware
Interlaken Capital Aviation Holdings, Inc.	Delaware
Interlaken Capital Aviation Services, Inc.	Delaware
Intrepid Casualty Company	Iowa
Intrepid Direct Insurance Agency, LLC	Kansas
Intrepid Insurance Company	Iowa
Intrepid Specialty Insurance Company	Iowa
Jersey International Brokerage Corporation	New Jersey
Kauai Shipping Ltd.	Bermuda
Kekona Shipping Ltd.	Bermuda
Key Care, LLC	North Carolina
Key Risk Insurance Company	Iowa
Key Risk Management Services, LLC	Delaware
Key Risk Underwriting Managers, LLC	Delaware
Kilauea Holdings Ltd.	Bermuda
Kimmei Shipping Ltd.	Bermuda
Kohala Shipping Ltd.	Bermuda
Lady Jane Shipping Ltd.	Bermuda
Lavalier Insurance Services, LLC	Delaware
LDS CPH LLC (80% ownership)	Delaware
LDS CPH II LLC (80% ownership)	Delaware
Lex NY Equities LLC	Delaware
Mad River Shipping Ltd.	Bermuda
MADA Reciprocal Services, Inc.	Minnesota
Magaverse Limited	Hong Kong
Masterclass Limited	Hong Kong
MedCall Healthcare Advisors, LLC	Delaware
Middle Patent Capital, LLC	Delaware
Midwest Employers Casualty Company	Delaware
Midwest Employers Casualty Group, LLC	Delaware
Midwest Employers Services, LLC	Delaware
Monitor Liability Managers, LLC	Delaware
MPC Memphis HI LLC	Delaware
Nano-Tex Asia Limited	Hong Kong

Nano-Tex LLC	Michigan
Nautilus Excess Insurance Agency, LLC	Delaware

Nautilus Insurance Company	Arizona
Nautilus Insurance Group, LLC	Delaware
Number 9 Shipping Ltd.	Bermuda
Oak Harbor Reinsurance Company	North Carolina
Overby-Seawell Company	Georgia
PGIS, LLC	Texas
Platinum Program Managers & Insurance Services, Inc.	California
Preferred Employers Group, LLC	Delaware
Preferred Employers Insurance Company	California
Professional Aircraft Accessories, Inc.	Delaware
Professional Aviation Associates, Inc.	Georgia
Queen's Island Insurance Company, Ltd.	Bermuda
Rasmussen Agency, Inc.	New Jersey
Regional Excess Underwriters, LLC	Delaware
Reinserco, Inc.	New Jersey
Riverport Insurance Company	Iowa
Riverport Insurance Services, LLC	Delaware
Ross Diversified Insurance Services, Inc.	California
Select Marketing Insurance Services, LLC	California
Signet Star Holdings, Inc.	Delaware
SilverCap-Greenwich, LLC (98.8% ownership)	Delaware
Southeastern Underwriters, Inc.	Virginia
StarNet Insurance Company	Iowa
Starnet Insurance Services, LLC	Delaware
Steamboat Asset Management, LLC	Delaware
Steamboat Development Advisors, LLC	Delaware
Steamboat IS, Inc.	Delaware
Steamboat Opportunity Partners, LLC	Delaware
Summit Aviation, Inc.	Delaware
Target Markets, LLC	Delaware
Target Programs, LLC	Delaware
Tri-State Insurance Company of Minnesota	Iowa
Union Insurance Company	Iowa
Union Standard Insurance Group, LLC	Delaware
Union Standard Management Company, Inc.	Texas
Vela Insurance Services, LLC	Delaware
Verus Underwriting Managers, LLC	Delaware
W. R. Berkley Europe AG	Liechtenstein
W. R. Berkley European Holdings AG	Switzerland
W. R. Berkley European Services GmbH	Switzerland
W. R. Berkley London Holdings, Limited	United Kingdom
W. R. Berkley London Staff, Limited	United Kingdom
W. R. Berkley Mexico, S. A. de C. V.	Mexico
W. R. Berkley Spain, S. L. U.	Spain
W. R. Berkley Syndicate Holdings Limited	United Kingdom

W. R. Berkley Syndicate Limited	United Kingdom
W. R. Berkley Syndicate Management Limited	United Kingdom

W. R. Berkley UK Limited	United Kingdom
Western Aircraft, Inc.	Nevada
Western Pinnacle Insurance Services, Inc.	California
WRBC Aviation Leasing, LLC	Delaware
WRBC Corporate Member Limited	United Kingdom
WRBC Development UK Limited	United Kingdom
WRBC REF Holdings Limited	Bermuda
WRBC Services, Limited	United Kingdom
WRBC Support Services, LLC	Delaware
WRBC Transportation, Inc.	Delaware

(1). The following W. R. Berkley subsidiaries own Capitol Crossing I LLC, Capitol Crossing II LLC, Capitol Crossing III LLC, Capitol Crossing IV LLC, Capitol Crossing V LLC: CC SPE I LLC, CC SPE II LLC, CC SPE III LLC, CC SPE IV LLC, CC SPE V LLC respectively at 100%

(2). The following W. R. Berkley subsidiaries own CC SPE I LLC, CC SPE II LLC, CC SPE III LLC, CC SPE IV LLC, CC SPE V LLC: Center Place Holdings LLC 99.9%; CC SPE Member LLC 0.1%

(3). CC SPE Member LLC is 100% owned by Center Place Holdings LLC

(4). The following W. R. Berkley subsidiaries own Center Place Holdings LLC: CC Equity Holdings, LLC 99.94%; LDS CPH II LLC 0.06%

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-275308) on Form S-3 and the registration statements (No. 333-225579 and No. 33-88640) on Form S-8 of our reports dated February 24, 2025, with respect to the consolidated financial statements of W. R. Berkley Corporation and the effectiveness of internal control over financial reporting.

/S/ KPMG LLP

New York, New York
February 24, 2025

Exhibit 31.1

CERTIFICATIONS

I, W. Robert Berkley, Jr., President and Chief Executive Officer of W. R. Berkley Corporation (the "registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2025

/s/ W. Robert Berkley, Jr.

W. Robert Berkley, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Richard M. Baio, Executive Vice President - Chief Financial Officer and Treasurer of W. R. Berkley Corporation (the "registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2025

/s/ Richard M. Baio

Richard M. Baio
Executive Vice President,
Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of W. R. Berkley Corporation (the "Company") on Form 10-K for the fiscal year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, W. Robert Berkley, Jr., President and Chief Executive Officer of the Company, and Richard M. Baio, Executive Vice President-Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. Robert Berkley, Jr.

W. Robert Berkley, Jr.
President and Chief Executive Officer

/s/ Richard M. Baio

Richard M. Baio
Executive Vice President — Chief Financial Officer and Treasurer

February 24, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



The Cheese Vendor
by Edouard-Jean Dambourgez

W. R. Berkley Corporation

Businesses

Berkley Insurance Company

475 Steamboat Road
Greenwich, Connecticut 06830 (203) 542 3800

William R. Berkley, *Chairman*
W. Robert Berkley, Jr., *President and Chief Executive Officer*

INSURANCE

Acadia Insurance

One Acadia Commons
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acadiainsurance.com

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Bedford, New Hampshire (800) 224 8850
Marlborough, Massachusetts (888) 665 1170
Rocky Hill, Connecticut (860) 331 2400
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Seattle, Washington (206) 467 6511

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berkleyah.com (609) 584 6990

Brad N. Nieland, *President and Chief Executive Officer*

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Berkley Construction Professional
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Berkley Design Professional
berkleydp.com (650) 779 9205

Berkley Service Professionals
Berkley Managers Insurance Services, LLC
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berkleyaspire.com

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West Chester, Ohio (513) 341 4843

Berkley Asset Protection

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berkleycs.com

Andrew Robinson, *President*

Businesses

Berkley Custom Insurance

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Stamford, Connecticut 06902 (203) 658 1500
berkleycustom.com

Michael P. Fujii, *President and Chief Executive Officer*

Berkley Custom Insurance Services, LLC

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BXM Insurance Services, Inc.

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Los Angeles, California (213) 417 5431

Berkley Cyber Risk Solutions

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Tracey Vispoli, *President*

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Stephanie Lloyd, *President*

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berkleyenterpriserisk.com

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Berkley Crime

433 South Main Street, Suite 200
West Hartford, Connecticut 06110 (844) 44 CRIME
berkleycrime.com

Towson, Maryland (866) 539 3995

Berkley Fire & Marine Underwriters

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Schaumburg, Illinois 60173 (847) 466 9371
berkleymarine.com

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Gregg A. Piltch, *President*

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Berkley Industrial Comp

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berkindcomp.com

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Singapore 048423 (65) 6902 0601

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Shasi Nair, *Chief Executive Officer*

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Melbourne VIC, Australia 61 (3) 8622 2000
Perth WA, Australia 61 (8) 6488 0900

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Berkley International Aseguradora De Riesgos del Trabajo S.A.
Berkley Argentina de Reaseguros S.A.

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berkley.com.ar 54 (11) 4378 8100

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S2000COM Rosario, Argentina 54 (341) 410 4200

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President and Chief Executive Officer

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berkleymex.com 52 (55) 1037 5300

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Eduardo I. Llobet,
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berkleymp.com

Charles E. Thompson, *President*

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Berkley Mid-Atlantic Insurance Group

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Berkley Select

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Berkley Small Business Solutions

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Berkley Southeast Insurance Group

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Lawrenceville, Georgia (855) 610 4545
Meridian, Mississippi (855) 610 4545
Nashville, Tennessee (855) 610 4545

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Little Rock, Arkansas (800) 955 0325
Oklahoma City, Oklahoma (800) 955 0325
Phoenix, Arizona (800) 955 0325
San Antonio, Texas (800) 955 0325

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berkleyse.com

John Termini, *President*

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berkleysurety.com

Andrew M. Tuma, *President*

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Blue Bell, Pennsylvania	(610) 729 7606
Centennial, Colorado	(206) 830 2565
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Chicago, Illinois	(630) 210 0451
Dallas, Texas	(469) 458 8372
Danvers, Massachusetts	(978) 539 3303
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Key Risk Insurance

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W/R/B Underwriting

Syndicate 1967 at Lloyd's
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wrbunderwriting.com 44 (0) 20 3943 1900

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W/R/B Specialty

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Walnut Creek, California (925) 472 8202

REINSURANCE & MONOLINE EXCESS

Berkley Program Specialists

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Berkley Re

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Level 10, 340 Adelaide Street
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Glen Riddell,
Chief Executive Officer, Australia and New Zealand

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Glen Riddell, *Chief Executive Officer, Asia*

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Businesses

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Philadelphia, Pennsylvania (800) 519 6341
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Berkley Re Turnkey Solutions

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Christopher Ellis, *Senior Vice President*

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44 (0) 20 3943 1000

Clare Himmer, *Chief Executive Officer*

Midwest Employers Casualty

14755 North Outer Forty Drive, Suite 300
Chesterfield, Missouri 63017 (636) 449 7000
mecasualty.com

Scott M. McDonough, *President*

SERVICE OPERATIONS

Berkley Capital, LLC

600 Brickell Avenue, 39th Floor
Miami, Florida 33131 (786) 450 5510

Frank T. Medici, *President*

Berkley Dean & Company, Inc.

475 Steamboat Road
Greenwich, Connecticut 06830 (203) 629 3000

James G. Shiel, *President*

Berkley Technology Services, LLC

101 Bellevue Parkway
Wilmington, Delaware 19809 (302) 439 2000

Selvam Ratinasabapati, *President*

Des Moines, Iowa (515) 564 2300

W. R. Berkley Corporation's businesses conduct business through the following insurance entities: Acadia Insurance Company; Admiral Indemnity Company; Admiral Insurance Company; Berkley Argentina de Reaseguros S.A.; Berkley Assurance Company; Berkley Casualty Company; Berkley Insurance Company; Berkley International Aseguradora de Riesgos del Trabajo S.A.; Berkley International do Brasil Seguros S.A.; Berkley International Compañía de Garantias México S.A. de C.V.; Berkley International Seguros Colombia S.A.; Berkley International Seguros México, S.A. de C.V.; Berkley International Seguros S.A.; Berkley International Seguros S.A. (Uruguay); Berkley Life and Health Insurance Company; Berkley Luxury Insurance Company, Berkley National Insurance Company; Berkley Prestige Insurance Company; Berkley Regional Insurance Company; Berkley Specialty Insurance Company; Carolina Casualty Insurance Company; Clermont Insurance Company; Continental Western Insurance Company; East Isles Reinsurance, Ltd.; Firemen's Insurance Company of Washington, D.C.; Gemini Insurance Company; Great Divide Insurance Company; Intrepid Casualty Company; Intrepid Insurance Company; Intrepid Specialty Insurance Company; Key Risk Insurance Company; Midwest Employers Casualty Company; Nautilus Insurance Company; Preferred Employers Insurance Company; Oak Harbor Reinsurance Company; Queen's Island Insurance Company, Ltd.; Riverport Insurance Company; StarNet Insurance Company; Syndicate 1967 at Lloyd's; Tri-State Insurance Company of Minnesota; Union Insurance Company; Union Standard Lloyds; W. R. Berkley Europe AG.

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W. Robert Berkley, Jr.
President and Chief Executive Officer

Christopher L. Augostini
Executive Vice President — Business and Administration

Chief Financial Officer

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Ronald E. Blaylock
Managing Partner

GENNX360 CAPITAL PARTNERS

Mary C. Farrell
Chairman

THE HOWARD GILMAN FOUNDATION

Retired Managing Director Chief Investment Strategist

UBS WEALTH MANAGEMENT USA

María Luisa Ferré
Chief Executive Officer

FRG, LLC

Marie A. Mattson
Secretary of the University

GEORGETOWN UNIVERSITY

Daniel L. Mosley
Partner and Head of Family Advisory Services

BDT & MSD PARTNERS

Former Partner

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Mark L. Shapiro
Private Investor

Jonathan Talisman
Managing Partner

CAPITOL TAX PARTNERS

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Executive Chairman

W. Robert Berkley, Jr.
President and Chief Executive Officer

Richard M. Baio
Executive Vice President — Chief Financial Officer

Lucille T. Sgaglione
Executive Vice President

James G. Shiel
Executive Vice President — Investments

Philip S. Welt
Executive Vice President and Secretary

Jared E. Abbey
Executive Vice President

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Michael J. Maloney
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Executive Vice President

Robert D. Stone
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Joseph L. Sullivan
Executive Vice President

Nelson Tavares
Executive Vice President —Enterprise Technology

Kathleen M. Tierney
Executive Vice President

Trish Conway
Senior Vice President —Enterprise Risk Management

Melissa M. Emmendorfer
Senior Vice President — Insurance Risk Management

Michele L. Fleckenstein
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Senior Vice President — Chief Corporate Actuary

Lee Iannarone
Senior Vice President —General Counsel and Assistant Secretary

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Senior Vice President — Human Resources

Edward F. Linekin
Senior Vice President — Investments

A. Scott Mansolillo
Senior Vice President — Chief Compliance Officer

Lynn S. Neville
Senior Vice President — Claims

Christoph Ritterson
Senior Vice President - Innovation

Keith D. Wilson
Senior Vice President — Chief Information Security Officer

Corporate Information

Annual Meeting

The Annual Meeting of Stockholders of W. R. Berkley Corporation will be held at 1:30 p.m. on June 11, 2025 at its offices at 475 Steamboat Road, Greenwich, Connecticut 06830

Shares Traded

Common Stock of W. R. Berkley Corporation is traded on the New York Stock Exchange. Symbol: WRB

Transfer Agent and Registrar

EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, Minnesota 55120-4100
(800) 468 9716
shareowneronline.com

Website

For additional information, including press releases, visit our website at:
berkley.com

Follow us on X **@WRBerkleyCorp** and LinkedIn.

Auditors

KPMG LLP, New York, New York

Outside Counsel

Willkie Farr & Gallagher LLP, New York, New York



W. R. Berkley Corporation



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“Always do right.
This will gratify some people
and astonish the rest.”

- Mark Twain



W. R. Berkley Corporation

berkley.com

Exhibit CE-1

Biographical Affidavits

(Available Upon Written Request to the Iowa Division of Insurance)