

Global Insurance Market

Profit growth in the U.S., which has the world's largest insurance market, and stable growth in Japan, which has the world's third-largest market (No. 4 in non-life insurance, and No. 3 in life insurance), are the key.

The global insurance market in 2017 was worth \$4,891 billion, with the U.S. in first place for both life and non-life insurance. Following China, Japan was in third place with the fourth largest non-life insurance and the third largest life insurance markets.

Ten Largest Insurance Markets in Direct Premiums Written for Life Insurance and Non-life Insurance in 2017^{*1} (Unit: Millions of USD)

Ranking	Country	Life premiums	Non-life premiums ^{*2}	Total premiums		Share of the global total (%)
				Amount	Change against 2016 (%)	
1	United States ^{*3,4}	546,800	830,315	1,377,114	2.0	28.15
2	China ^{*5}	317,570	223,876	541,446	16.2	11.07
3	Japan ^{*4,6}	307,232	114,818	422,050	-6.5	8.63
4	United Kingdom ^{*1}	189,833	93,499	283,331	-2.6	5.79
5	France ^{*7}	153,520	88,083	241,603	1.8	4.94
6	Germany ^{*7,8}	96,973	126,005	222,978	3.8	4.56
7	South Korea ^{*4,6}	102,839	78,378	181,218	2.4	3.70
8	Italy ^{*4}	113,947	41,562	155,509	-2.6	3.18
9	Canada ^{*1,9}	51,592	67,927	119,520	5.5	2.44
10	Taiwan	98,602	18,873	117,474	15.8	2.40

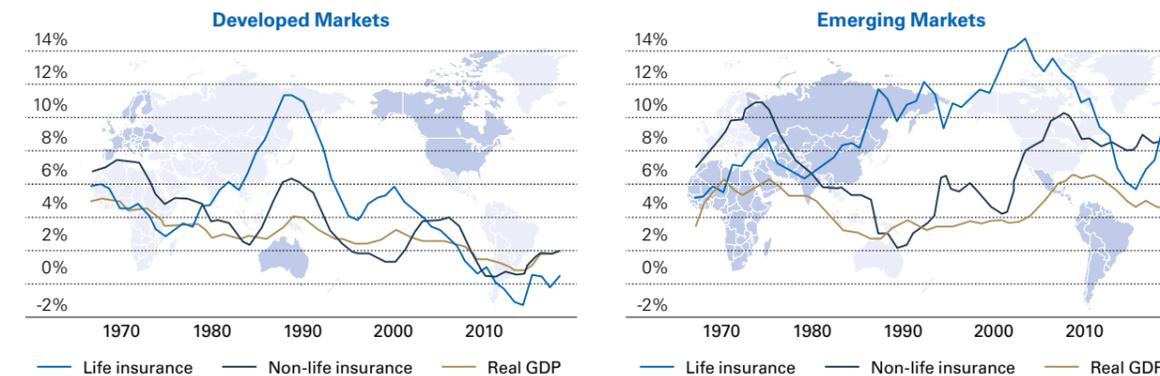
*1. Before reinsurance
 *2. Includes personal accident insurance and health insurance
 *3. Non-life premiums include state funds
 Life insurance premiums include the estimated value of group annuities premiums
 *4. Estimated figures
 *5. Provisional figures
 *6. Fiscal year between April 1, 2017 and March 31, 2018
 *7. Figure for non-life premiums is provisional
 *8. Figure for life premiums is an estimate
 *9. Net premiums are shown for life premium amount

Source: Swiss Re Institute, *sigma* No. 3, 2018

In addition to stable growth in developed markets, capturing booming emerging markets is the key.

Non-life premiums grow in tandem with economic growth in developed markets. However, in emerging markets, which have low levels of insurance penetration and upward trends in populations, insurance premiums show growth that exceeds economic growth. Note that increases in life premiums are greatly impacted by such factors as interest rates, market regulations, and taxation systems, so they are not necessary linked to economic growth.

Growth in Non-life and Life Premiums, and Growth in Real GDP (Seven-Year Moving Average)



Source: Swiss Re Institute, *sigma* No. 3, 2018

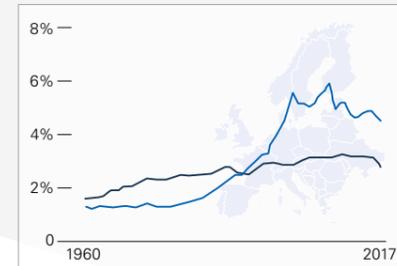
Life and Non-Life Insurance Premiums in 2017, and Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)

— Life insurance
 — Non-life insurance

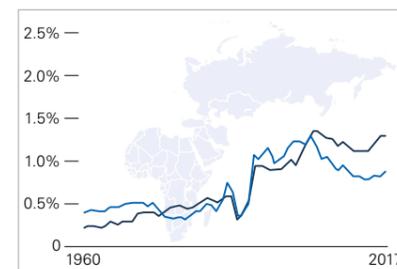
Region Premium (Share)
 *Circle size gives a visual idea of the size of premiums

Insurance Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)

Developed Europe, Middle East, and Africa (EMEA)



Emerging EMEA



Western Europe

\$1,416 billion (28.9%)

Russia

\$21 billion (0.4%)

China

\$541 billion (11.0%)

Japan

\$422 billion (8.6%)

Africa

\$66 billion (1.3%)

India

\$98 billion (2.0%)

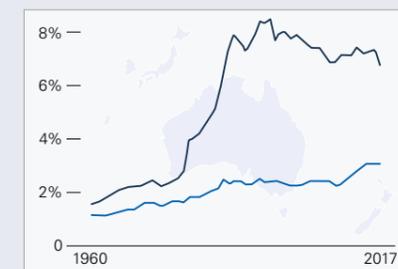
ASEAN

\$102 billion (2.1%)

Oceania

\$90 billion (1.8%)

Developed Asia-Pacific

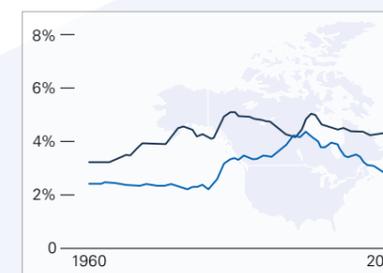


North America

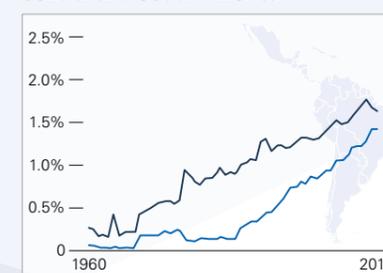
\$1,496 billion (30.6%)

Insurance Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)

North America



Central and South America



Central and South America

\$167 billion (3.4%)

Central and South America (of which, Brazil)

\$83 billion (1.7%)

Source: Swiss Re Institute, *sigma* No. 3, 2018

What Is Non-life Insurance?

There are three major types of insurance: life insurance, non-life insurance, and third-sector insurance.

Under Japan's Insurance Business Act, insurance that falls under neither a field specific to life insurance (so-called first-sector insurance) nor a field specific to non-life insurance (so-called second-sector insurance) is called third-sector insurance.

Life Insurance	This is a type of insurance in which the payment of insurance proceeds of an amount agreed upon in advance is made in connection to the life or death of an individual. This type of insurance can only be underwritten by a life insurance company.
Non-life Insurance	This is a type of insurance in which an insurance payout is made according to damages arising from specific, accidental events. This type of insurance can only be underwritten by a non-life insurance company.
Third-sector Insurance	This is a type of insurance that falls under neither life insurance nor non-life insurance. Both life insurance companies and non-life insurance companies can handle this type of insurance. Examples include personal accident insurance and medical insurance.

The payment of insurance proceeds of an amount agreed upon in advance is known as "fixed payment." This is based on the thinking that a price cannot be set for a person's body. Fixed payments are the basic system taken for life insurance, personal accident insurance, and medical insurance.

On the other hand, insurance payouts made in accordance with the amount of damages arising from specific, accidental events are known as the payment of actual loss or damage. Policyholders are compensated

by the insurance for the actual amount of damages that they have incurred. The concept behind non-life insurance is to prevent policyholders from profiting unfairly from incurred damage or loss (so-called "getting richer after a fire" in Japan). That is why this kind of payout system is the basic method taken in non-life insurance. Life insurance companies and non-life insurance companies are prohibited from concurrently operating First Sector and Second Sector insurance businesses. However they can both underwrite Third Sector insurance.

Comparison of Various Insurance Types

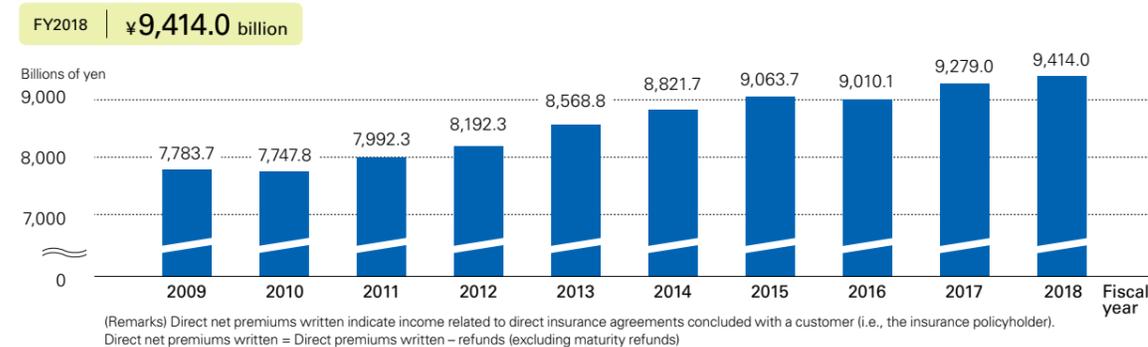
	Life Insurance (First-sector Insurance)	Non-life Insurance (Second-sector Insurance)	Personal Accident, Medical, and Other Insurance (Third-sector Insurance)
Handled by	Life insurance companies	Non-life insurance companies	Both life insurance and non-life insurance companies
Insured accidents	A person's life or death	Accidental events	Personal accidents, illnesses, and other
Insurance payout	Fixed payment	Payment of actual damage	Fixed or actual damage payment*

* Although fixed payment is the basic method taken, there are some products in which the method taken is the payment of actual damages with the insured amount as the limit.
Source: The General Insurance Association of Japan website

Japan's Insurance Market

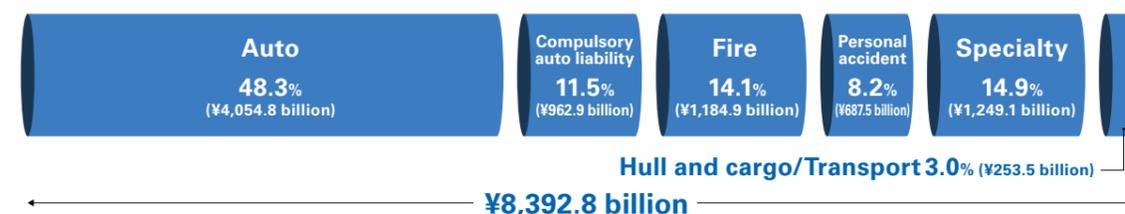
Steady growth of the non-life insurance market, mainly in auto insurance

Direct Net Premiums Written (including deposit premiums from policyholders)



Source: The General Insurance Association of Japan "Factbook 2019," based on Association member companies

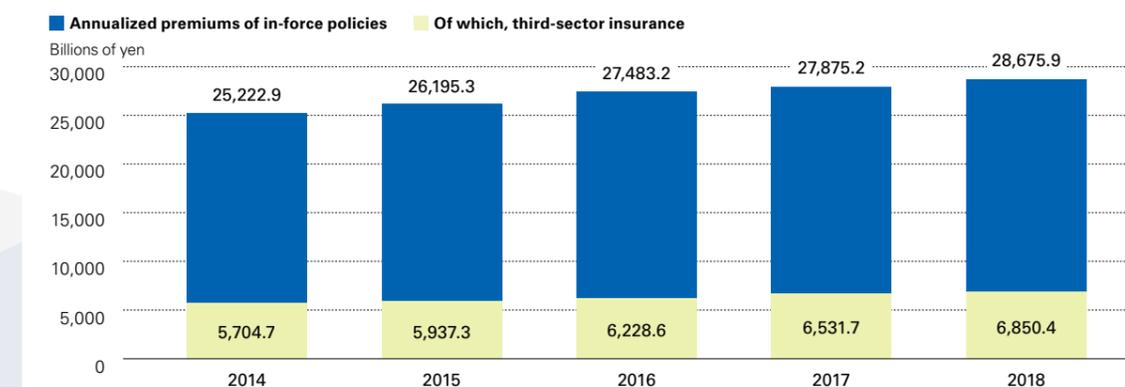
Composition Ratio of Net Premiums Written by Line of Insurance (FY2018)



Source: The General Insurance Association of Japan "Factbook 2019," based on Association member companies

Steady growth of the domestic life insurance market through increase in individual insurance

Annualized Premiums of In-Force Policies*



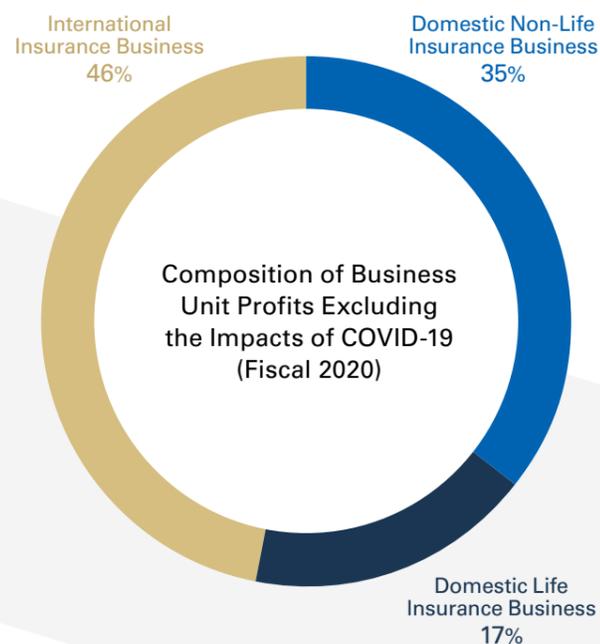
Source: The Life Insurance Association of Japan, "Trends in Life Insurance, 2019 Edition"

* Because there are now many insurance products on the market that pay little or no death benefits (e.g., medical insurance, cancer insurance, nursing care insurance, and individual annuity), there are instances when it is not appropriate to assess business performance on the basis of total in-force policy amounts (in the case of individual insurance), since they are net death benefit amounts. Annualized premiums of in-force policies are now being used as an index to complement this.
In addition to monthly premium payments, there are also yearly premium payments and lump sum payments of the full amount. Furthermore, payments may be made through the entire period of the policy, or payments may be completed after a fixed term. Annualized premiums make adjustment for such differences in payment methods, and indicate how much of an insurance premium income is obtained by a life insurance company from policies if premium payments are averaged out for the policy term. [Example: Lump Sum Premium Payment (¥1 million) for a Policy with a 5 Year Term] Premium Income = ¥1 million, annualized premium = ¥200,000 (¥1,000,000 / 5)

Business Overview

Tokio Marine Group's business model is characterized by (1) stable and sustainable profits generated through the domestic non-life insurance business and the domestic life insurance business and (2) overseas operations that secure profits with resilience to market fluctuations by supplying specialty insurance in developed countries while also capturing the strong economic growth of emerging countries.

Our current business portfolio is effectively diversified on a global basis, with domestic and overseas operations both producing roughly half of our profits.



Domestic Non-Life Insurance Business

(Tokio Marine & Nichido Fire, "TMNF")

As the Group's core business, we achieve growth outperforming the market, and generate stable and sustainable profits by leveraging the strengths of our capacity to develop industry-first products and services, high-quality sales platform, and high business efficiency.

Domestic Life Insurance Business

(Tokio Marine & Nichido Life, "TMNL")

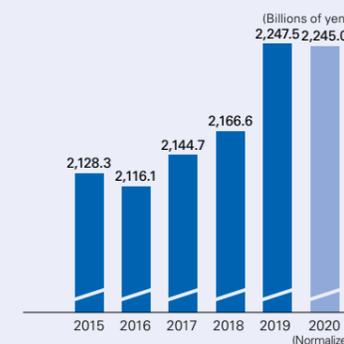
As a driver of growth that contributes to the long-term profits of the Group, we are a pioneer in the field of living protection, which is not fully covered by conventional medical insurance or death / life insurance, exploring this field ahead of our peers and delivering highly unique products to expand corporate value based on economic value.

International Insurance Business

As a driver of the Group's growth, we are constructing robust specialty insurance operating foundations in the large markets of developed countries while advancing wide-ranging operations in growing emerging countries to contribute to the growth of the Group's profits.

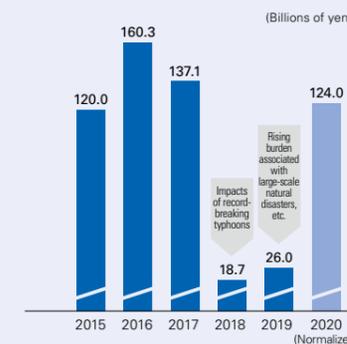
Top Line

Net Premiums Written

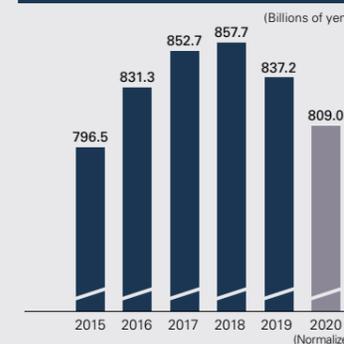


Bottom Line

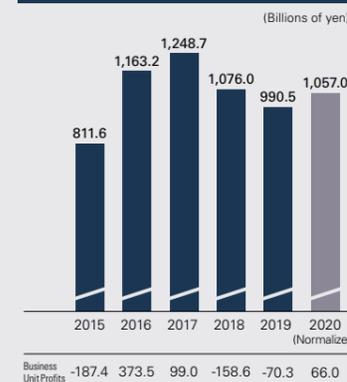
Business Unit Profits



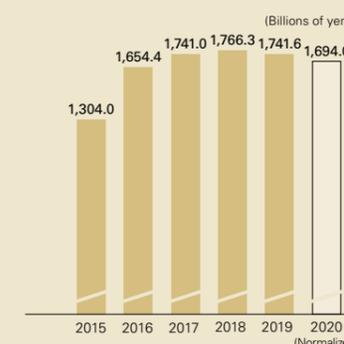
Annualized Premiums of In-Force Policies



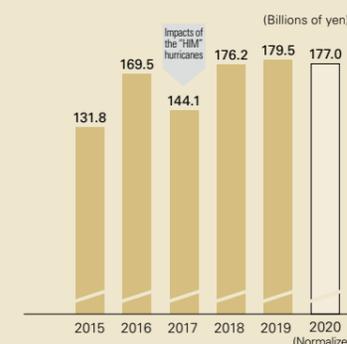
MCEV² and Business Unit Profits³ (Change in MCEV)



Net Premiums Written



Business Unit Profits



Competitiveness (Market Position)

Direct Net Premiums Written¹

Market Share No. 1

Expense Ratio (All Lines)¹

Business Efficiency No. 1

New Medical Insurance Policies⁴

Market Share No. 6 (Of 31 companies)

New Cancer Insurance Policies⁴

Market Share No. 6 (Of 22 companies)

Top 10 Position in Commercial Lines in the U.S.⁵



Market Shares in Major Emerging Countries⁶

Brazil: No. 6

Thailand: No. 3

*1. Comparison with the performances of four major domestic companies in fiscal 2019

*2. MCEV is an index used to assess the value of life insurance businesses to ensure consistency with the market value of financial instruments. Future economic conditions are evaluated based on the assumption that the figures from the end of March 2020 will continue. Post-dividend amounts used for MCEV for fiscal 2015-2019; pre-dividend amounts used for MCEV for fiscal 2020 (normalized).

*3. Pre-dividend amounts used for business unit profits

*4. Based on fiscal 2018 performance (Source: Life Insurance Statistics)

*5. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)

*6. Non-life premiums market share in Brazil as of December 2019; non-life premiums market share in Thailand as of April 2020 (Sources: AXCO, SUSEP)

Domestic Non-Life Insurance Business (Tokio Marine & Nichido Fire)

Market Environment (Major Opportunities and Risks)

Opportunities

- Diversification of risks accompanying technological advancement, social change, etc.
- Growth in new demand stemming from globalization of Japanese companies

Risks

- More widespread damages as a result of increasing scale of natural disasters
- Shrinking of automobile insurance market due to progress in autonomous driving technologies

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

Through the thorough pursuit of quality in products and services, distribution channels, and business processes, we will work to achieve sustainable growth and stable profit generation, no matter how the operating environment may change.

Best quality products and services

- Reformation of product portfolio through promotion of regional revitalization and health and productivity management
- Enhancement of products and services through utilization of technologies and other means

Best quality sales channel

- Improvement of sales productivity through enhancement of agents' specialties and consulting capabilities
- Expansion of new sales channels through increased tie-ups with market holders

Best quality business processes

- Improvement of business processes and productivity through new technologies

Best quality human resources

Maximize Group's collective strength through integrated Group management

Initiative 1 Ongoing Growth Centered on Automobile Insurance and Expansion of Specialty Insurance

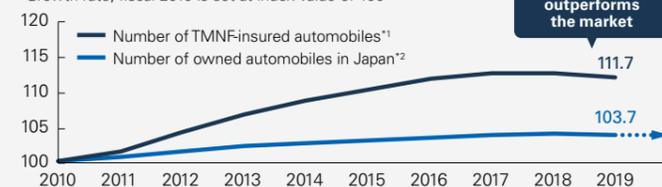
In the domestic non-life insurance business, we have continued to achieve growth outperforming the market and expansion of our market share. Our growth thus far has been driven by our core automobile insurance line, and automobile insurance has achieved its high level of growth through the steady growth in the number of policies and the expansion of coverage and services.

However, the automobile insurance market is expected to shrink gradually over the long term due to population decline and the advancement of the sharing economy. One of our strategies in the domestic non-life insurance business is to take advantage of the time remaining before the projected decline in the automobile insurance market to augment the growth potential of other lines.

The business risks facing companies are becoming more diverse as a result of changes

Number of Owned Automobiles in Japan, and Number of TMNF-Insured Automobiles

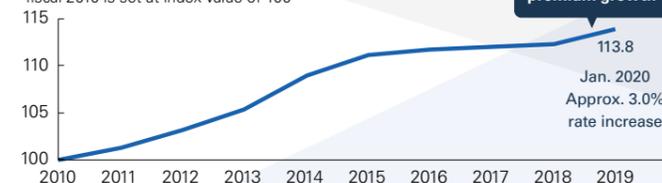
*Growth rate; fiscal 2010 is set at index value of 100



*1: Managerial accounting basis *2: Source: Automobile Dealers Vision, 2018

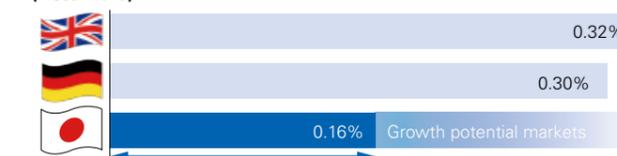
Insurance Premium Unit Price

*Growth rate; TMNF's non-fleet unit premiums in fiscal 2010 is set at index value of 100



in the operating environment and globalization. Regardless, the market penetration rate of specialty insurance in Japan is still low, representing significant room for growth. With a focus on the promotion of regional revitalization and health and productivity management, we are working together with commerce associations to expand enrollment in specialty insurance across Japan.

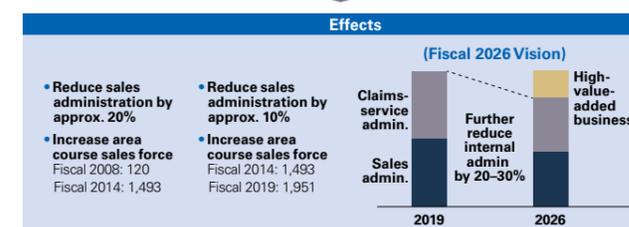
Penetration Rate of Liability and Workers' Compensation*3 (Fiscal 2018)



*3: Direct premiums written for liability/workers' compensation insurance ÷ GDP (Fiscal 2018)
(Source: Created by Tokio Marine based on Japan's commercial insurance market 2019, Swiss Re Institute)

Initiative 2 Business Process Improvement

Promotion of Business Process and Work-Style Reforms



Since 2008, we have been implementing the Business Process Reform Project, which aims for large-scale simplification of products and administration. Through this project, which was commenced a step ahead of the reforms of competitors, we have succeeded in realizing reductions to workloads and improvements to productivity. Utilizing the time freed up through this project to redouble sales activities, we have been able to achieve top-line growth outperforming the market, along with business efficiency that is competitive in comparison to other companies. Moving forward, through increased utilization of new technologies, we will advance further business process and work-style reforms to realize reductions of 20 to 30 percent in workloads over the long term.

Mid-Term Business Plan 2020 Targets and Progress

2020 Targets

Net Premiums Written
CAGR +1% or more⁴

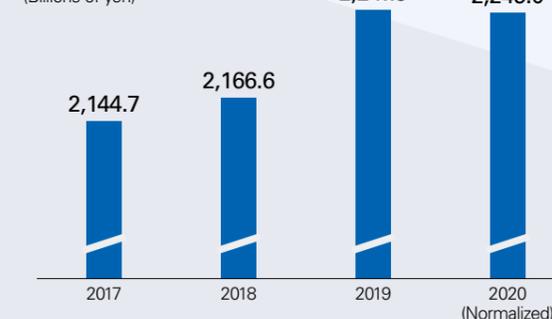
Business Unit Profits
CAGR +1% or more^{4,5}

Combined Ratio (Private Insurance E/I Basis)
Approx. 92%–93%⁵

⁴ CAGR based on fiscal 2017 performance; business unit profits based on ¥150.0 billion standard value calculated by excluding foreign exchange effects and normalizing natural disaster losses to an average annual level.
⁵ Business unit profits down approximately ¥28.0 billion and combined ratio up approximately 2 percentage points after taxes due to the impact of the consumption tax increase and the revision of law of obligation

Progress with regard to top-line performance was favorable and in line with targets due to higher revenue largely attributable to fire insurance. Bottom-line performance in fiscal 2019 was at a low level as a result of various increased burdens due to the large-scale natural disasters

Net Premiums Written (Billions of yen)



Business Unit Profits / Combined Ratio (Billions of yen)



Domestic Life Insurance Business (Tokio Marine & Nichido Life)

Market Environment (Major Opportunities and Risks)

Opportunities	Risks
<ul style="list-style-type: none"> Growth in new needs resulting from advancing medical technology Higher awareness regarding longevity risk Progress of technology, such as AI and big data 	<ul style="list-style-type: none"> Continuation of historic low interest rate environment Intensified competition in protection-type product field

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

With consideration for anticipated changes in the business environment over the long term, we will strive to realize sustained profit growth by enhancing products, sales, and business processes, and by advancing risk control.

Develop innovative products

- Proactively capitalize on changes in environment, advance living protection products to meet emerging needs
- Meet diverse asset accumulation needs

Strengthen sales capabilities and sales platform

- Cultivate the market utilizing the life and non-life cross-selling business model
- Amalgamate distribution channels
- Strengthen management support capabilities for agents who will become the core of growth

Increase customer convenience / operational streamlining

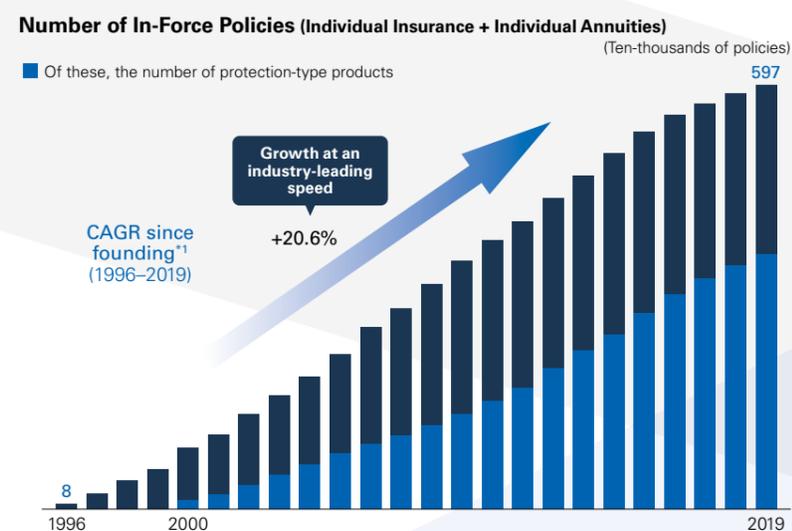
- Further increase quality, convenience, and efficiency of business processes
- Use new technology

Risk control that supports sound growth

Maximize Group's collective strength through integrated Group management

Initiative 1 Robust Growth through "Life Insurance Revolution to Protect One's Living"

Advancements in medical technology have precipitated the emergence of risks pertaining to post-hospitalization treatment, the inability to work, and nursing care. Turning our attention to such areas not covered by conventional life insurance, we took action before our peers by launching initiatives under the "Life Insurance Revolution to Protect One's Living" in 2012 to address previously untapped areas. The strong customer support earned through these initiatives has contributed to growth rates, which has resulted in Tokio Marine achieving growth at an industry-leading speed.

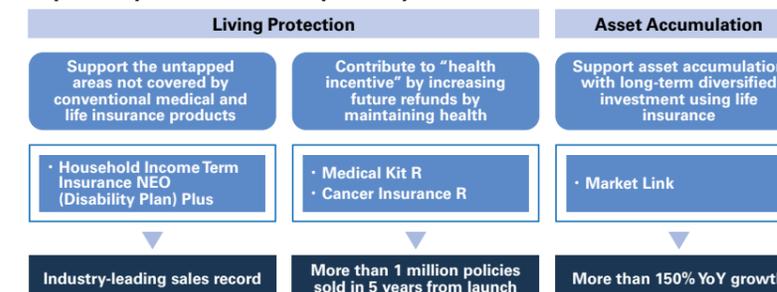


*1. Total of Tokio Marine & Nichido Life and former Tokio Marine & Nichido Financial Life

Initiative 2 Launch of Innovative Products

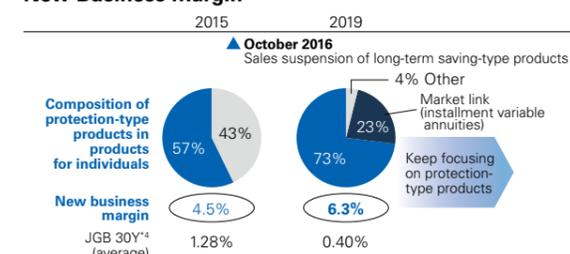
Life insurance companies are rapidly entering into the protection-type product field amid continually low interest rate levels. Nevertheless, as a frontier of this field, we continue to achieve steady growth in policy numbers by launching innovative products to provide support for customers in their times of need.

Product Line Responding to the Social Issues of Extending Healthy Life Expectancy and Asset Life Expectancy



Initiative 3 Appropriate Control of Interest Rate Risks

Composition of Protection-Type Products^{*2} and New Business Margin^{*3}



*2. New policies annualized premiums basis, excluding business insurance

*3. Value of new business / Present value of new business premiums

*4. Source: Bloomberg

Maintaining long-term financial soundness is crucial to life insurers because of the long duration of life insurance policies. Faced with persistently low interest rates, we have been expanding new business margins by shifting our portfolio from savings-type products to protection-type products, which place lower interest rate burdens on the Company, to control interest rate risks and increase the new business margin. Going forward, we will keep focusing on protection-type products in order to appropriately control interest rate risks and achieve steady profit growth even in the face of low interest rates.

Mid-Term Business Plan 2020 Targets and Progress

2020 Targets

New Policies Annualized Premiums CAGR +1% or more^{*5}

Business Unit Profits MCEV Growth Rate CAGR +4% or more^{*5}

*5. CAGR based on fiscal 2017 performance; fiscal 2020 MCEV is before payment of shareholders' dividends.

In regard to top-line performance, despite the decrease due to sales suspension of products for corporate clients, we will continue to promote sales of protection-type products and installment variable annuities (market link). Bottom-line performance improved due to such factors as a decrease in the

decline of yen interest rates. In fiscal 2020, we expect to increase profits (excluding the impacts of COVID-19) through reversal effects from smaller profits in fiscal 2019 due to lower interest rates and increase in new policies.

New Policies Annualized Premiums

(Billions of yen)

	2017	2018	2019	2020 (Normalized)
New policies annualized premiums	102.1	74.6	40.5	43.0
In-force policies annualized premiums	852.7	857.7	837.2	809.0

Business Unit Profits

(Billions of yen)

	2017	2018	2019	2020 (Normalized)
Year-end MCEV ^{*6}	1,248.7	1,076.0	990.5	1,057.0
Business unit profits ^{*7}	99.0	-158.6	-70.3	66.0
Of which, new business value and existing business contribution	78.0	78.3	62.8	75.0

*6. Figures for fiscal 2017 through fiscal 2019 are after payment of shareholders' dividends; figure for fiscal 2020 is before payment of shareholders' dividends.

*7. Figures are before payment of shareholders' dividends

International Insurance Business

Market Environment (Major Opportunities and Risks)

Opportunities	Risks
<ul style="list-style-type: none"> Stable growth in the U.S. and other developed countries Economic growth and growth of the middle class in emerging countries, primarily Asia Hardening insurance market (increase in rates) focused on North America 	<ul style="list-style-type: none"> More widespread damages as a result of increasing scale of natural disasters Global economic uncertainty due to factors such as U.S.-China trade dispute Social inflation (rising cost of insurance claims) in the U.S.

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

We will strengthen integrated group management and take steps to pursue both sustainable organic growth and strategic M&A. In this way, we will be the driver of risk diversification and sustainable profit growth for the Group.

Sustainable organic growth

- Achieve sustainable growth by companies with robust business models while also leveraging new technologies

Strategic M&A (see page 48)

- Achieve balanced growth by diversifying risks and incorporating growth in both developed markets and emerging markets

Maximize Group's collective strength through integrated Group management

Initiative 1 Organic Growth Strategies in Developed Countries

Tokio Marine Group has earned a top 10 position*¹ in commercial lines in the United States and showed presence as a top-class player in the specialty insurance market. By building a robust specialty insurance business platform in developed countries, we are achieving rapid growth that outperforms the market, coupled with high profitability while remaining relatively unaffected by market fluctuations. Going forward, we will look to sustain this rapid growth in developed countries by further honing the strengths of Group companies and conducting bolt-on M&A.

About 80% of Tokio Marine Group's overseas profits are generated in the United States. The drivers behind these profits are the three acquired North American companies. We practice a disciplined approach toward M&A, based on the three acquisition principles of culture fit, high profitability, and strong business models. Since joining the Group, all three acquired companies have been achieving growth that outperforms the market. We will aim for further profit growth with the participation of the PURE Group, the acquisition of which was completed in February 2020.

Top-class player in U.S. specialty insurance

 <p>PHILADELPHIA INSURANCE COMPANIES A Member of the Tokio Marine Group</p> <p>Focus in niche markets, such as NPOs, etc.</p>	 <p>PURE INSURANCE A Member of the Tokio Marine Group</p> <p>Specialized in HNW insurance market</p>
 <p>DELPHI A member of the Tokio Marine Group</p> <p>Strength in employee benefit, etc.</p>	 <p>TOKIOMARINE HCC</p> <p>Mainly provides specialty products</p>

*1. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)

High profit growth and profitability exceeding the U.S. market

<p><Bottom line*²> 2015–2019 CAGR 6.6% vs. Market*³ +4.7 pt</p>	<p><Combined ratio> 2015–2019 Average 95.5% vs. Market*³ 4.0 pt. Favorable</p>
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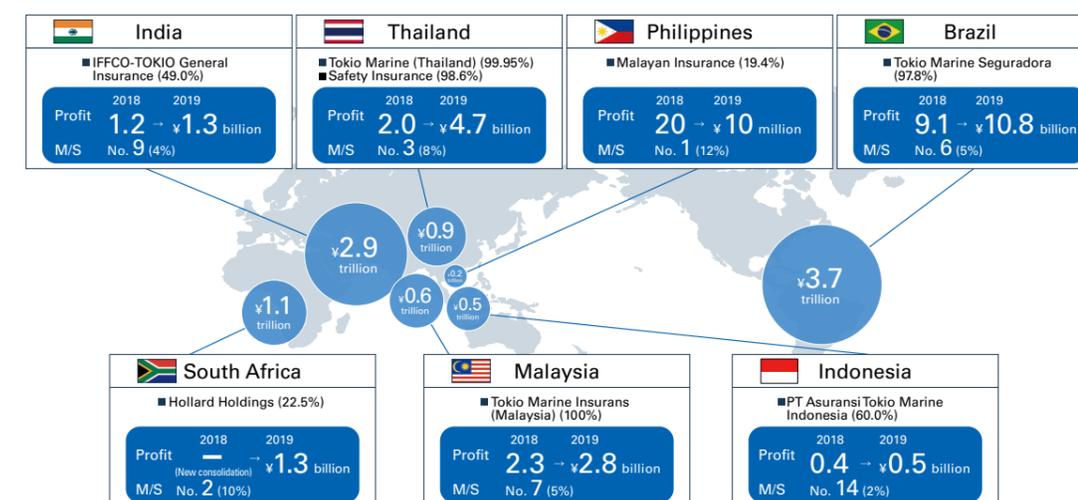
*2. Annual after-tax profit on a local accounting basis. For 2017, the one-time impact of U.S. tax reforms was excluded.
*3. Source: S&P Global

Initiative 2 Organic Growth Strategies in Emerging Countries

Tokio Marine Group is also developing a wide range of businesses in emerging countries with a focus on those countries with large markets projected to experience significant growth. In fiscal 2019, we announced the establishment of a joint venture in Brazil with Caixa Bank, which has an approximately 70% share of the mortgage market there

(scheduled to commence operations in February 2021). Meanwhile, we completed integration of existing subsidiaries with Safety Insurance in Thailand that was acquired in August 2018. Looking ahead, we plan to continue capitalizing on the strong growth of the emerging countries to achieve ongoing growth.

Our Major P&C Business Network in Emerging Countries



Profit: Business unit profits

Source of M/S:

Note: The percentage in parenthesis to the right of each company name represents TMHD's shareholding ratio as of Dec. 2019.

The figures in the circle are P&C insurance premiums in each country for FY2018 (estimate). The size of the circle indicates market size. (Source: Swiss Re Institute)

Mid-Term Business Plan 2020 Targets and Progress

2020 Targets

Net Premiums Written
CAGR approx. +5%^{*4}

Business Unit Profits
CAGR approx. +11%^{*5}

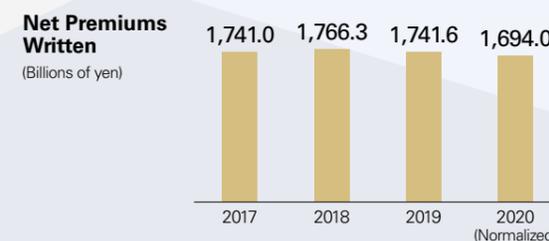
*4. CAGR is calculated based on the figure of ¥1,648.0 billion, adjusting fiscal 2017 performance based on foreign exchange rates on March 31, 2018.

*5. CAGR is calculated based on a normalized basis of ¥145.0 billion in fiscal 2017.

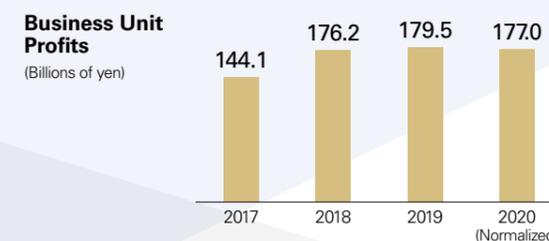
Adjustments for producing a normalized basis included lowering natural disasters to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States.

Despite the negative impact of the reinsurance businesses divestment as part of business portfolio revisions in March 2019, we worked to compensate for this negative impact to achieve profit growth. A

decline in profits is anticipated in 2020 (excluding the impacts of COVID-19) due to the further rise of the yen, however, increased profits are anticipated on a local-currency basis that excludes this impact.



Applied FX rate (USD/JPY)	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Mar. 31, 2020
	¥113.0	¥110.0	¥109.5	¥108.8
(Reference) Excluding reinsurance business	1,594.8	1,636.6	1,741.6	1,694.0



Applied FX rate (USD/JPY)	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Mar. 31, 2020
	¥113.0	¥110.0	¥109.5	¥108.8
(Reference) Excluding reinsurance business	160.2	163.2	179.5	177.0