



TOKIO MARINE

# Tokio Marine Group FY2013 Business Plan

May 2013  
Tokio Marine Holdings, Inc.



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**◆Abbreviations used in this material**

- TMNF : Tokio Marine & Nichido Fire Insurance Co., Ltd.
- NF : Nisshin Fire & Marine Insurance Co., Ltd.
- TMNL : Tokio Marine & Nichido Life Insurance Co., Ltd.
- FL : Tokio Marine & Nichido Financial Life Insurance Co., Ltd.



# I. Progress of the Mid-Term Business Plan

## ■ Progress of the Mid-Term Business Plan

**FY2012 (first year of the Mid-Term Business Plan) achieved steady growth, in line with the plan**

FY2012 adjusted earnings showed growth as initially planned due to efforts to improve profitability and steady execution of growth strategies in each business, despite the impact from natural catastrophes, etc.

**Aiming for further profit growth in FY2013 through steady implementation of growth strategies set forth in the Mid-Term Business Plan**

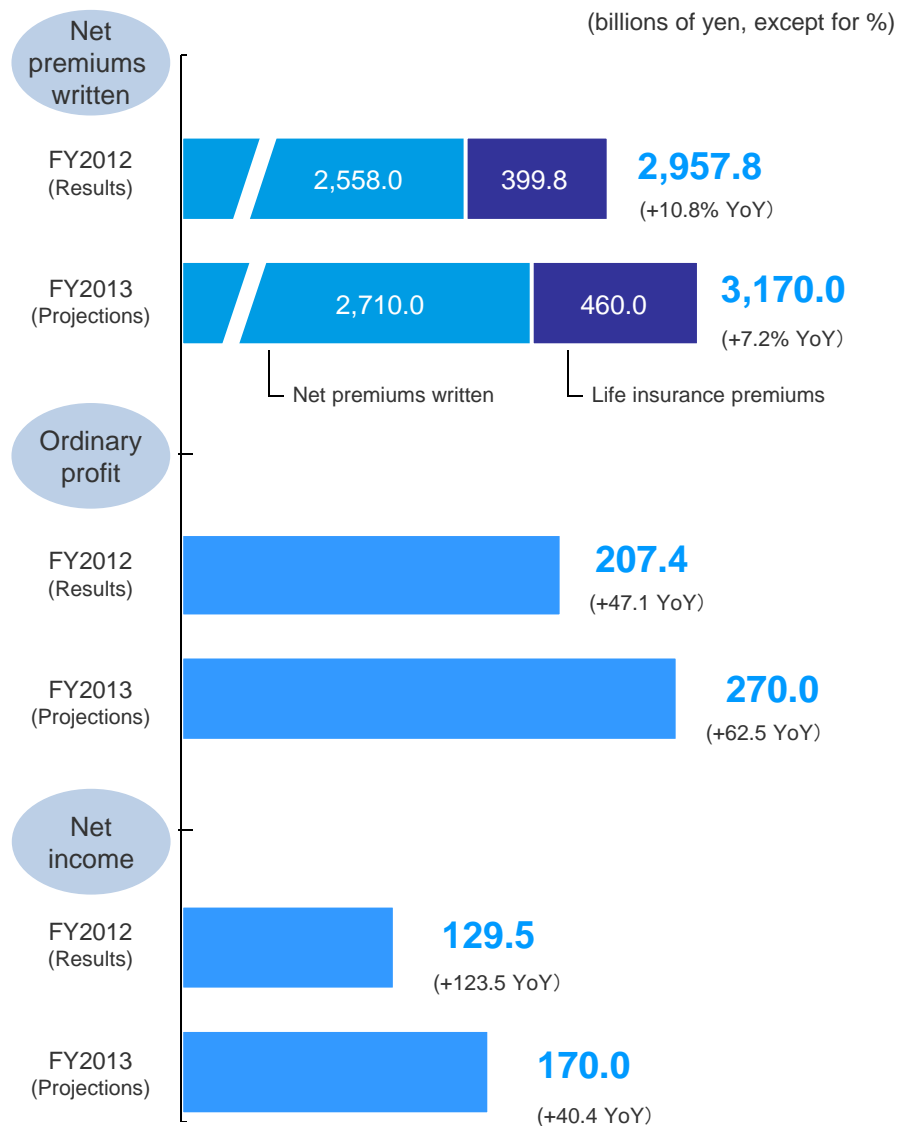
Domestic Non-Life	<ul style="list-style-type: none"><li>• Aim for improvement in combined ratio through continuous product and rate revisions, etc. to improve profitability</li><li>• Aim for industry-leading growth by strengthening customer contacts</li></ul>
Domestic Life	<ul style="list-style-type: none"><li>• Aim for maintained profit growth by developing unique and value-added products as well as promoting the integration of life and non-life sales approach</li></ul>
International Insurance	<ul style="list-style-type: none"><li>• Aim for well-balanced growth in both developed and emerging countries</li><li>• Continuously aim for further improvement in capital efficiency through business portfolio diversification and geographical diversification of risks underwritten</li></ul>

## ■ Return to Shareholders

**FY2013 annual dividends per share is planned to be raised by 5 yen to 60 yen, an increase for two consecutive fiscal years**



# I-2. Consolidated Results Overview



## ● Premiums Income (Net premiums written + Life insurance premiums)

### —FY2012 :

- Net premiums written increased due to revenue growth in domestic non-life business mainly in auto and steady growth at overseas subsidiaries as well as the consolidation of Delphi
- Life insurance premiums also increased due to an increase in in-force policies at TMNL and favorable sales in life insurance business in Asia (excluding Japan) as well as the consolidation of Delphi

### —FY2013 :

- Both net premiums written and life insurance premiums are projected to increase mainly due to sustained growth in domestic life and non-life businesses, and overseas subsidiaries as well as the full-year consolidation of Delphi

## ● Ordinary Profit

### —FY2012 :

- Increased mainly due to a decrease in natural catastrophe losses compared to FY2011, and the revenue growth in both domestic and international insurance businesses, despite an increase in provision for reserves for foreign currency denominated outstanding claims (owing to the depreciation of the yen) in domestic non-life business

### —FY2013 :

- Projected to increase mainly due to the progress of profitability improvement in domestic non-life business and the full-year consolidation of Delphi as well as the assumption that natural catastrophe losses are projected to occur on an average level (domestic and international)

## ● Net Income

### —FY2012 :

- Increased due to the reversal effect of FY2011 reduction of deferred tax assets associated with corporate tax rate decrease, in addition to the same factors as in ordinary profit

### —FY2013 :

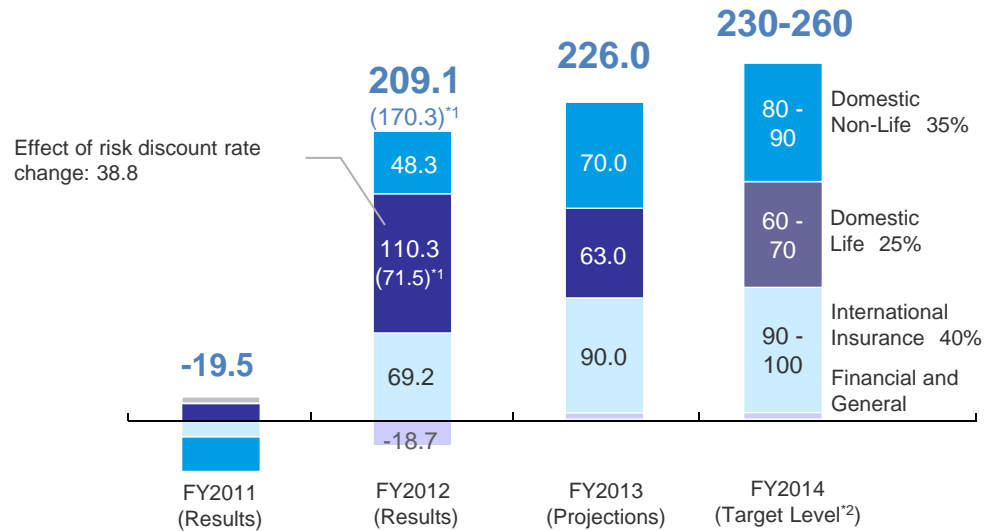
- Projected to increase due to the same factors as in ordinary profit



# I -3. Progress of the Mid-Term Business Plan

## Adjusted Earnings

(billions of yen)



Each business domain achieved steady growth, in line with the Mid-Term Business Plan

### FY2012 Adjusted Earnings: Increased by ¥228.6B YoY

- Steady progress of revenue increase in each business, and a decrease in natural catastrophe losses compared to FY2011
- In domestic life, effect of change in risk discount rate associated with the interest rate decline and the improvement of the market environment

### FY2013 Adjusted Earnings: Projected to increase by ¥16.9B YoY

- Further improvement in underwriting in domestic non-life
- Further expansion of underwriting in international insurance and Delphi's full-year profit contribution to the consolidated P/L results
- Assumption that natural catastrophe losses are projected to occur on an average level (domestic and international)

## Target of Each Business Domain

### Mid-Term Business Plan "Innovation and Execution 2014"

Business Domain	Target	FY2012 (Results)	FY2013 (Projections)	FY2014 (Target Level <sup>2</sup> )
Domestic Non-Life <sup>3</sup>	Combined ratio	103.3%	97.4%	97.2%
	NPW growth rate	102.3%	104.9% No.1 growth in the industry	102.2%
Domestic Life	EV increase	¥15.9B	¥110.3B (¥71.5B) <sup>1</sup>	¥63.0B
International Insurance	Adjusted earnings	¥ - 11.9B	¥69.2B	¥90.0B
Total	Adjusted earnings	¥ - 11.9B	¥69.2B	¥100B
	Adjusted ROE	-0.7%	6.7%	6.6%
	Adjusted ROE	-0.7%	6.7%	7% ~

\*1 Excluding effect of change in risk discount rate used for calculation of the Embedded Value in domestic life insurance business

\*2 Applied share price, FX rates, and interest rates are as of end-Mar. 2012. In addition, projected profit level is based on the assumption that natural catastrophe losses are projected to occur on an average level etc.

\*3 Figures of TMNF



# I -4. FY2013 Adjusted Earnings Projections

## Adjusted Earnings by Business Domain

(billions of yen)

	FY2012 Results	FY2013 Projections	
			Change
<b>Domestic Non-Life</b>	<b>48.3</b>	<b>70.0</b>	21.7
TMNF	54.6	72.0	17.4
NF	-0.9	1.0	1.9
Other	-5.4	-3.0	2.4
<b>Domestic Life</b>	<b>110.3</b>	<b>63.0</b>	-47.3
TMNL*	89.7	67.0	-22.7
FL	20.6	-4.0	-24.6
Other	-0.1	0.0	0.1
<b>International Insurance</b>	<b>69.2</b>	<b>90.0</b>	20.8
Philadelphia	24.5	28.0	3.5
Delphi	11.9	23.0	11.1
North America	7.3	3.0	-4.3
Kiln	5.6	17.0	11.4
Europe & Middle East	2.2	1.0	-1.2
South & Central America	2.0	2.0	0.0
Asia	2.2	6.0	3.8
Reinsurance	10.2	12.0	1.8
International Non-Life	66.0	92.0	26.0
International Life	4.7	2.0	-2.7
Adjustment relating to natural disasters	-	-	-
<b>Financial &amp; General</b>	<b>-18.7</b>	<b>3.0</b>	21.7
<b>Group total</b>	<b>209.1</b>	<b>226.0</b>	16.9
<b>Adjusted ROE (Group total)</b>	<b>6.7%</b>	<b>6.6%</b>	-0.1%

\* excluding capital transactions

## TMNF Adjusted Earnings

Net income of TMNF for accounting purposes	-	Reversal of catastrophe loss reserves, etc. net of taxes	+	Provision for price fluctuation reserves, net of taxes	-	Gains/losses on sales or evaluation of ALM bonds and interest rate swaps, net of taxes	-	Gains/losses on sales or evaluation of stocks and properties held, net of taxes	-	Other extraordinary profits/losses and valuation reserves etc., net of taxes	=	Adjusted earnings of TMNF
¥137.0B		¥8.3B		¥2.6B		¥0.3B		¥40.6B		¥18.4B		¥72.0B

– Group total adjusted earnings is projected to increase by ¥16.9B YoY to ¥226.0B, with adjusted ROE projected to be 6.6%

### Domestic Non-Life

TMNF: Projected to increase by ¥17.4B YoY to ¥72.0B

- Mainly due to a decrease in net incurred losses from natural catastrophes, and the reversal effect of an increase in provision for reserves for foreign currency denominated outstanding claims due to the yen turning to depreciation in FY2012

### Domestic Life

TMNL: Projected to decrease by ¥22.7B YoY to ¥67.0B

- Mainly due to the reversal effect relating to the risk discount rate decrease in FY2012, despite a projected steady growth

FL: Projected to decrease by ¥24.6B YoY to ¥ -4.0B

- Due to the reversal effect of the increase owing to improvement of the market environment in FY2012

### International Insurance

- Projected to increase mainly due to the reversal effect of large natural catastrophe losses in FY2012 such as Hurricane Sandy, and the full-year consolidation of Delphi

### Financial & General

- Projected to increase due to the reversal effect of loss provisions relating to guarantee obligation at a securities subsidiary



## II. Business Plan and Strategy by Each Domain

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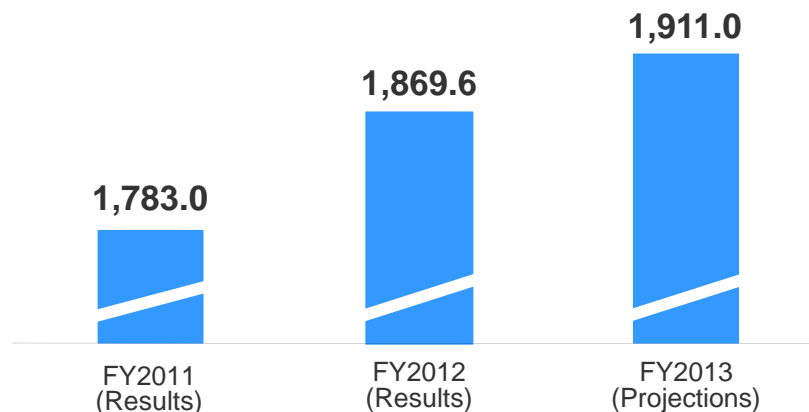
- 1. Domestic Non-Life**
2. Domestic Life
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## II -1-1. TMNF FY2013 Projections

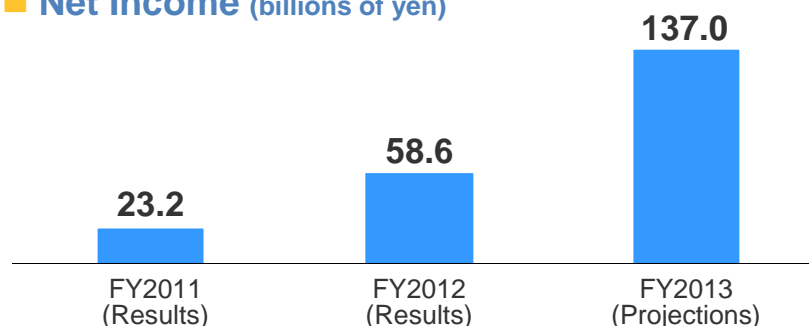
### ■ Net Premiums Written (billions of yen)



### ● Net Premiums Written

Projected to increase by 2.2% YoY to ¥1,911.0B due to product and rate revisions in auto and CALI etc., and the expansion of sales channels

### ■ Net Income (billions of yen)

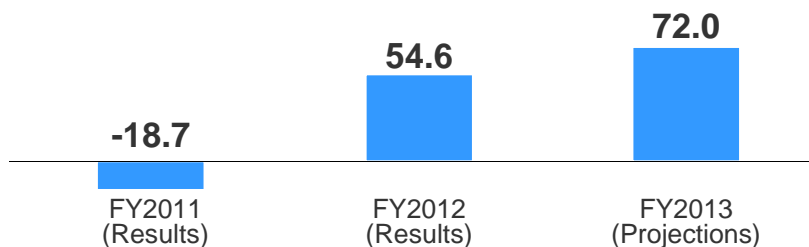


### ● Net Income

Projected to increase by ¥78.3B YoY to ¥137.0B

- Profitability improvement mainly through rate revisions and measures for high loss ratio accounts
- Reversal effect of natural catastrophe losses in FY2012
- Reversal effect of an increase in provision for reserves for foreign currency denominated outstanding claims due to the depreciation of the yen in FY2012
- Reversal effect of the valuation loss on investment in a subsidiary (extraordinary loss) in FY2012

### ■ Adjusted Earnings (billions of yen)



### ● Adjusted Earnings

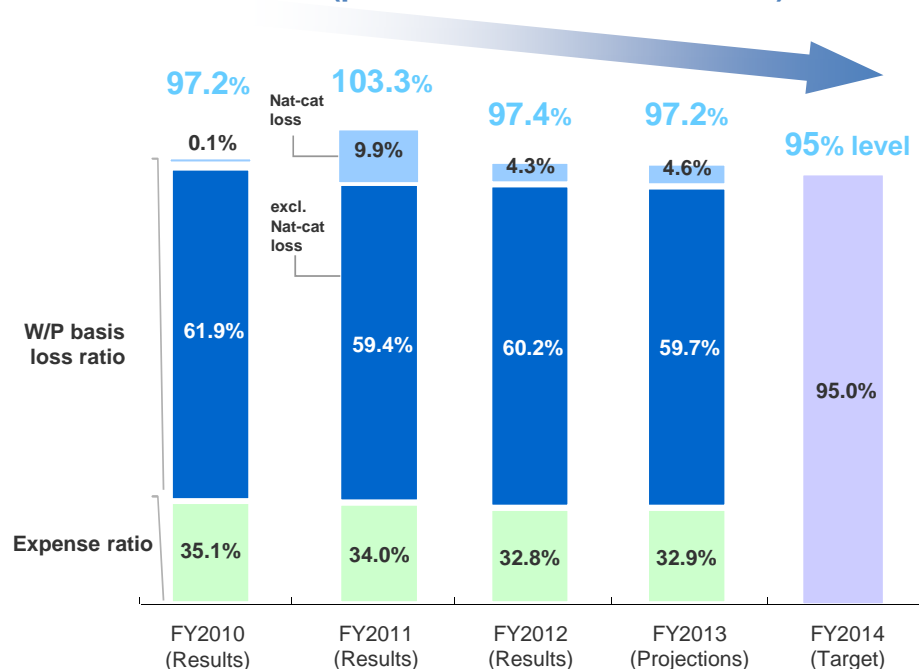
Projected to increase by ¥17.4B YoY to ¥72.0B due to the same factors in net income (excluding the factor of the valuation loss on investment in a subsidiary)



## II -1-2. TMNF Improving Profitability

Aim to achieve C/R of 95% level in FY2014 through continuous measures to improve profitability, set forth in the Mid-Term Business Plan

### ■ Combined Ratio (private insurance: W/P basis)



(billions of yen, except for %)	FY2010	FY2011	FY2012	FY2013 (Projections)
Net premiums written	1,517.5	1,545.6	1,618.5	1,649.6
Net claims paid*	941.2	1,071.5	1,045.1	1,060.3
Natural catastrophe losses	1.8	153.6	70.0	75.6
W/P loss ratio	62.0%	69.3%	64.6%	64.3%
W/P combined ratio	97.2%	103.3%	97.4%	97.2%
E/I loss ratio	66.2%	69.8%	66.8%	62.8%

\* Including loss adjustment expenses

### ● Improvement in underwriting (excluding natural catastrophes)

- Loss ratio (excluding natural catastrophes) is projected to improve by 0.5 points YoY to 59.7% through continued execution of measures for profitability improvement in auto etc.

### ● Natural catastrophes

- Loss ratio relating to natural catastrophes is projected to worsen by 0.3 points YoY to 4.6%, due to claims payment for past natural catastrophes (incurred before FY2013), and assuming ¥35B net claims payment (an increase by ¥5B YoY) for natural catastrophes occurring in FY2013

### ● Expense ratio

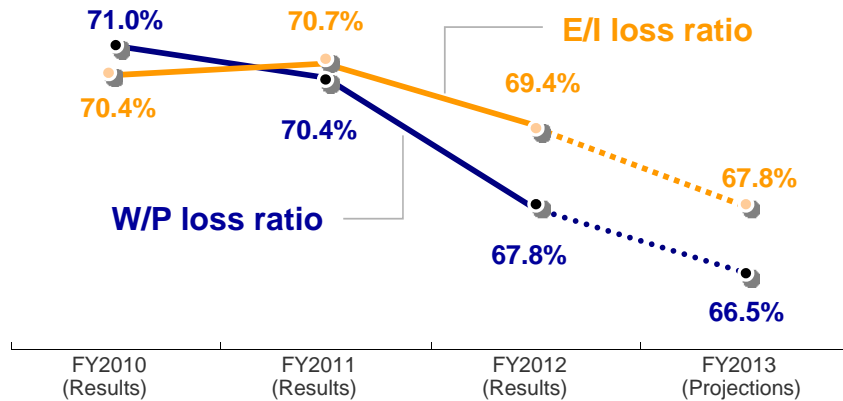
- Although FY2014 target level of 33.2% set forth in the Mid-Term Business Plan has been achieved, continue to pursue further improvement through improving efficiency in non-personnel expenses and revenue growth, etc.



## II -1-3. TMNF Improving Profitability in Auto

Signs of profitability improvement are beginning to appear  
We will further strengthen measures to achieve the Mid-Term target

### Loss Ratio



	FY2010	FY2011	FY2012	FY2013 (Projections)
Unit premiums*1	100	101.2	103.1	—
*1: FY2010 non-fleet unit premiums (managerial accounting basis) is set as index value of 100				
(billions of yen, except for %)	FY2010	FY2011	FY2012	FY2013 (Projections)
Net premiums written	850.8	865.6	908.1	929.4
W/P loss ratio	71.0%	70.4%	67.8%	66.5%
W/P combined ratio	103.8%	102.6%	98.5%	approx. 97%
E/I loss ratio	70.4%	70.7%	69.4%	67.8%
Net E/I combined ratio*2	103.2%	102.9%	100.2%	approx. 99%

\*2: Net E/I combined ratio is the sum of E/I loss ratio and W/P expense ratio

### FY2012 Results

Loss ratio turned to improve as effects from product and rate revisions in the past began to appear gradually

### FY2013 Plans

Loss ratio is still at a high level, therefore continuously implement measures to improve profitability

- Product and rate revisions (scheduled in Oct. 2013)
- Result-oriented measures including use of recycled parts, expansion of affiliated repair shops, measures for high loss ratio accounts, etc.

(Ref.) Expected effects from past measures contributing in and after FY2013

- Product and rate revisions including the introduction of age-bracket rate plans
- Mitigation effect of structural future decrease in per policy premiums by the revision of the Grade Rating System

### Rate revisions and profitability improvements per FY

(excluding revision of the Grade Rating System in non-fleet auto insurance)

(billions of yen)

Revision	FY09	FY10	FY11	FY12	FY13 Projections	FY14 Projections	FY15 Projections
Jul 2009	6.0	13.0	1.0				
Jul 2010		6.0	13.0	1.0			
Jan 2012			3.0	18.0	7.0		
Oct 2012				1.0	8.0	1.0	
Oct 2013					4.0	26.0	4.0
Total	6.0	19.0	17.0	20.0	19.0	27.0	4.0

### Claims Frequency and Unit Claims Cost

(vehicle damage and property damage liability coverage)

- Claims frequency in 4Q FY2012 decreased slightly due to less snowfall, etc.
- Unit claims cost remains an upward trend



## II -1-4. TMNF Growth Strategy

Achieve No.1 growth in the industry by strengthening customer contacts

Provide competitive products and services

### FY2013 Plan

- **Super Insurance**  
Expected premiums income: ¥154.8B (net increase by ¥4.8B)\*  
Expected new policies: 290,000  
Ratio of professional agents providing Super Insurance: approx. 50%
- **Super Business Insurance**  
Expected premiums income: ¥20.9B (increase by ¥3.7B)\*
- **One-day Auto Insurance**  
Expand into the market of young adults who do not yet own a car

Improve quality and expand sales channels

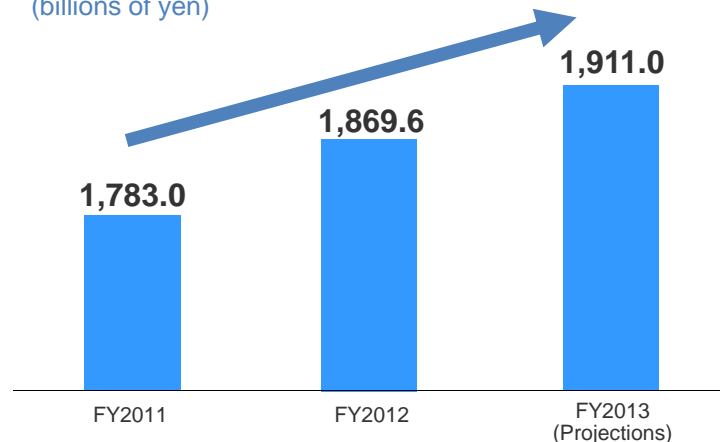
### FY2013 Plan

- **Alliance with Meiji Yasuda Life Insurance Company**  
Expected premiums income: ¥20.5B (increase by ¥4.0B)\*
- **Expansion of new agents**  
Aim to establish 1,800 non-life insurance agents per year
- **Simple and user-friendly operations**  
Contract process through tablet PCs, etc.

\*managerial accounting basis

### Net Premiums Written Target (All lines total)

(billions of yen)



### Strengthening customer contacts

- Further strengthen customer contacts by improving user-friendliness through the use of tablet PCs, etc. for contract process and claims service

### Achieving industry-leading premium growth

- As a result of the above measures, ¥1.9 trillion target of net premiums written (¥2.0 trillion on managerial accounting basis) in the Mid-Term Business Plan is projected to be achieved in FY2013, earlier than the original plan



## II. Business Plan and Strategy by Each Domain

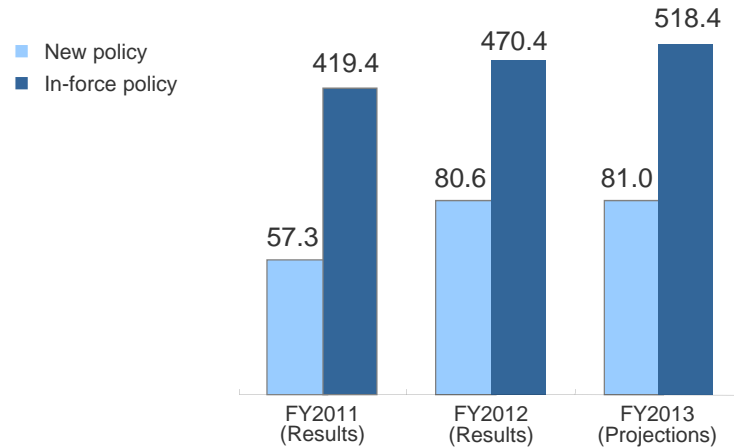
1. Domestic Non-Life
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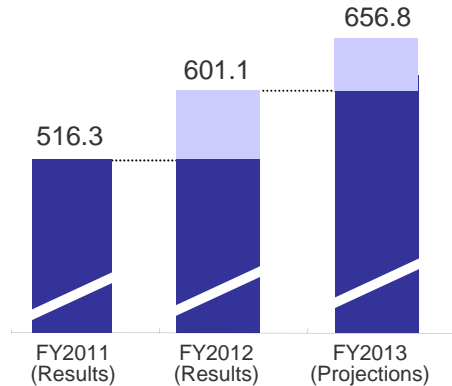


## II -2-1. TMNL FY2013 Projections

### ■ Annualized Premiums (ANP) (billions of yen)



### ■ Fiscal Year-end EV (billions of yen)



	FY2011 (Results)	FY2012 (Results)	FY2013 (Projections)	Change
Fiscal year-end EV	516.3	601.1	656.8	+55.7
EV increase <sup>*1</sup>	76.4	89.7	67.0	-22.7
EV increase <sup>*2</sup>	48.8	61.5	65.0	+3.5

\*1: Excluding capital transactions

\*2: Excluding capital transactions and effects of changes in interest rates, risk discount rate, and underlying assumptions

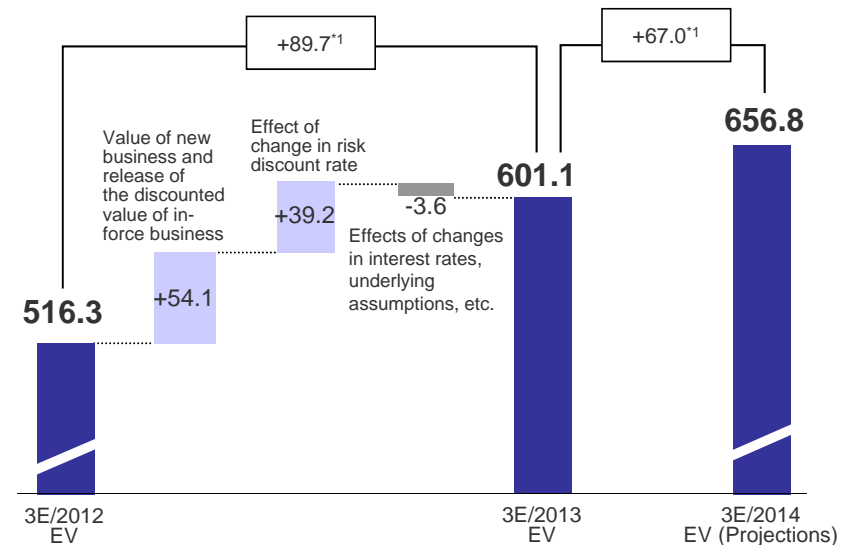
### ● FY2012 Results:

- Achieved steady EV increase mainly due to an increase in value of in-force policies owing to strong sales growth. In addition, year-end EV increased significantly due to the change of risk discount rate associated with the decline in the interest rate

### ● FY2013 Projections:

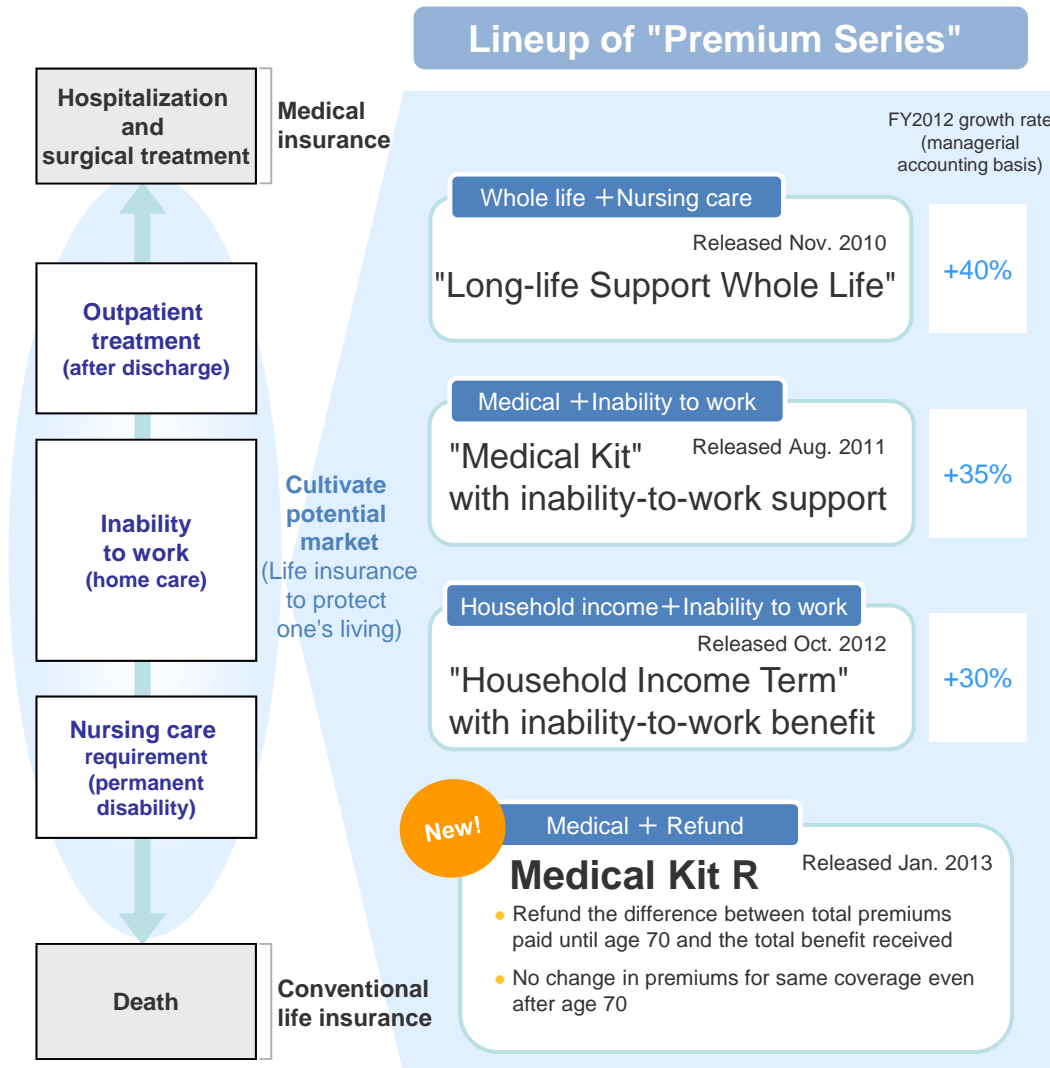
- Aim for sustainable growth with profitability by further focusing on third sector products, despite the negative reversal effect of the change in risk discount rate in FY2012

### (Ref.) Major factors of change in fiscal year-end EV



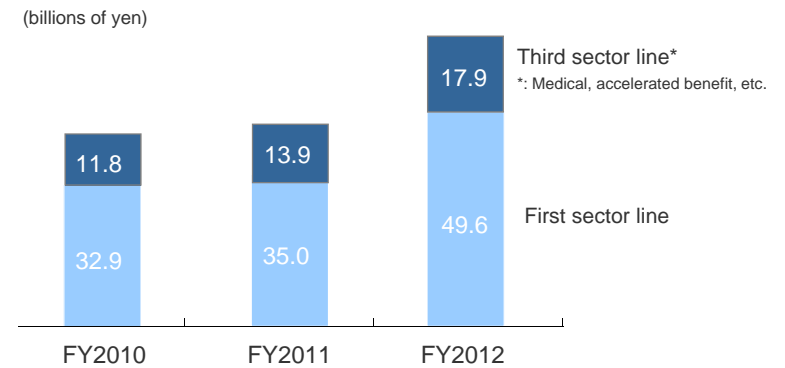
## Maintain growth with profitability through sales expansion of "Premium Series" \*

\*:Series of unique products with high added value



### ■ ANP for New Policy in Individual Insurance

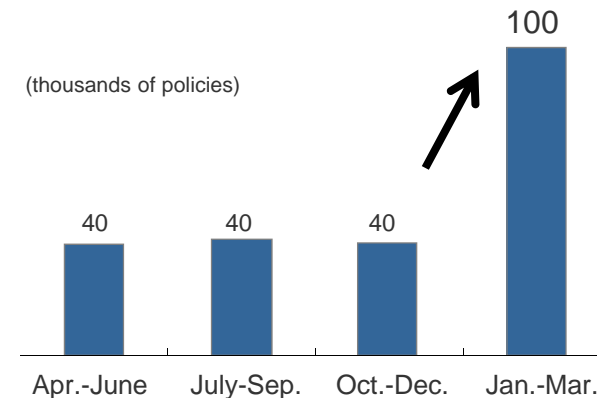
Increased steadily both in first and third sector lines mainly through launching new products for living benefits



### Number of New Medical Policies in FY2012

(quarterly figures)

Increased significantly due to the launch of "Medical Kit R"



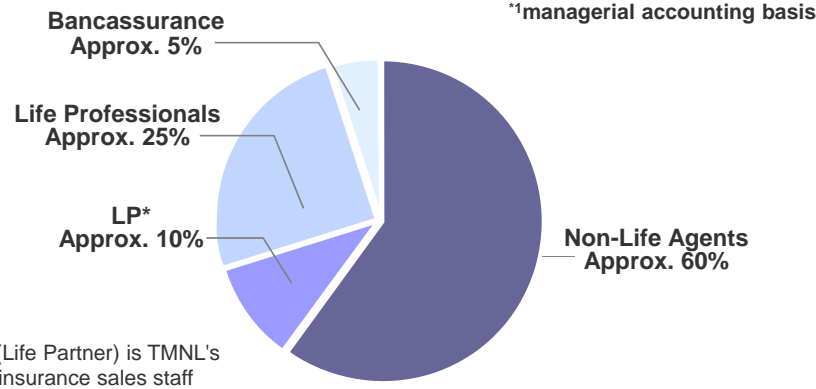


# II -2-3. TMNL Channel Strategy

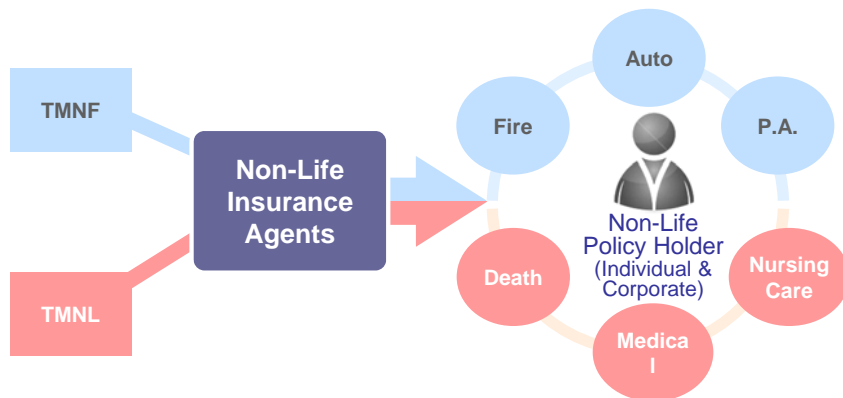
Further integrate life and non-life sales as our priority initiative  
Further activate sales channels focusing on attractive products

## Utilization of Multi Sales Channels

(Channel weight as of Mar. 2013\*1)



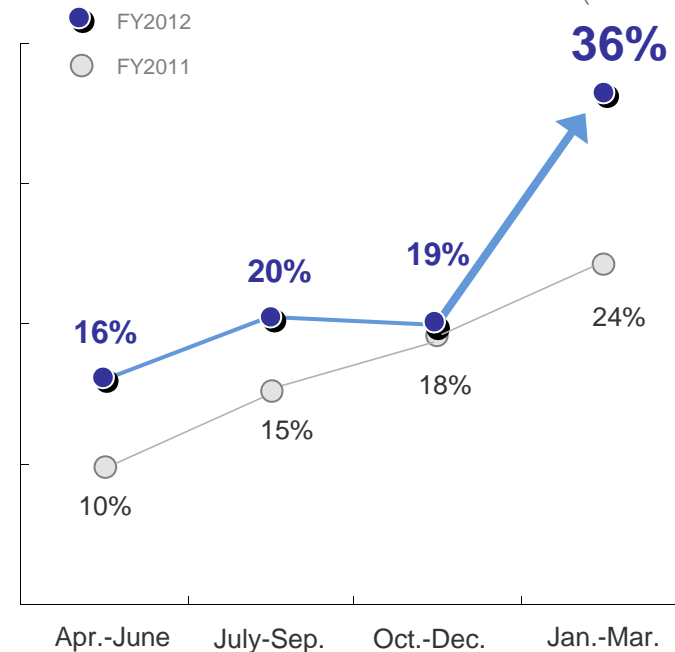
## Integrating Life and Non-Life Sales



## <FY2012 ratio\*2 of "Super Insurance" with third sector coverage>

\*2 Number of "Super Insurance" new policies with third sector coverage / number of total "Super Insurance" new policies

Ratio increased significantly due to the launch of attractive product "Medical Kit R"







## II. Business Plan and Strategy by Each Domain

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1. Domestic Non-Life
2. Domestic Life
- 3. International Insurance**
4. Asset Management
5. ERM & Return to Shareholders

## II -3-1. International Insurance (Overview)

### Achieve sustainable growth and profit expansion as the growth drivers of Tokio Marine Group

International Insurance Business Strategies in the Mid-Term Business Plan

- ✓ **Promoting balanced growth in developed and emerging countries**
  - Developed countries: Aim for sustainable profit expansion in Europe and North America, the main global insurance markets, especially in commercial lines and reinsurance business
  - Emerging countries: Aim for medium to long-term profit growth in both life and non-life as emerging insurance markets expand

- ✓ **Driving steady growth with both organic growth and M&A**
  - Organic growth: Aim for sustainable and profitable growth while maintaining underwriting discipline
  - M&A: Smoothly integrate Delphi's business and consider further opportunities for M&A

- ✓ **Diversifying business risks and improving capital efficiency**
  - Aim for business diversification among life, non-life, and reinsurance and geographical diversification of underwriting risk
  - Develop a well-balanced portfolio in order to improve capital efficiency

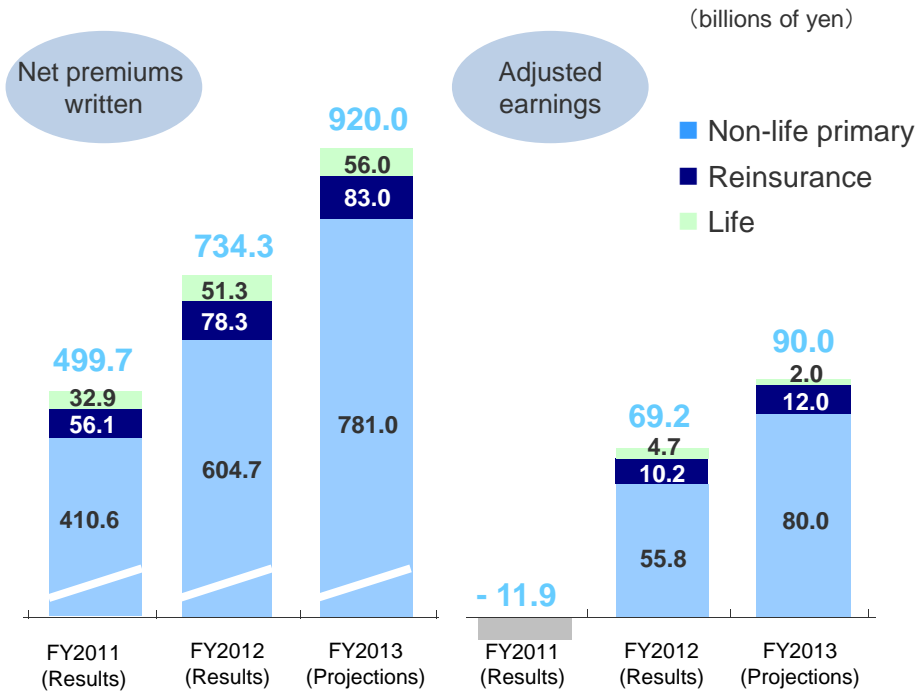
- ✓ **Enhance ERM and implement a global HR strategy**
  - Improve controls for natural catastrophe and non-modelled risks
  - Develop a talent pool of global leaders and recruit and train professional human resources

**Growth strategies are progressing on track  
We will continue to implement each strategy in FY2013**



## II -3-2. International Insurance FY2013 Projections

### ■ Net Premiums Written (NPW) and Adjusted Earnings



### ● International Insurance Business Total

#### Net Premiums Written

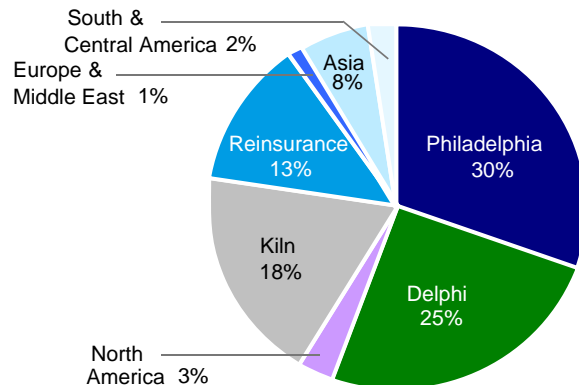
- Expected to increase by 25% YoY to ¥920.0B mainly due to contribution of Delphi's full-year result and growth of Philadelphia, Kiln, and Brazil

#### Adjusted Earnings

- Expected to increase by 30% YoY to ¥90.0B mainly due to profit contribution of Delphi and an increase in profit through business expansion in Philadelphia, Kiln, and Asia

### ■ Business and Geographical Portfolio Breakdown

(FY2013 projections / adjusted earnings basis)



- Promote business diversification among life, non-life and reinsurance, and geographical diversification of underwriting risk

## II -3-3. International Insurance FY2013 Projections



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(billions of yen, except for %)

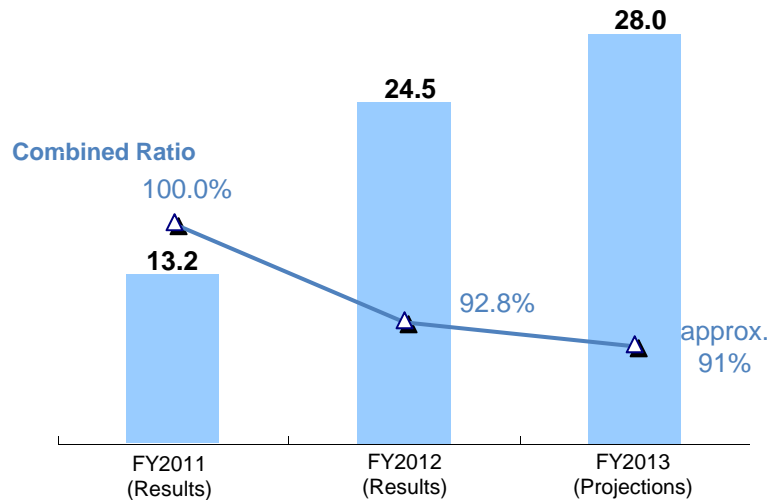
Applied FX rate (USD/JPY)	Net Premiums Written				Adjusted Earnings			
	FY2012 Results	FY2013 Projections	Change	YoY	FY2012 Results	FY2013 Projections	Change	YoY
	As of end- Dec. 2012	As of end- Mar. 2013			As of end- Dec. 2012	As of end- Mar. 2013		
	JPY 86.5	JPY 94.0			JPY 86.5	JPY 94.0		
Philadelphia	193.6	226.0	32.4	17%	24.5	28.0	3.5	14%
Delphi*	75.2	171.0	95.8	127%	11.9	23.0	11.1	93%
North America	48.7	56.0	7.3	15%	7.3	3.0	- 4.3	-59%
Kiln	106.8	118.0	11.2	10%	5.6	17.0	11.4	202%
Europe & Middle East	20.5	22.0	1.5	7%	2.2	1.0	- 1.2	-55%
South & Central America	79.7	96.0	16.3	20%	2.0	2.0	0.0	0%
Asia	79.9	95.0	15.1	19%	2.2	6.0	3.8	168%
Reinsurance	78.3	83.0	4.7	6%	10.2	12.0	1.8	17%
<b>Total Non-Life</b>	<b>683.0</b>	<b>864.0</b>	<b>181.0</b>	<b>26%</b>	<b>66.0</b>	<b>92.0</b>	<b>26.0</b>	<b>39%</b>
<b>Life</b>	<b>51.3</b>	<b>56.0</b>	<b>4.7</b>	<b>9%</b>	<b>4.7</b>	<b>2.0</b>	<b>- 2.7</b>	<b>-58%</b>
<b>Total (After adjustment)</b>	<b>734.3</b>	<b>920.0</b>	<b>185.7</b>	<b>25%</b>	<b>69.2</b>	<b>90.0</b>	<b>20.8</b>	<b>30%</b>

\* Delphi "FY2012 Results" is the results for six months from July to December 2012 and "FY2013 Projections" is the projection for January to December 2013 (full year)



## II -3-4. Philadelphia / Delphi

### ■ Philadelphia Adjusted Earnings FY2013 Projections (billions of yen)

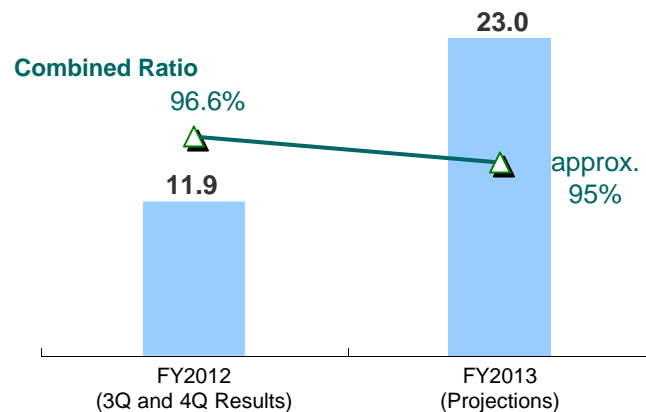


Expected to increase by ¥3.5B YoY to ¥28.0B

- Aim to achieve steady profit through diversification of business portfolio by Dynamic Portfolio Optimization (DPO\*)
- Enhance profitability through raising renewal rates and growth of new policies through bottom-line oriented underwriting

(\*)DPO: Portfolio optimization is achieved through identifying key risk drivers and taking significant actions such as rate increase or replacement of policies

### ■ Delphi Adjusted Earnings FY2013 Projections (billions of yen)



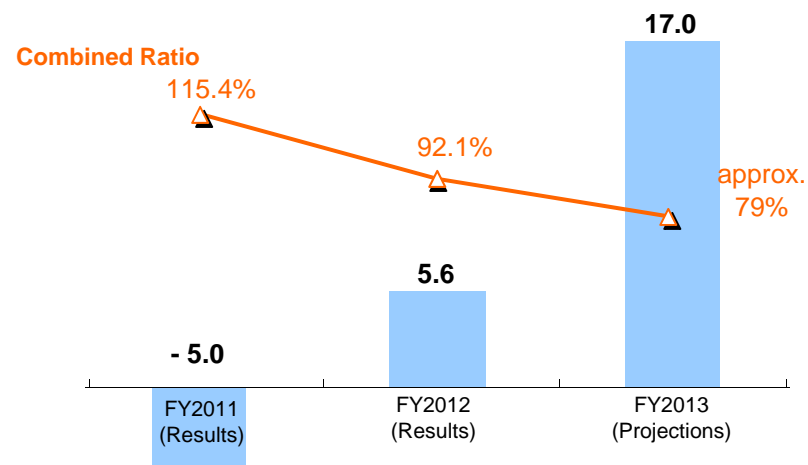
Expected to increase by ¥11.1B YoY to ¥23.0B  
(Full-year results of Delphi will be included from FY2013)

- Improve underwriting profit through upward rate revisions of core products such as excess workers' compensation and strict underwriting discipline focused on bottom line
- Maintain high level of investment income by leveraging expertise of investment
- Continue to maximize group synergy in North America



## II -3-5. Kiln / Reinsurance

### ■ Kiln Adjusted Earnings FY2013 Projections (billions of yen)<sup>(\*)</sup>

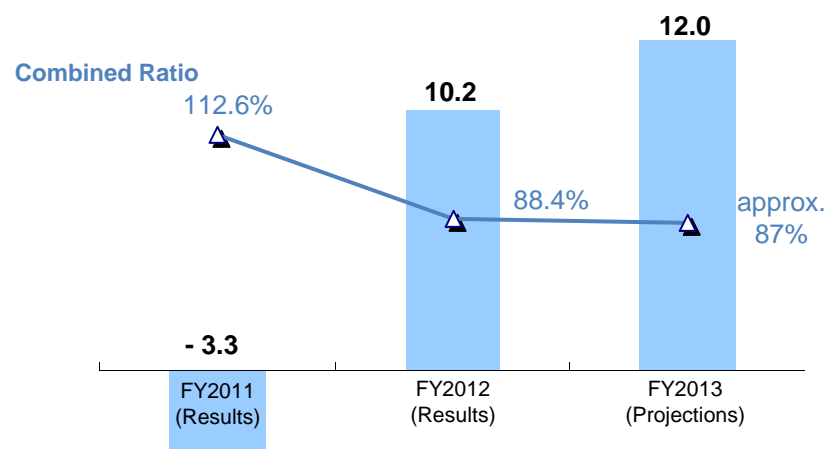


\*1: Kiln's results include a part of results from Lloyd's syndicate of Tokio Marine & Nichido Fire Insurance Co., Ltd.

Expected to increase by ¥11.4B YoY to ¥17.0B

- Achieve premium growth by expanding business in non-UK regions and increasing sales of existing specialty products
- Aim to increase profit while maintaining underwriting discipline by managing the market cycle and leveraging high expertise in product development

### ■ Reinsurance Adjusted Earnings FY2013 Projections (billions of yen)<sup>(\*)</sup>



\*2: Total of TMR, TMR(UK), and TMGR

Expected to increase by ¥1.8B YoY to ¥12.0B

- Further diversify the portfolio and stabilize profitability of the business by obtaining geographical spread through expanding business of Europe and Australia and by expanding non-natural catastrophes business

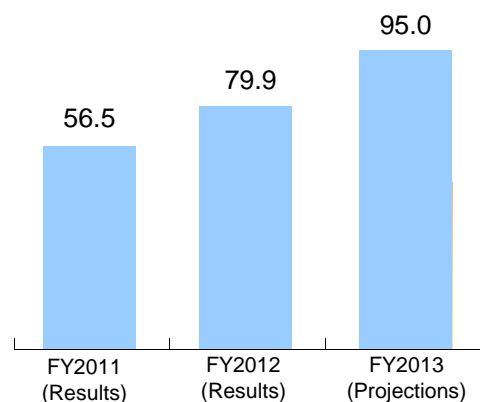
## II -3-6. Emerging Markets



TOKIO MARINE

### ■ Key Strategies in Emerging Countries and Net Premiums Written (NPW) (billions of yen)

Asia Non-Life



Accelerate profit growth in both Japanese and local businesses



India

- Aim to achieve stable profit through revenue growth in auto insurance business



Singapore / Malaysia

- Maintain high profitability in marine business and personal auto insurance business



Thailand

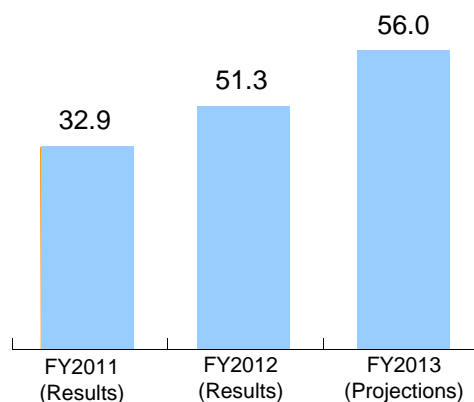
- Aim to achieve stable profit in both Japanese and local businesses



China

- Maintain profitability in Japanese business and expand market share of local business in the medium to long-term

Asia Life



Continue to expand business by developing distribution channels



India

- Expand distribution network and develop new products as the market is expected to grow in the medium to long-term



Singapore

- Aim to achieve stable profit growth by expanding distribution channels and developing new products



Malaysia

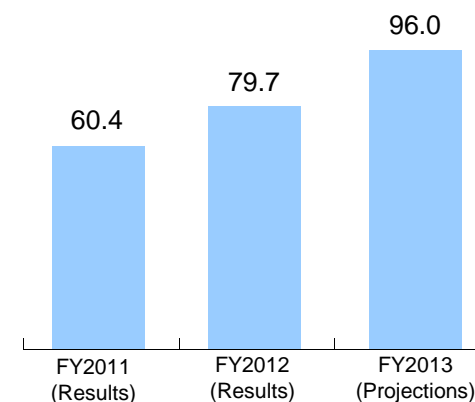
- Aim to achieve high profitability by expanding distribution channels such as agents and bancassurance



Indonesia

- Achieve full operational status quickly after entering the fast-growing Indonesian life insurance market

South & Central America Non-Life



Expand business steadily in personal auto business



Brazil

- Maintain high profitability in personal auto business with a solid business platform

Middle-East Islamic Insurance

Develop Islamic insurance business



Saudi Arabia / Egypt

- Promote Islamic insurance products through the distribution network of Alinma Bank in Saudi Arabia
- Turned Takaful companies (life and non-life) in Egypt into subsidiaries expecting the increase of demand for Takaful products



## II. Business Plan and Strategy by Each Domain

1. Domestic Non-Life
2. Domestic Life
3. International Insurance
- 4. Asset Management**
5. ERM & Return to Shareholders







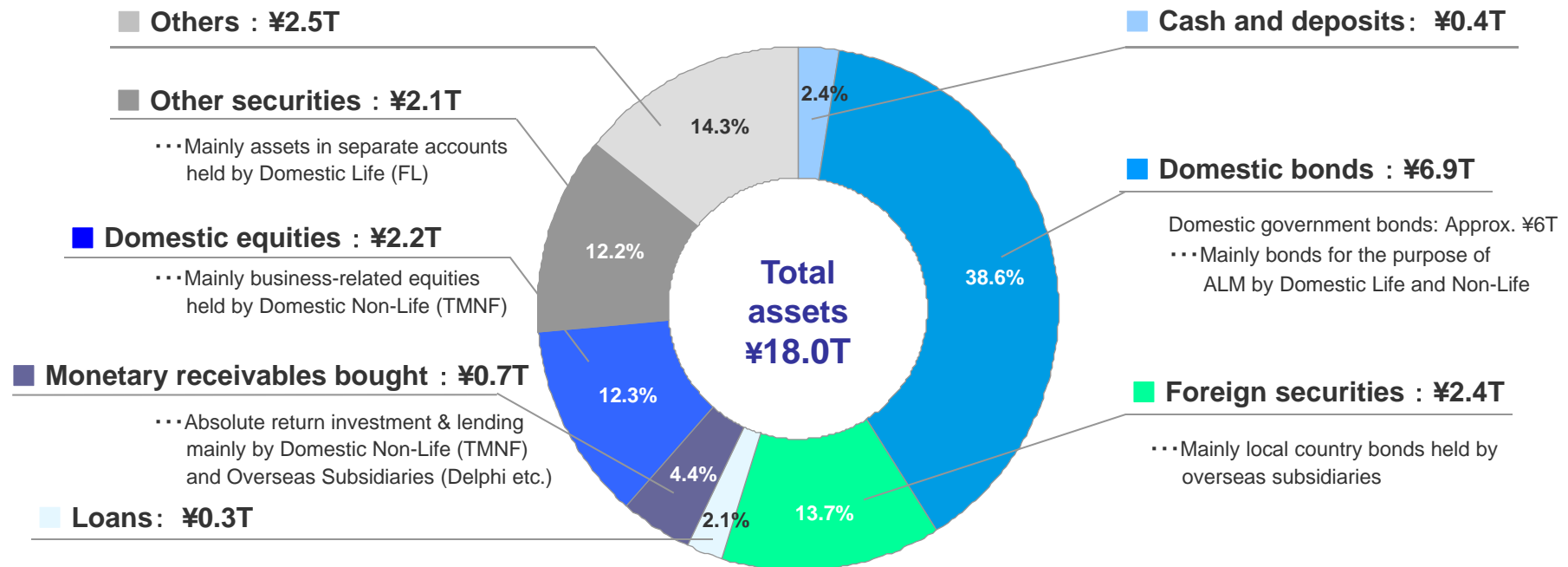
## II -4. Asset Management

### ■ Group Asset Management Concept

Each group company aims to contribute to the improvement of the Group's corporate value by executing investment operations that take into account the circumstances of their insurance liabilities and capital, as well as their business area and strategy

- Core principle is the maintenance of sufficient liquidity and stability for claim payments
- In principle, ALM investments are executed for assets to support long-term insurance liabilities
- Assets not used for ALM should be managed with the goal of improving profitability within the range of risk deemed acceptable in light of the insurance liabilities, financial base and investment environments for each Group company

### ■ Asset Composition of Tokio Marine Holdings (Consolidated) (as of the end of FY2012)

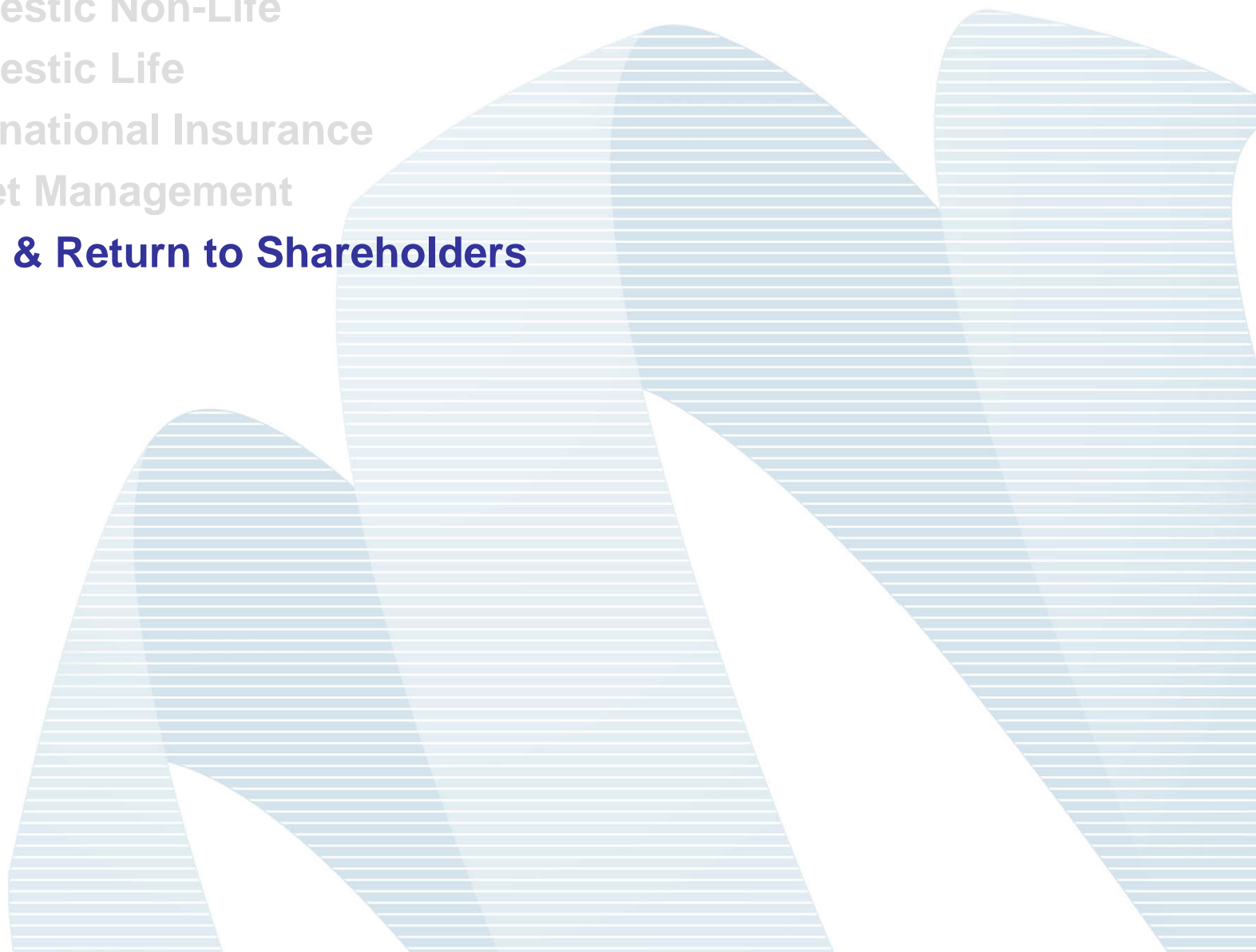




## II. Business Plan and Strategy by Each Domain

---

1. Domestic Non-Life
2. Domestic Life
3. International Insurance
4. Asset Management
5. **ERM & Return to Shareholders**





# II -5-1. Enterprise Risk Management (ERM)

**Maintain financial soundness**

Balance risk and capital to maintain AA credit ratings

- Improve natural catastrophe risk management
- Ensure our financial base can withstand catastrophic risks

**Improve profitability**

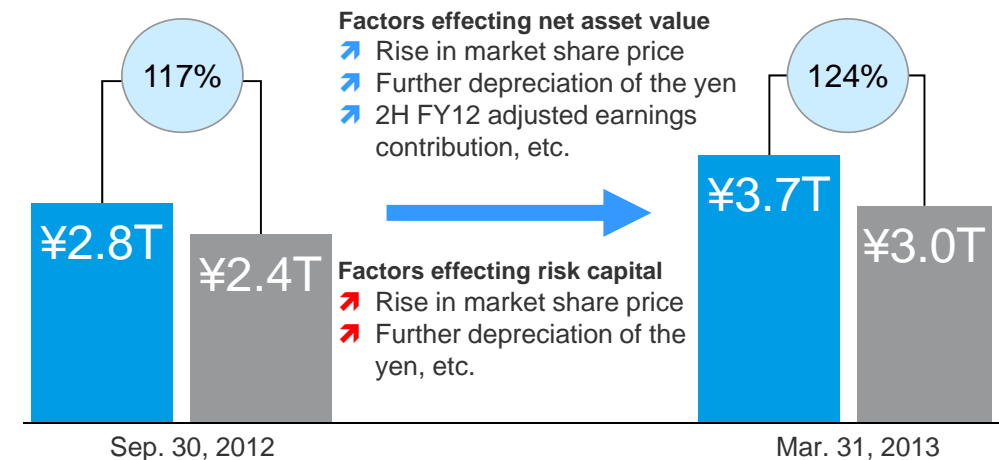
Sustainable profit growth and improving capital efficiency

- Invest in new businesses to improve capital efficiency
- Improve the profitability of existing businesses
- Continue sales of business-related equities

**Control risk and capital in accordance with risk appetite\***

\* Insurance risk control : Pursue sustainable growth, risk diversification (stabilization), and improvement of capital efficiency through global business expansion  
 Investment risk control : Secure liquid assets and stable profits mainly through ALM

## ● Economic Solvency Ratio (ESR)



(Including the expected impact of Hurricane Sandy)



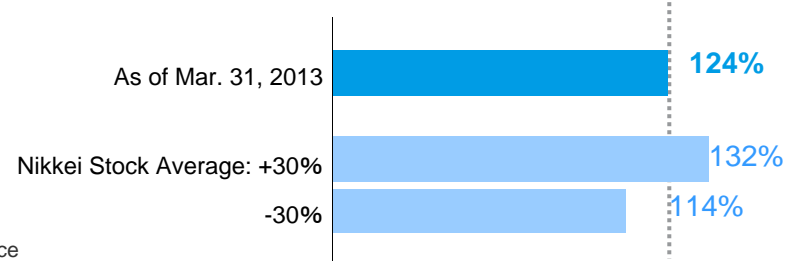
■ Net Asset Value: Consolidated net asset value + various reserves (after-tax basis) + value of life insurance policies in-force - goodwill and other items

■ Risk Capital: 99.95% VaR, after taking account of diversification effects

■ ESR: Net asset value / Risk capital

## <Impact of market changes on ESR>

- Interest rates: Limited impact from both an increase or a decrease due to strict ALM
- FX rates: Limited positive impact as depreciation of the yen increases net asset value of overseas subsidiaries but also increases FX risks
- Share price: Significant impact on ESR due to the market value fluctuation of business related equities





## II -5-2. Return to Shareholders

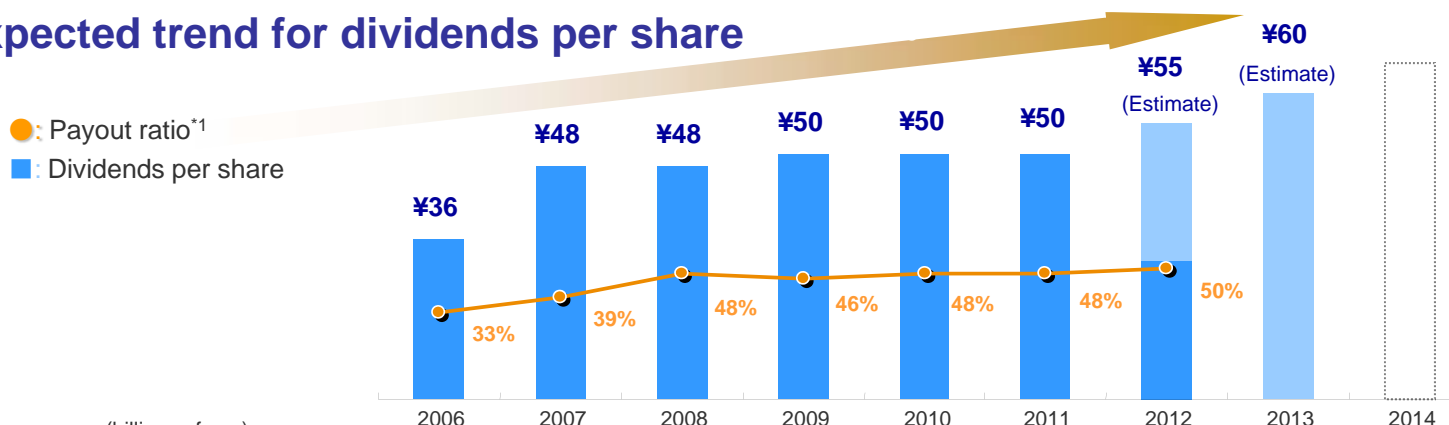
### Attractive dividends



### Flexible share repurchases

- The primary means of shareholder returns is dividends, which we plan to increase in line with profit growth
- The target payout ratio level is 40% to 50% of average adjusted earnings (excluding EV)
  - Expected FY2012 year-end dividends of ¥27.5 per share and annual dividends of ¥55.0 per share (¥42.2B in total), exceeding FY2011 dividends
  - FY2013 annual dividends per share is planned to be raised by ¥5.0 to ¥60.0 (¥46.0B in total), an increase for two consecutive fiscal years
- Consistent with past policy, we intend to conduct share repurchases in a flexible manner based on a comprehensive assessment of market conditions, our capital levels, business investment opportunities, and other relevant factors

### Expected trend for dividends per share



(billions of yen)	2006	2007	2008	2009	2010	2011	2012	2013	2014
Adjusted earnings	169.7	143.2	-52.5	165.4	72.0	-19.5	209.1		
Adjusted earnings (excluding EV)	121.5	128.1	4.7	113.4	44.5	-35.4	98.8		
Average adjusted earnings (excluding EV)*2	90.0	100.0	80.0	85.0	80.0	80.0	85.0		
Dividends Total	29.8	38.7	38.0	39.4	38.6	38.3	42.2 (est)		

\*1: Proportion to average adjusted earnings (excluding EV)

\*2: Average adjusted earnings (excluding EV) excludes effects from the Great East Japan Earthquake and Thai Flood



# Reference

## Tokio Marine Holdings Key Statistics - 1



	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 Projections
Ordinary income *1	2,929.0 bn yen	2,775.7 bn yen	2,899.4 bn yen	3,399.9 bn yen	4,218.5 bn yen	3,710.0 bn yen	3,503.1 bn yen	3,570.8 bn yen	3,288.6 bn yen	3,415.9 bn yen	3,857.7 bn yen	-
Net income	56.6 bn yen	111.4 bn yen	67.6 bn yen	89.9 bn yen	93.0 bn yen	108.7 bn yen	23.1 bn yen	128.4 bn yen	71.9 bn yen	6.0 bn yen	129.5 bn yen	170.0 bn yen
Adjusted earnings *2	105.0 bn yen	172.1 bn yen	51.8 bn yen	138.7 bn yen	169.7 bn yen	143.2 bn yen	-52.5 bn yen	165.4 bn yen	72.0 bn yen	-19.5 bn yen	209.1 bn yen	226.0 bn yen
Adjusted ROE *2	3.8%	5.9%	1.6%	3.7%	3.8%	3.5%	-1.7%	5.8%	2.4%	-0.7%	6.7%	6.6%
Dividends total *3	18.5 bn yen	19.7 bn yen	18.9 bn yen	25.2 bn yen	29.8 bn yen	38.7 bn yen	38.0 bn yen	39.4 bn yen	38.6 bn yen	38.3 bn yen	42.2 bn yen	46.0 bn yen
Dividends per share *4	20 yen	22 yen	22 yen	30 yen	36 yen	48 yen	48 yen	50 yen	50 yen	50 yen	55 yen (est.)	60 yen (est.)
Share repurchase *5	-	100.0 bn yen	92.4 bn yen	70.1 bn yen	85.0 bn yen	90.0 bn yen	50.0 bn yen	-	50.0 bn yen	-	-	TBD
Sales of business related equity holdings	260.0 bn yen	130.0 bn yen	170.0 bn yen	120.0 bn yen	45.0 bn yen	60.0 bn yen	50.0 bn yen	95.0 bn yen	187.0 bn yen	206.0 bn yen	115.0 bn yen	approx. 100.0 bn yen
Share price *6	1,472 yen	3,240 yen	3,120 yen	4,660 yen	4,360 yen	3,680 yen	2,395 yen	2,633 yen	2,224 yen	2,271 yen	2,650 yen	3,350 yen
Market capitalization *6	1,363.0 bn yen	2,896.6 bn yen	2,683.2 bn yen	3,930.8 bn yen	3,594.9 bn yen	2,960.6 bn yen	1,926.8 bn yen	2,118.3 bn yen	1,789.3 bn yen	1,827.1 bn yen	2,039.2 bn yen	2,577.9 bn yen

\*1 Ordinary income projections are undisclosed

\*2 FY2005: excludes the effects including assumption changes in calculating EV of domestic life

\*3 FY2013: projected figure assumes the number of stocks unchanged from that of March 31, 2013

\*4 All figures are shown on a basis after a share-split 1-500 in Sep. 2006

\*5 On a repurchase year basis. FY2006 figure excludes ¥57.8B of stock exchange between Nisshin Fire

\*6 FY2013 figures are as of May 20, 2013. Share prices are shown as a basis after a share-split 1-500 in Sep. 2006



## Adjusted Earnings / Adjusted Earnings (excluding EV) and Return to Shareholders

(billions of yen, unless otherwise stated below)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Adjusted earnings	138.7	169.7	143.2	-52.5	165.4	72.0	-19.5	209.1
Adjusted earnings (excluding EV)	104.1	121.5	128.1	4.7	113.4	44.5	-35.4	98.8
Average adjusted earnings (excluding EV) <sup>*1</sup>	90.0	90.0	100.0	80.0	85.0	80.0	80.0	85.0
Total distributions to shareholders	95.3	114.8	128.7	88.0	39.4	88.6	38.3	42.2
Dividends total	25.2	29.8	38.7	38.0	39.4	38.6	38.3	42.2
Dividends per share	30 yen	36 yen	48 yen	48 yen	50 yen	50 yen	50 yen	55 yen
Payout ratio to average adjusted earnings (excluding EV)	28%	33%	39%	48%	46%	48%	48%	50%
Share repurchases <sup>*2</sup>	70.1	85.0	90.0	50.0	-	50.0	-	-

\*1: Average adjusted earnings (excluding EV) excludes effects from the Great East Japan Earthquake and Thai Flood

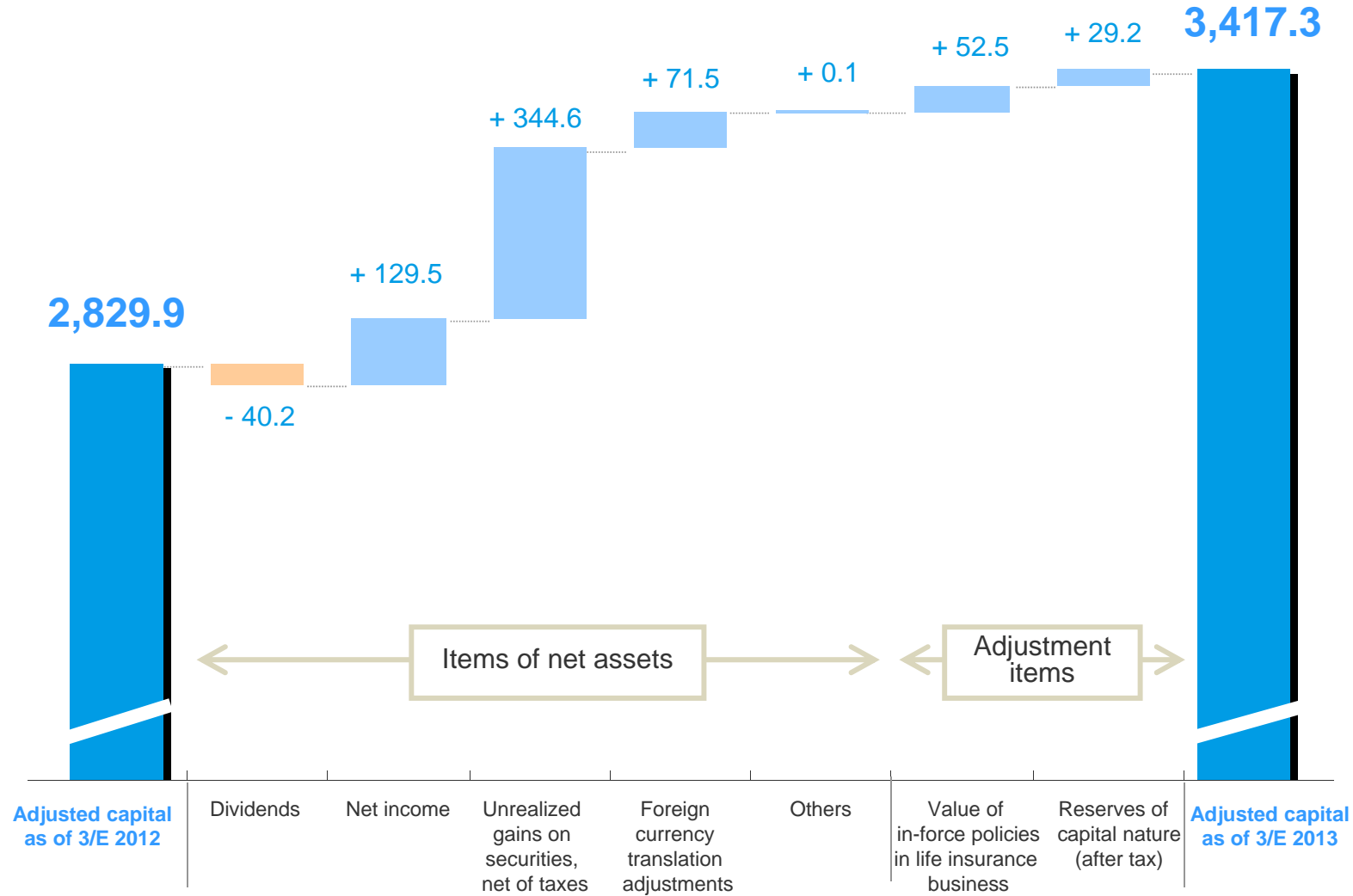
\*2: On a repurchase year basis. FY2006 figure excludes ¥57.8B of stock exchange between Nisshin Fire

## BPS and PBR of Tokio Marine Holdings

	2006/3E	2007/3E	2008/3E	2009/3E	2010/3E	2011/3E	2012/3E	2013/3E
Adjusted number of issued and outstanding shares (thousands of shares)	840,234	823,337	802,231	787,562	787,605	766,820	766,928	767,034
Share price (yen)	4,660	4,360	3,680	2,395	2,633	2,224	2,271	2,650
Percentage change	49.4%	- 6.4%	- 15.6%	- 34.9%	9.9%	- 15.5%	2.1%	16.7%
(Reference) TOPIX	1,728.16	1,713.61	1,212.96	773.66	978.81	869.38	854.35	1,034.71
Percentage change	46.2%	- 0.8%	- 29.2%	- 36.2%	26.5%	- 11.2%	- 1.7%	21.1%
Shareholders' equity after tax on a financial accounting basis (billions of yen)	3,209.8	3,398.4	2,563.5	1,627.8	2,169.0	1,886.5	1,839.6	2,340.7
BPS on a financial accounting basis (yen)	3,820	4,128	3,195	2,067	2,754	2,460	2,399	3,052
PBR on a financial accounting basis	1.22	1.06	1.15	1.16	0.96	0.90	0.95	0.87
Adjusted capital (billions of yen)	4,238.7	4,585.8	3,605.9	2,564.2	3,160.8	2,918.3	2,829.9	3,417.3
BPS on an adjusted basis (yen)	5,040	5,570	4,490	3,260	4,010	3,810	3,690	4,460
PBR on an adjusted basis	0.92	0.78	0.82	0.73	0.66	0.58	0.62	0.59

# Factors of Change in Adjusted Capital

(billions of yen)





# Impact of FX Rate Change on the Group's Financial Results



## ● Main impact in the event of 1 yen depreciation\*1 (estimate)

Impact on P/L	Impact on B/S
<p>1. Increase in profit from overseas subsidiaries converted into yen : approx. ¥ +1.0B*2</p> <p>2. Change in foreign currency denominated outstanding claims and derivatives at TMNF approx. ¥ - 1.7B*2</p>	<ul style="list-style-type: none"> <li>● Increase in yen based net asset value of overseas subsidiaries : approx. ¥ +10.0B</li> <li>● Regarding No.2 in the left column, due to the simultaneous change in value of the matching foreign currency denominated assets and hedged assets, impact to the Group's net asset value is basically neutral</li> </ul>

\*1: Assuming that the FX rate for each currency changes with the same ratio as USD

\*2: After tax basis

## ● Reference (applied FX rate)

	FX rate (USD/JPY)		
	FY2011 Results	FY2012 Results	FY2013 Projections (Applied rate)
Overseas subsidiaries	JPY 77.74 (end-Dec. 2011)	JPY 86.58 (end-Dec. 2012)	JPY 94.05 (end-Mar. 2013)
TMNF	JPY 82.19 (end-Mar. 2012)	JPY 94.05 (end-Mar. 2013)	JPY 94.05 (end-Mar. 2013)

# Asset Management - Status of Investments



## ■ Status of investments in bonds of European countries

(Sum of major subsidiaries (domestic and overseas) as of the end of FY2012)

(billions of yen)

	Sovereign bonds	Other (corporate bonds, etc.)
European countries total	138.9	124.8
(Five countries*)	1.4	3.7

\* Heavily-indebted European countries which are Portugal, Ireland, Italy, Greece, and Spain

## ■ Status of investments in Securitized Products

(Sum of major subsidiaries (domestic and overseas) as of the end of FY2012)

(billions of yen)

	As of the end of FY2012* <sup>1</sup>	Domestic Offices	Overseas Offices
<b>CDS</b>	<b>48.1</b>	<b>48.1</b>	-
AAA	2.0	2.0	-
AA	2.8	2.8	-
A	-	-	-
BBB	43.2	43.2	-
Other than above	-	-	-
<b>ABS (Securitized products)</b>	<b>445.1</b>	<b>53.3</b>	<b>391.8</b>
Agency MBS* <sup>2</sup>	157.8	18.5	139.3
AAA	77.5	29.7	47.7
AA	21.2	3.7	17.5
A	23.7	1.0	22.7
BBB	28.4	-	28.4
Other than above	136.1	0.2	135.9
<b>Total</b>	<b>493.2</b>	<b>101.4</b>	<b>391.8</b>
<b>Financial guarantee reinsurance (relating to securitized products)</b>	<b>184.9</b>	<b>184.9</b>	-

\*1 CDS: Notional value ABS: Market value Financial guarantee reinsurance: Par outstanding

\*2 Agency MBS: MBS by Fannie Mae, Freddie Mac, and Ginnie Mae

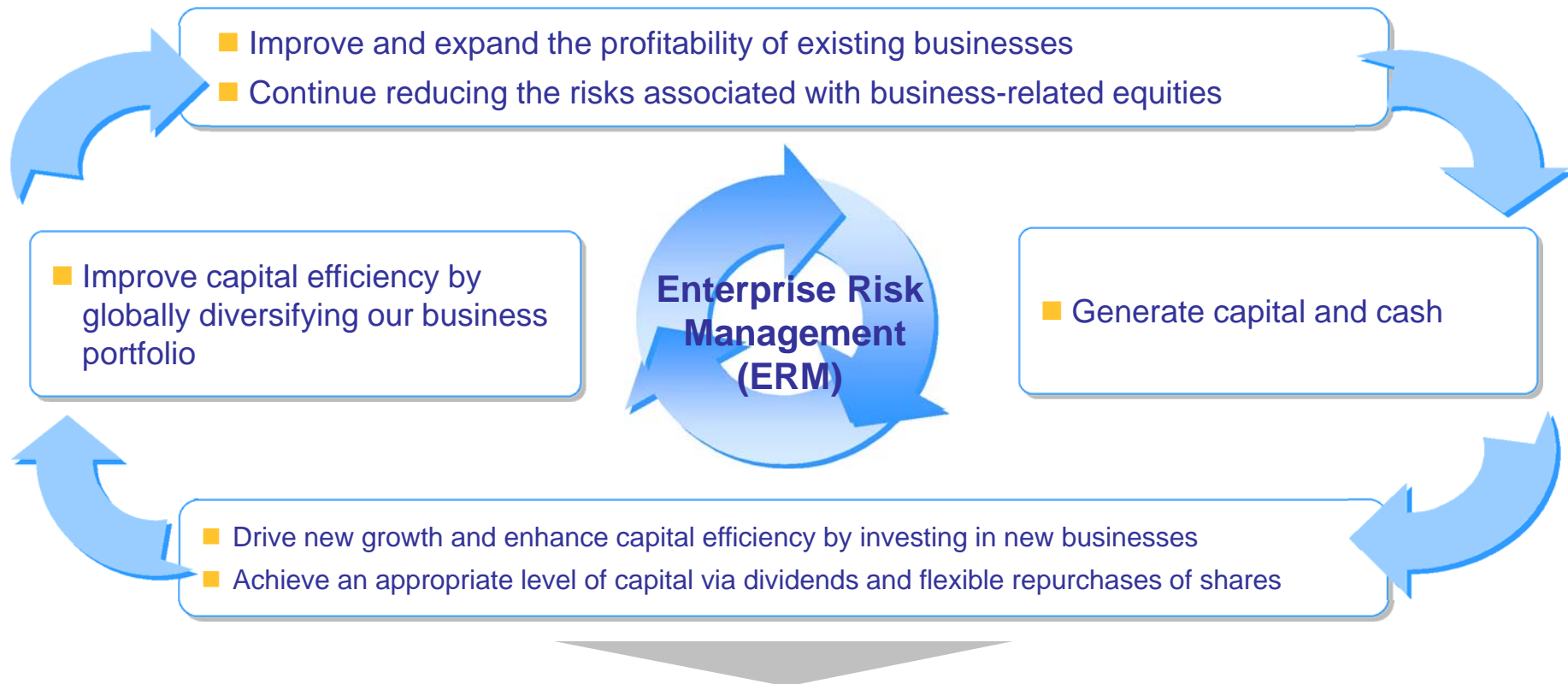


## ■ Expand Profit

- Improve the combined ratio in our domestic non-life insurance business
- Sustainable growth in the domestic life insurance and international insurance businesses
- Seize new growth opportunities by investing in new businesses

## ■ Improve Capital Efficiency

- Continue reducing the risks associated with business-related equities
- Invest in businesses with high capital efficiency
- Enhance global diversification of risk
- Achieve an appropriate level of capital via dividends and flexible repurchases of shares



Mid- to Long-  
Term Vision

**A global insurance group sustaining growth by offering quality that customers select**



## Improve profitability to achieve a combined ratio ("C/R") at a 95% level by FY2014

(Private insurance basis)

FY2011 C/R : 103.3%



FY2014 C/R : 95%

Improve operational efficiency  
and achieve premium growth

−1.0% C/R

- ▶ Lowering corporate expenses
- ▶ Revising the agency commission points
- ▶ Achieve steady premium growth by enhancing the sales force

Improvement of underwriting

−2.0% C/R

- ▶ Improving profitability mainly through product and rate revisions
- ▶ Assuming negative factors in development of grade discounts and the depreciation of insured automobiles
- ▶ Implementing additional measures in a timely and effective manner in response to the underwriting results in auto

Factors relating to natural  
catastrophes

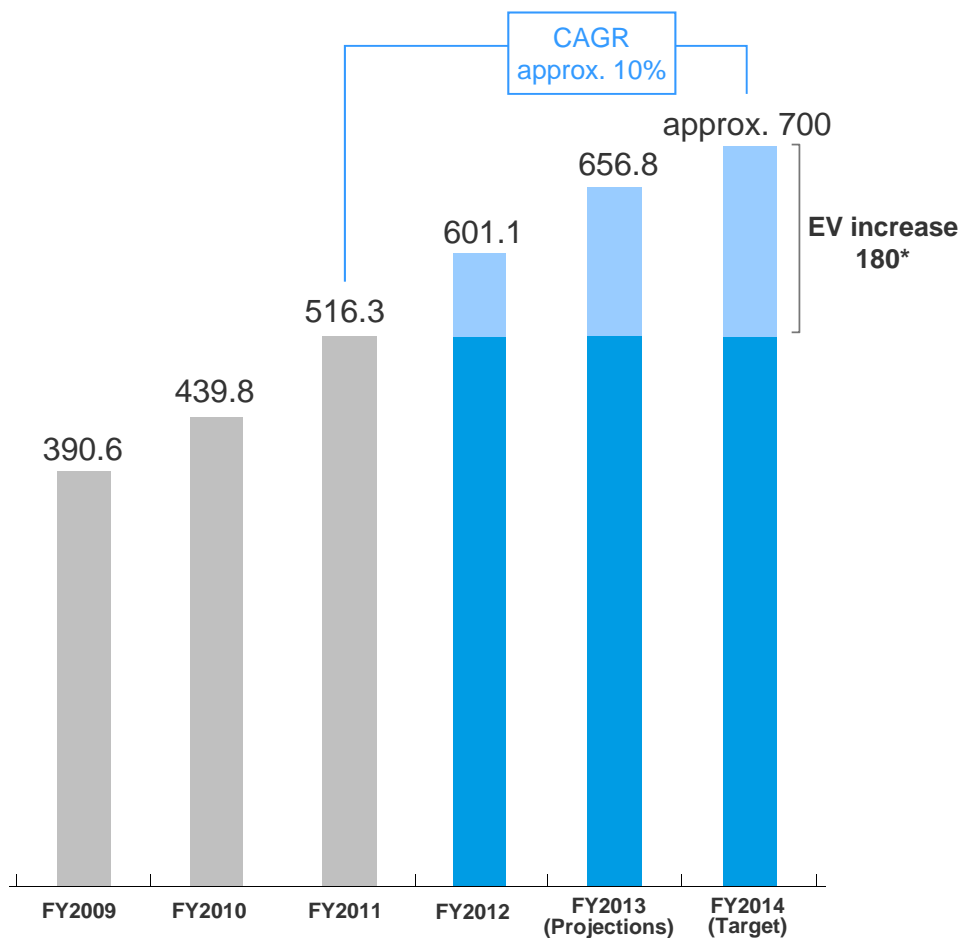
−5.0% ~ −6.0% C/R

- ▶ Assuming of an average level of losses related to natural catastrophes
- ▶ Conservative assumptions as to the level of natural catastrophe-related losses and reinsurance costs in light of the increase of natural disasters



## Target an aggregate Adjusted Earnings (EV increase) of ¥180B \*

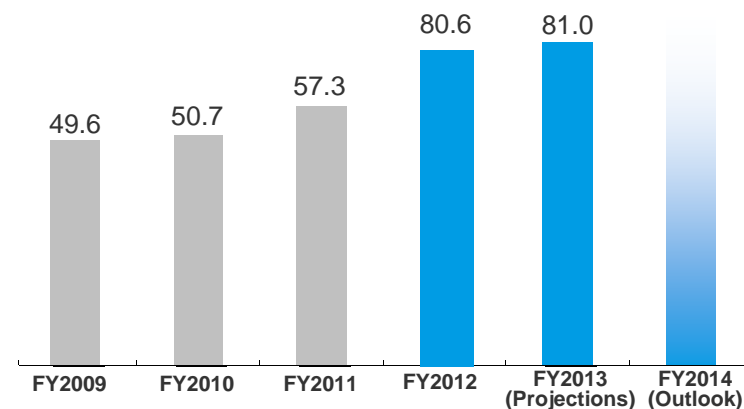
### Fiscal Year-end EV (billions of yen)



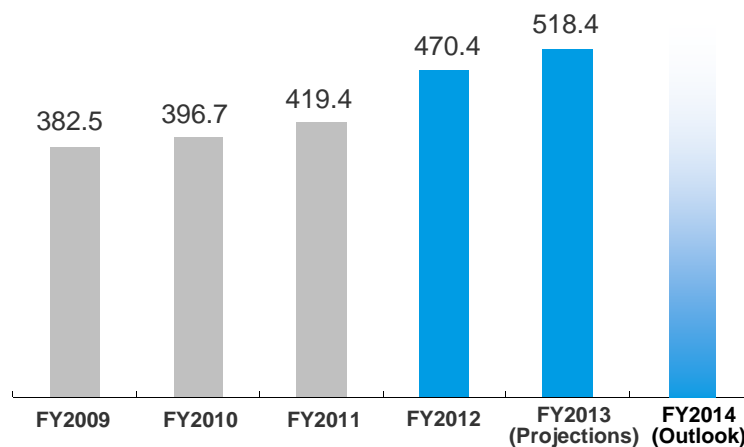
\*excluding capital transactions

### Annualized Premiums (billions of yen)

#### New Policies

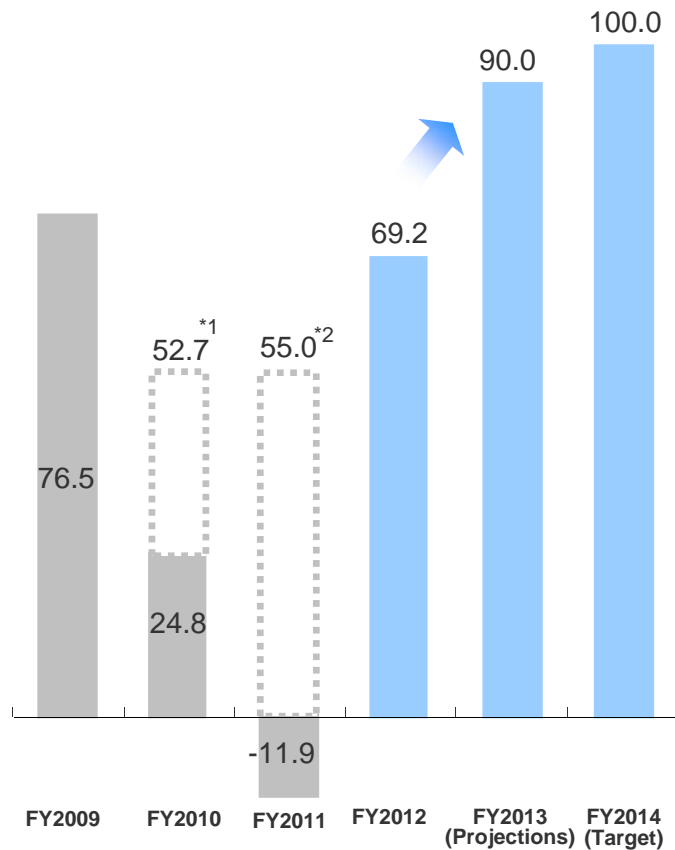


#### In-force Policies



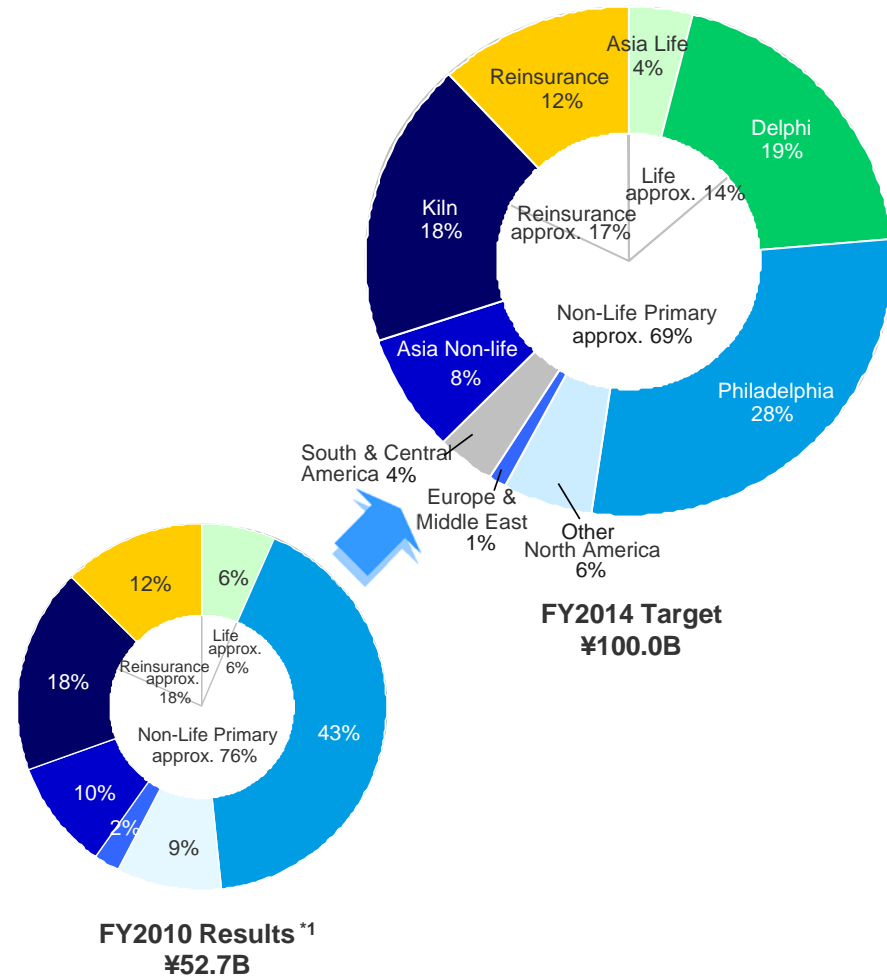
# Objectives in the Mid-Term Business Plan (International Insurance Business)

## Adjusted Earnings (billions of yen)



## Business and Geographical Portfolio Breakdown

(Adjusted Earnings basis)

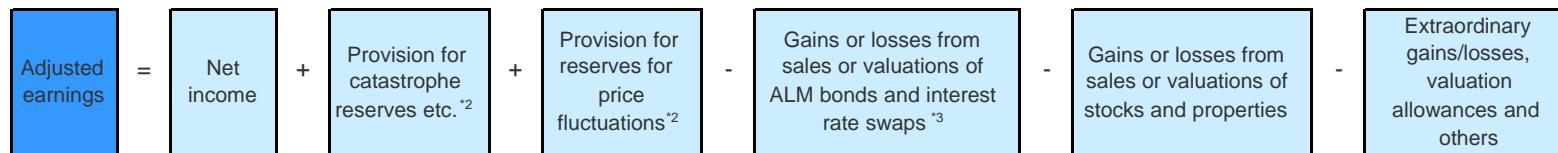


\*1: Average-level adjusted earnings excluding extraordinary factors (adjustment relating to ¥27.9B natural catastrophe loss incurred in 1Q FY2011)  
 \*2: Average-level adjusted earnings excluding the excess of the forecast natural catastrophe loss such as Thai Flood

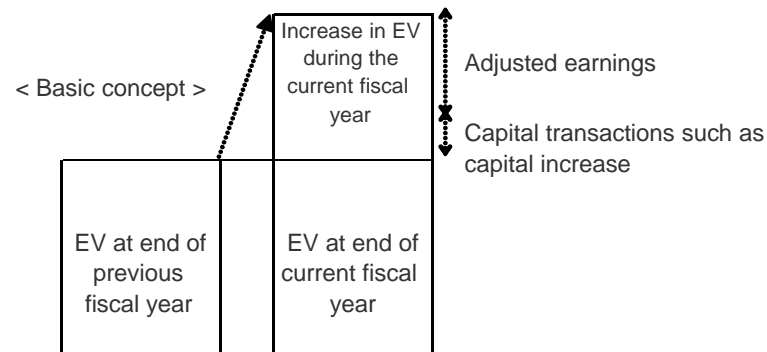
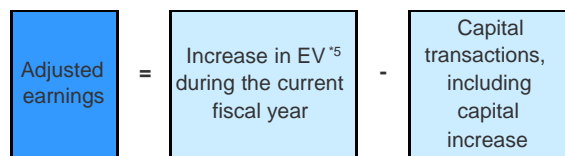
# Definition of Adjusted Earnings

## 1. Adjusted earnings\*1

(1) Property and casualty insurance business



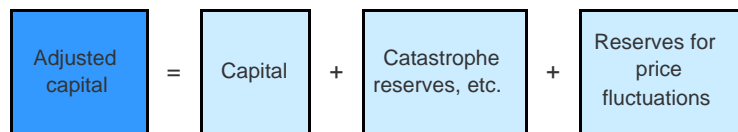
(2) Life insurance business<sup>\*4</sup>



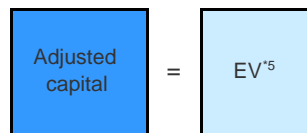
(3) Other businesses ... Net income determined following financial accounting principles

## 2. Adjusted capital\*1 (average balance basis)

(1) Property and casualty insurance business

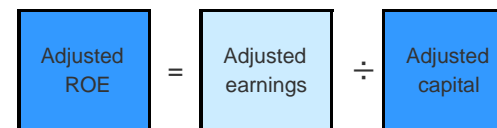


(2) Life insurance business<sup>\*4</sup>



(3) Other businesses ... Net assets determined following financial accounting principles

## 3. Adjusted ROE



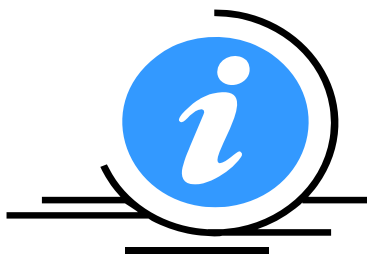
- \*1 Each adjustment is after-tax basis
- \*2 Reversal are subtracted
- \*3 ALM: Asset Liability management  
Excluded as counter balance items against market value fluctuations of liabilities
- \*4 Calculations are based on net income basis for life insurance companies in certain regions.
- \*5 EV: Embedded Value  
An index in which the net asset value and the net present value of profits generated from the existing policies are combined



## Disclaimer

These presentation materials include business projections and forecasts relating to expected financial and operating results of Tokio Marine Holdings and certain of its affiliates in current and future periods. All such forward looking information is based on information and assumptions available to Tokio Marine Holdings when the materials were prepared and is subject to a range of inherent risks and uncertainties. Actual results may vary materially from those estimated, anticipated, expected or projected in the accompanying materials and no assurances can be given that any such forward looking information will prove to have been accurate. Investors are cautioned not to place undue reliance on forward looking statements in these materials. Tokio Marine Holdings undertakes no obligation to update or revise any of this forward looking information, whether as a result of new information, recent or future developments, or otherwise.

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