

Power to Overcome a Challenge

June 28, 2022

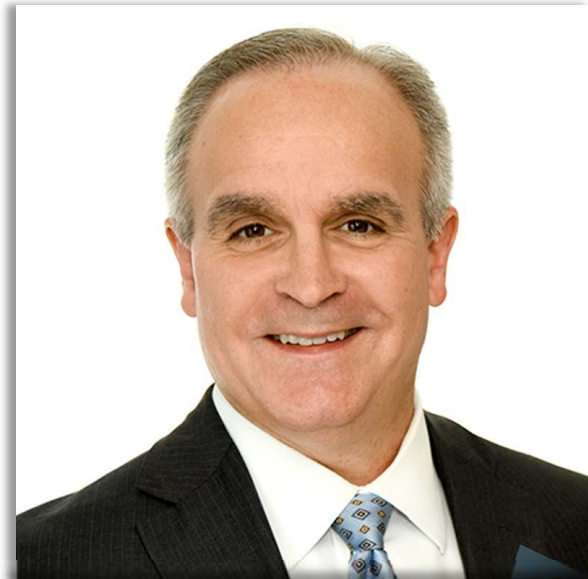


Today's speakers from PHLX and TMK



John Glomb

***President &
Chief Executive Officer***



Brad Irick

Chief Executive Officer

PHLY

John Glomb

President & Chief Executive Officer



A Member of the Tokio Marine Group

The PHLY *Difference*

PHLY's Trends

Measures

Rate Increases

- Achieve rate increases to cover loss-cost including social inflation

Enhance disciplined underwriting

- Significant reduction of marginal policies and high limit policies (> \$10M)

Mitigate inflation risks

- Target accelerated settlements on large (> \$500K) claims

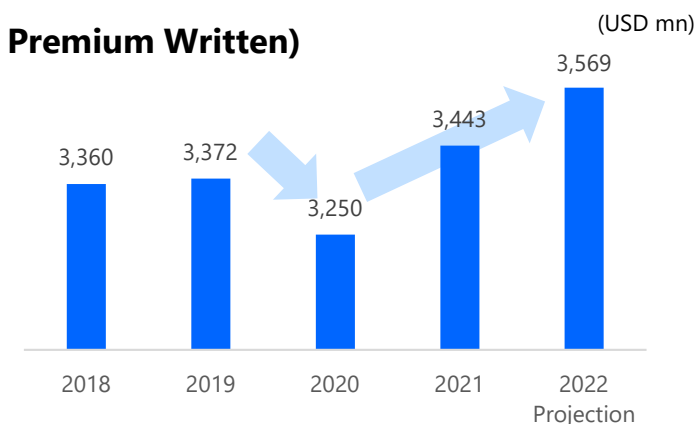
[Reference]
Implemented
measures

Reserves provision

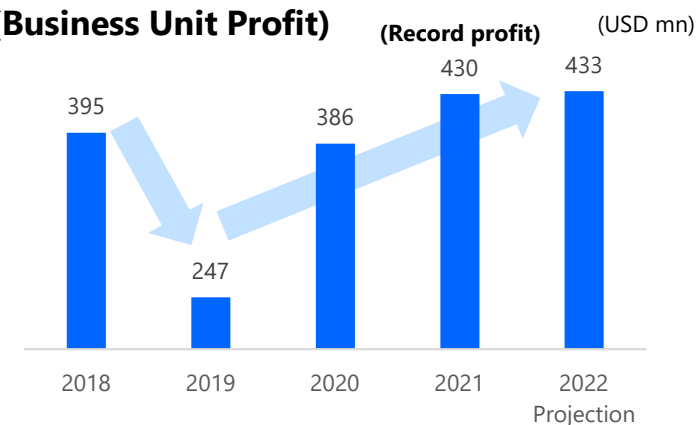
- In FY2019, established \$273M additional prior accident year reserves

Return to Growth Trend

Top-line (Net Premium Written)



Bottom-line (Business Unit Profit)

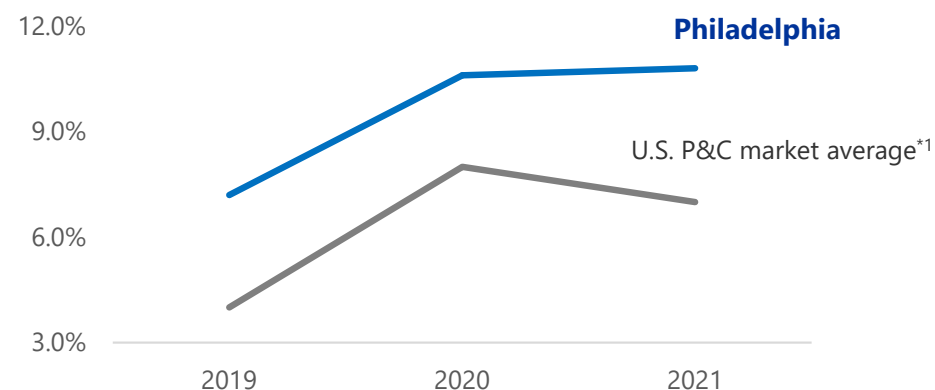


The PHLY *Difference*

Rate Increases & Capacity Management

Rate Increases:

2021	Package	Umbrella
Plan	+8.5%	+20.0%
Actual	+10.8%	+20.5%



*1: Source: Willis Towers Watson

Capacity Management:

Significant reduction of high limit policies

- Umbrella Limit: 90-95% of all inforce policies \leq \$5M, almost 100% \leq \$10M
- SAM^{*2} Limit: Number of policies with \$10M or higher SAM Limits, 100+ (in 2018) \rightarrow Less than 10

*2: Sexual Abuse and Molestation

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PHLY Claims

Special Settlement Initiatives (as of 6/9/2022)

\$ in millions	Phase 1	Phase 2	Phase 3	Total
Target	50 Largest Volume (w/ PHLY) Plaintiff Law Firms	Claims Reserved @ \$1m+	Claims Reserved @ \$500,000+	
Start of Phase	2Q 2020	3Q 2020	1Q 2021	
# of Subject Claims	377	509	474	1,360
# Claims Settled	265 (= 70%)	327 (= 64%)	211 (= 45%)	803 (=59%)

The PHLY *Difference*

Tiering Product Strategy and Other UW Actions

Tiering Product Strategy:

- Tiering all products into Tier 1 – 3 based on profitability (reviewed annually)
- Intended to be a guide for the company's appetite for a product
- The budget and UW actions reflect this appetite
- The disciplined approach on Tier 2 and 3 products would lead to tier improvements

Other UW Actions:

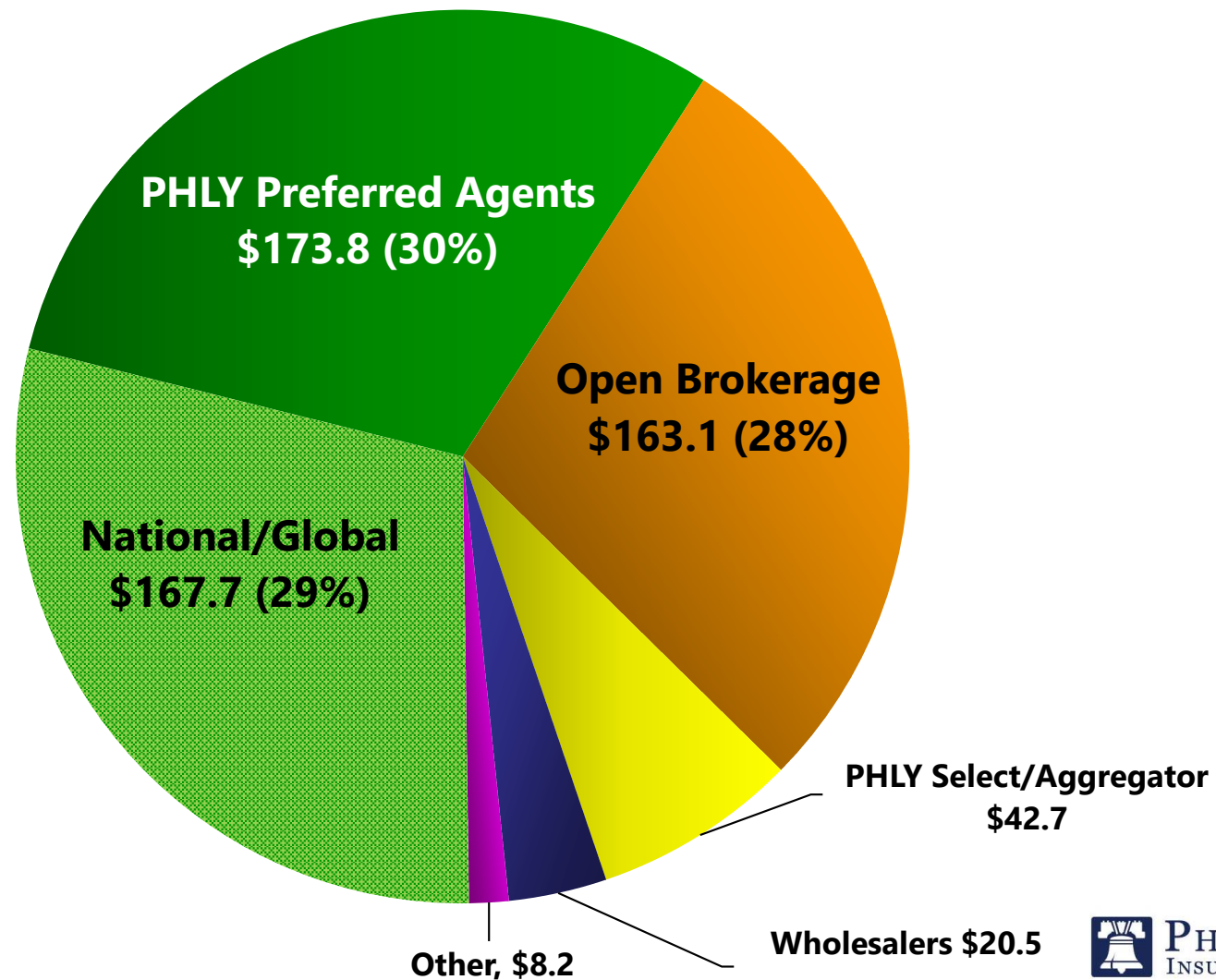
In Texas – Property action plan in response to elevated property losses from Winter Storm Uri in Feb 2021

In Florida – Condo reduction initiative following Surfside Condo Collapse in June 2021

The PHLY Difference

Strong Agent/Broker Network

2021 New Business Sources (\$M) – Total \$576M



The PHLY Difference

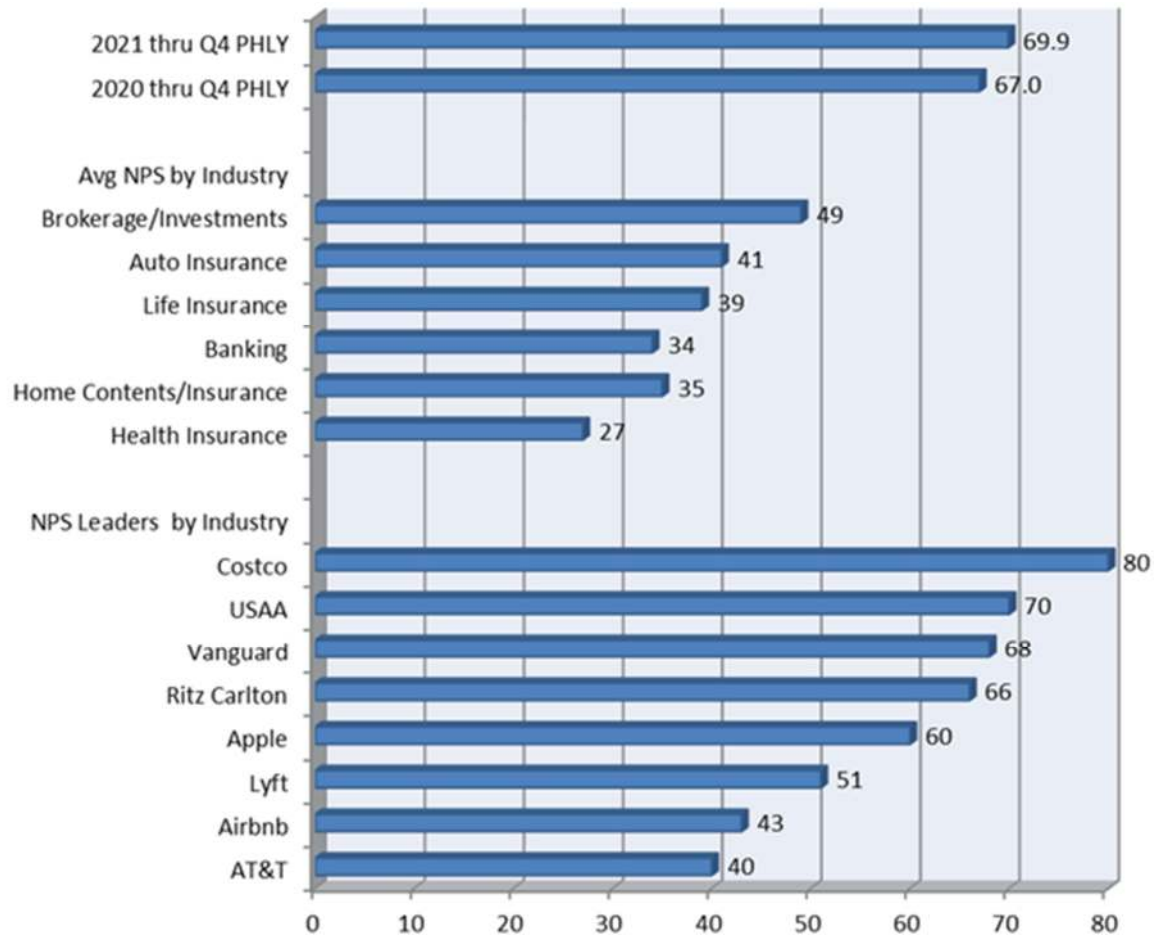
Other Initiatives

- Ease of Doing Business (Digital Initiatives)
- DE&I and Talent Management
- Growth Strategy (New Product, Bolt-on M&A, etc.)
- Intense focus on striking appropriate balance on following:
 - ✓ Hybrid work model
 - ✓ DE&I
 - ✓ Success in the war on talent
 - ✓ Maintaining our unique and vibrant culture
 - ✓ Succession planning
- Prominent visibility on ESG matters supported by continuous improvement

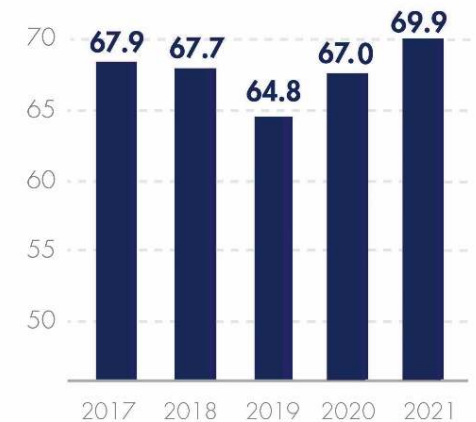
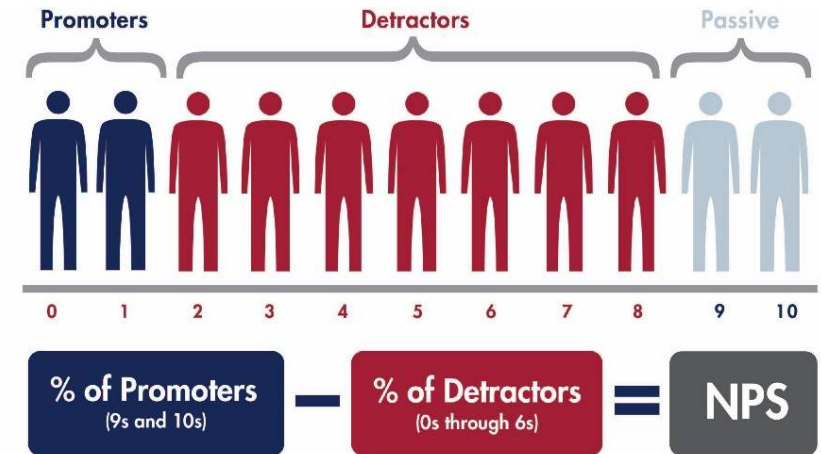
The PHLY *Difference*

Appendix: Net Promoter Score * (NPS)

NPS Results



NPS Calculation



The PHLY *Difference*

*: Indicator to measure customer loyalty and their willingness to use products/services continuously.
 It shows how likely a customer recommends a brand to others.
 Source: NICE Satmetrix



TOKIO MARINE
KILN

Tokio Marine Kiln

Brad Irick

Chief Executive Officer



Executive Summary

TMK is "back on track" as a top performer at Lloyd's

- TMK is proudly celebrating 60 years as an important player in the Lloyd's market with a strong legacy and brand;
- A laser-focus on consistent, bottom-line profitability and diversification of the portfolio has been successful;
- With a stable, performing portfolio and a favourable market in most lines, TMK is able to grow and further its longer-term strategic goals;
- TMK's culture and governance is now a strength and underlies everything we do – continuous improvement is our focus.

Today, I will talk about...

- TMK - Who we are
- Our Purpose, Vision and Values
- Our change initiatives for the last 24 months that kept us in the right direction

TMK – Who We Are

A traditional, but ever evolving premier brand in Lloyd's market

- Founded in 1962.
- Tokio Marine acquisition in 2008.
- 4th largest in premium size in Lloyd's
 - c. £1.9b under 3 syndicates (s510, s1880, s557)
- 800 employees in London, Singapore and US (100% owned MGA, TM Highland).
- Well known and experienced underwriters with a profitable portfolio.
- Market leading claims services
 - Gracechurch award in the last 5 years.
- Robust actuarial functions
 - modelling, pricing/profitability analysis and reserving.
- Superior efficiency in capital utilisation.
- A strong and experienced leadership team.



TOKIOMARINE
KILN

TMK's Purpose, Vision and Values

What do we stand for?

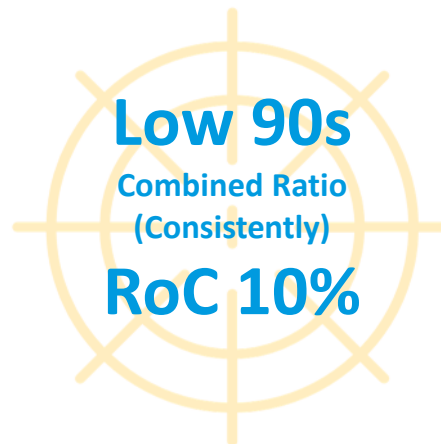
Our purpose



We seek specialty insurance risk to support our customers' ambitions globally with the aim of benefiting society and our people



Strategic vision



To be recognised as a top tier specialty insurer known for outstanding people and performance as well as dedication to our Customers, Values and Good Company principles

Our values

Empowerment: We make decisions
Inclusion: We value each other
Excellence: We build on our heritage
Integrity: We do the right thing
Teamwork: We are better together
Innovation: We are creative



Empowerment



Integrity



Excellence



Innovation



Teamwork



Inclusion



TMK's Change Initiatives since 2019

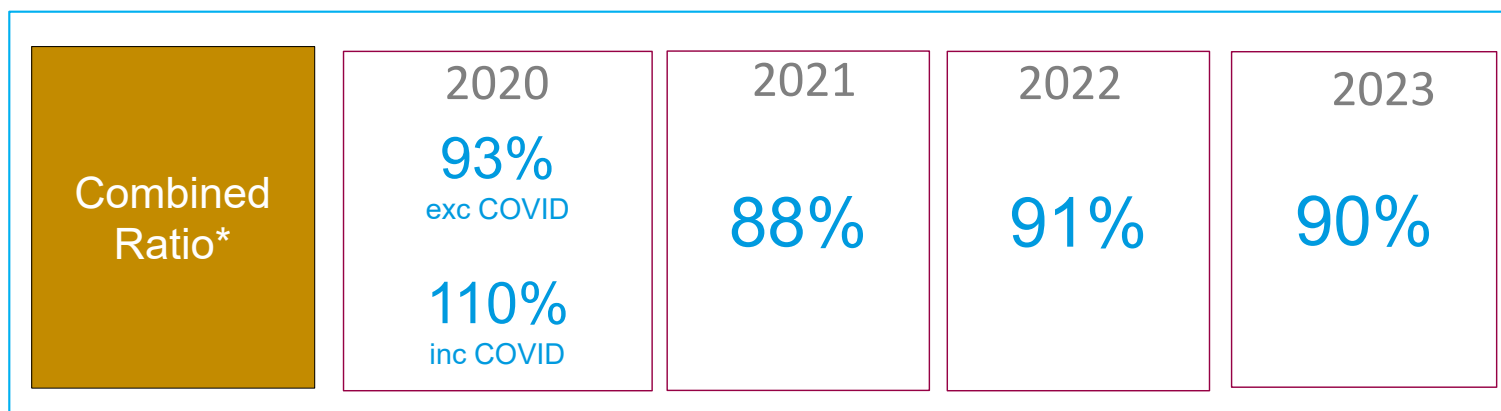
1. **Profitability:** Laser focus on profitability, robust MI and analytics, single version of truth.
2. **Portfolio Rebalancing:** Seek to diversify overall underwriting book to achieve desired bottom-line profitability.
3. **Operational Foundation:**
 - (1) People and Culture - a safe, open, inclusive and empowering environment where everyone can thrive.
 - (2) Governance – a robust check and balance mechanism and mind-set.
 - (3) Operating Model – a simpler, fit-for-purpose operating model, reducing reliance on manual processes and contributing towards a more efficient, digital, cost-efficient and scalable organisation.
 - (4) ESG – a market leading ESG programme.
 - (5) Innovation – capitalising on Lloyd's eco-system and group collective strengths.

Performance and Portfolio Rebalancing Successful

– Positions TMK for the future

Strategic Goal: A market leading portfolio

- consistently profitable, well-diversified, well-managed volatility



*: TMK's Lloyd's business UKGAAP basis

Key Factors Driving Improvements

- People – **Dedicated professionals** across the business determined to succeed.
- Sharper focus on **absolute bottom-line profitability/combined ratio** target – **simple messages** (low 90's COR and deliver on plans)
- **Managing and improving the attritional loss ratio** has been key and will remain so as the market changes over time.
- **Strong analytics** informing underwriting decisions.

Achievement to date – Change initiatives paid off, but more to improve

Change Initiatives

Portfolio diversification

- Rebalance portfolio away from natural catastrophe exposure
- Grow in the business area where the company have strength, such as liability line etc.

Mitigate and control volatility

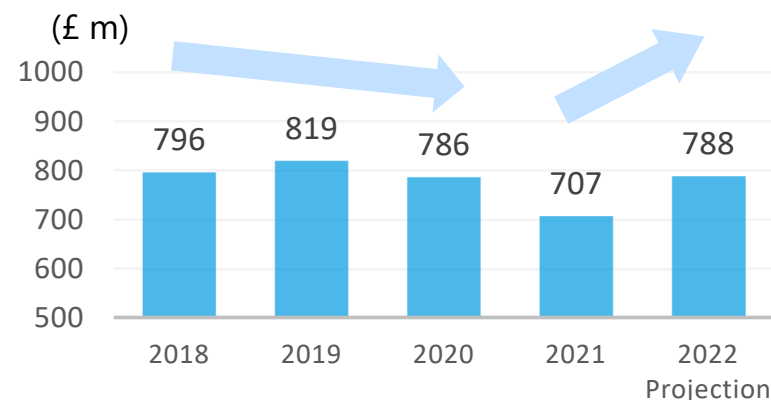
- Disciplined underwriting of underperforming businesses
- Review and strengthen reinsurance program
- Rate increases, capturing the hardening market

Enhance leadership

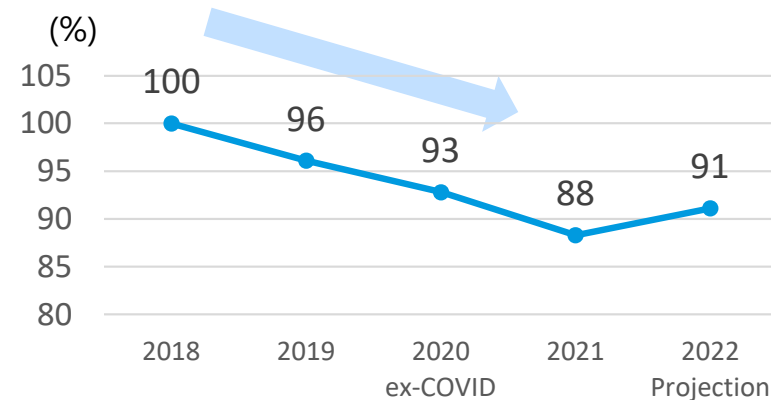
- TMHCC CFO Brad Irick appointed as CEO
- Matthew Shaw appointed as CUO, offering Lloyd's business experience

Financial Turnaround

Net Written Premium*



Combined Ratio*



*: TMK's Lloyd's business UKGAAP basis

Cultural Transformation Successful and Ongoing as BAU – Communication has been key

Regular, consistent, transparent, multiple formats



A message from Brad

TMK Team

It's Tuesday! I hope you had a restful weekend and that your week has start.

I usually like to open my notes with an upbeat tone, but the news reports on the Ukraine crisis have been incredibly hard to watch and then feel upbeat. emails how deeply affected you are by what is happening in the world right now are struggling, wherever you are based and whether or not you have family in Ukraine or in Russia, remember that you are not alone. Please do reach out for support. The details of our Employee Assistance Program are [here](#).

Weekly Messages

Townhalls and free QA sessions



Town Hall
March 2022



Media

Brad and Matthew speak to Insurance Insider

08/02/2022

Following the announcement of our outstanding performance in 2021 with a combined ratio of 88%, Brad and Matthew spoke to The Insurance Insider to discuss how it was achieved and our aim to be a top three performer in Lloyd's.

Matthew said there were three elements which helped the performance of last year and drive the underwriting results: "rate, remediation and diversification." As well as a relentless focus on the attritional loss ratio, TMK also sought to rebalance the portfolio away from catastrophe exposure by growing our share of other non-catastrophe lines – namely marine and energy, aviation and liability.

The importance of having the right culture was stressed by Brad and that tangible successes on performance and a conscious decision to put company culture front and centre, makes TMK a compelling place to work for both existing and incoming talent. He said: "I don't think it's a coincidence that the culture is improving and the results are improving. They go hand in hand. If you get the culture right then you set yourself up to do better."



Announcements

Excellence@TMK: TMK Claims shines in the latest Gracechurch Report

27/05/2022

TMK's Claims team has achieved fantastic scores in the latest Gracechurch survey on Claims performance.

TMK Claims now ranks second for broker recommendation (our net promoter score). We have also regained top spot for the elusive Top of Mind ranking: "Of all the insurers that you currently deal with, who would you highly recommend to clients based on the quality of their claims service?". TMK also leads the market in terms of Claims service for the top three brokers; a key strategic target for TMK with our ongoing efforts to improve share of wallet.



GRACECHURCH

Moving on...

Sharpening objectives for 2022

- A story of sharpening our future focus, given progress to date and how successes shift into BAU.
- The remaining work to be completed requires strongly aligned cross-team working, and so we've chosen to focus on outputs
- What these mean in practice will be cascaded to teams



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*To Be a **Good Company***



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