

Tokio Marine *Insights:*

Delphi Financial Group(DFG)

~Continuous profit growth through ever changing environments~



June 21, 2023

Today's speaker from DFG



Donald Sherman
DFG CEO



Stephan Kiratsous
DFG COO & CFO



Delphi Financial Group (DFG)

Continuous profit growth through ever changing environments

June 21st, 2023

Table of Contents

1. Overview of Delphi Financial Group (DFG)

2. Employee Benefits

3. Retirement Services

4. Specialty P&C

5. Investment

Delphi Financial Group, Inc.

- Financial services holding company focused on specialty insurance and insurance-related businesses
- Core franchise in group Employee Benefits insurance
- Retirement Services business not only provides diversification but performs as a profitable pillar
- Market leader in profitable Specialty P&C niche markets
- Highly experienced management teams operating on decentralized basis
- Superior investment performance; investments managed at the holding company as a core competency
- Emphasis on operating earnings growth and returns on capital

Our Business Segments

Delphi Financial Group

Investment



Employee Benefits

Retirement Services

Specialty P&C



Our Business Model

Stable & long-term liabilities allow for
flexible risk investment approach

Insurance

- ✓ Strong underwriting capability
- ✓ Highly predictable, long term and stable cash-flow

Investment

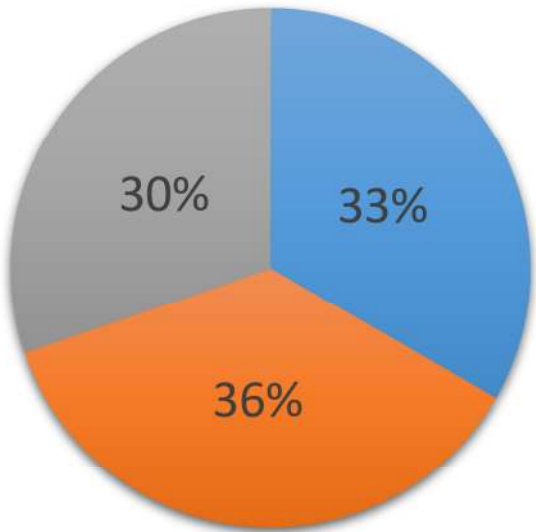
- ✓ Excess return from credit and liquidity risk
- ✓ Diversified portfolio with a professional team

Balanced sources of high returns

Our Diversified Revenue and Profit Base

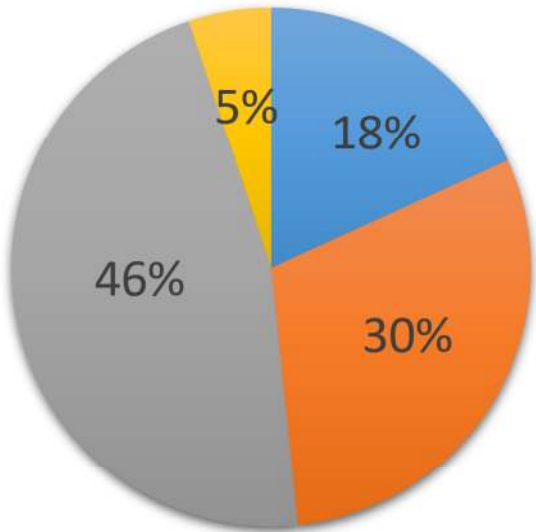
2022 Earned premium + Annuity Sales*
\$5.1 billion

*: Earned premium for EB/ Specialty P&C, annuity sales for RS



Employee benefits Retirement services Specialty P&C Others

2022 Operating income (Pre-tax)
\$1.4 billion

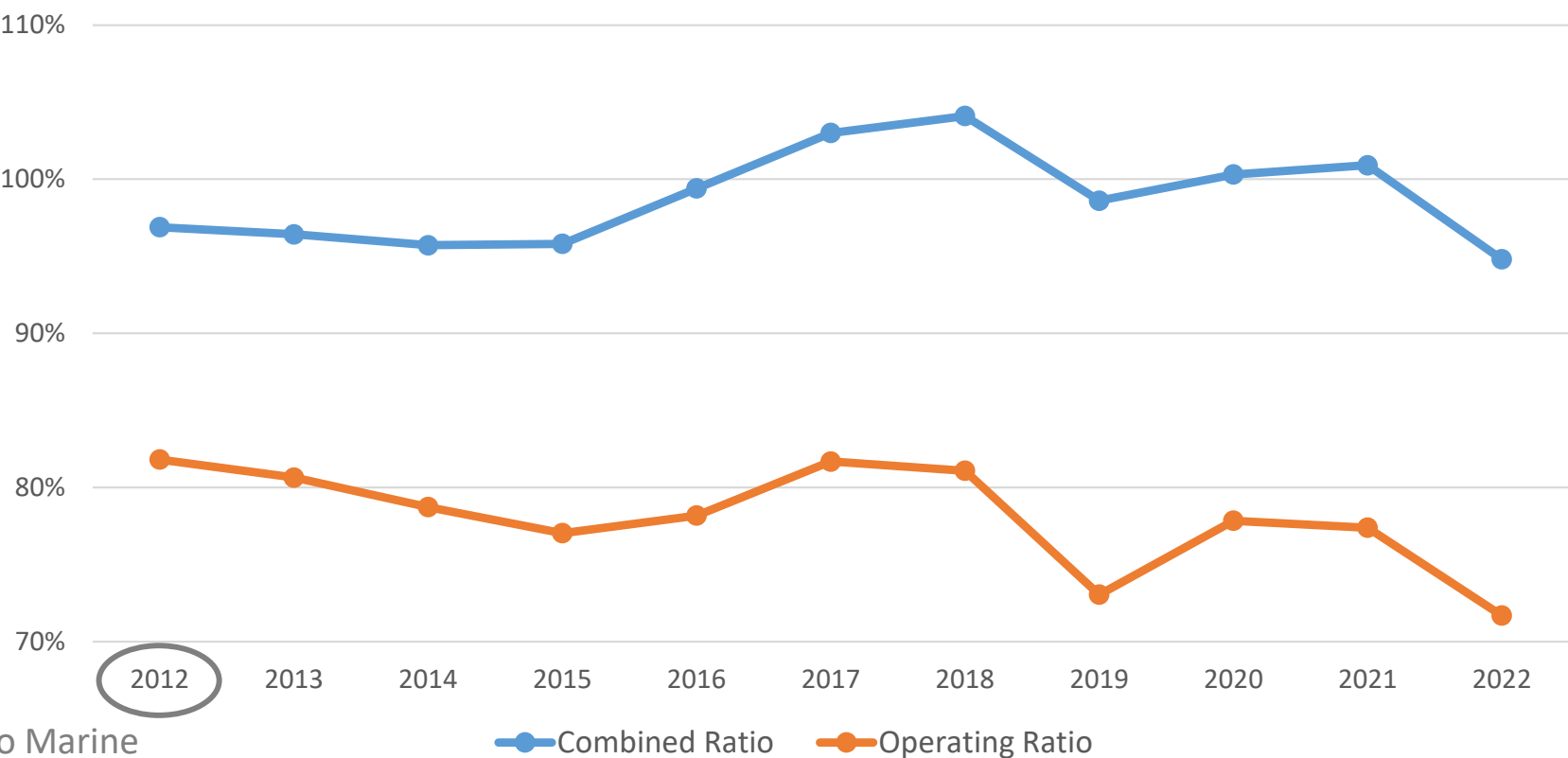


Employee benefits Retirement services Specialty P&C Others

We have a balanced Revenue and Profit base

Our Profit Combination

DFG Combined Ratio & Operating Ratio

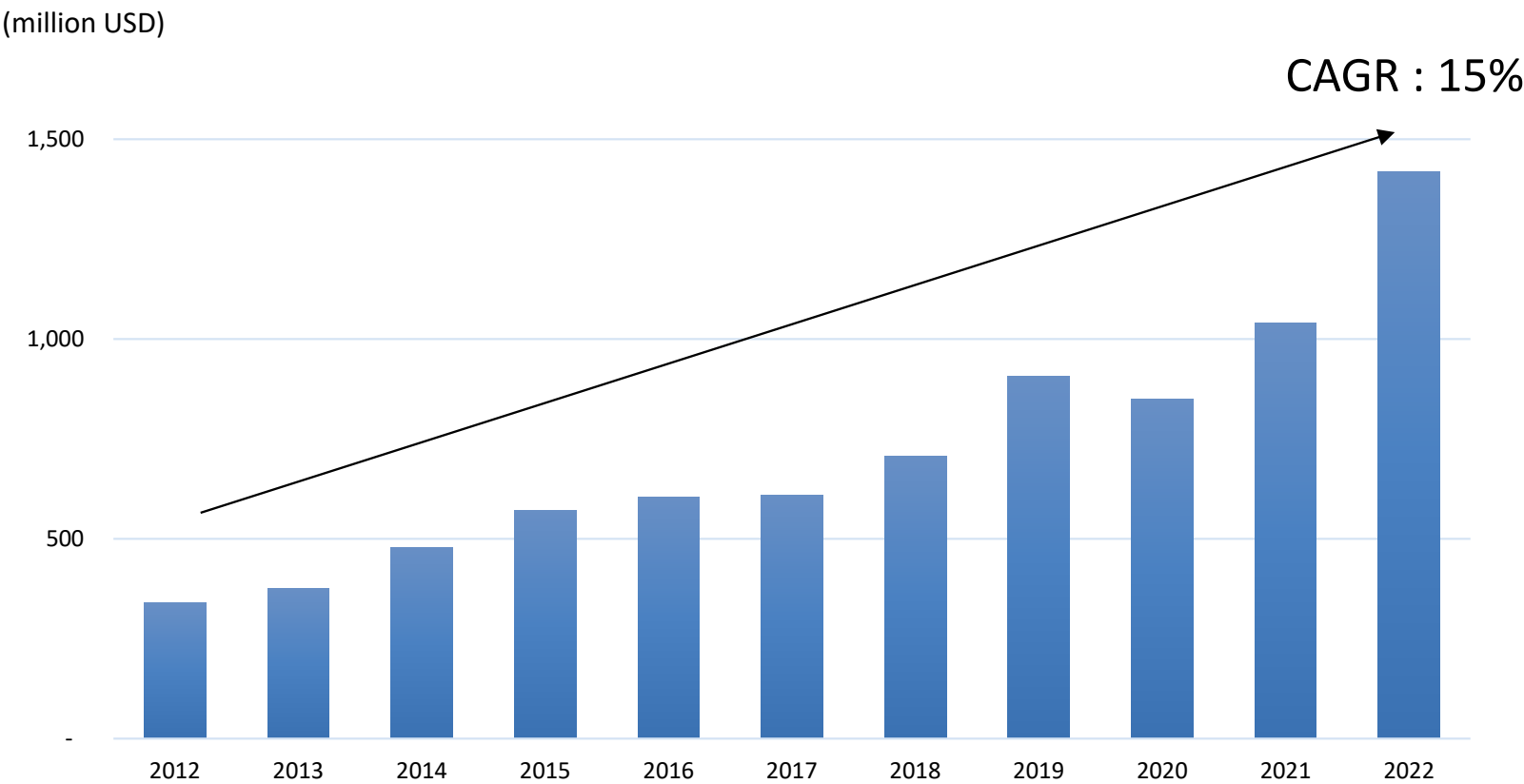


Joined Tokio Marine Group in May 2012

Underwriting & Investment work complementary as our profit sources

Our Profitable Growth

DFG Operating Income (Pre-tax)



A strong proven track record of Profitable Growth

Table of Contents

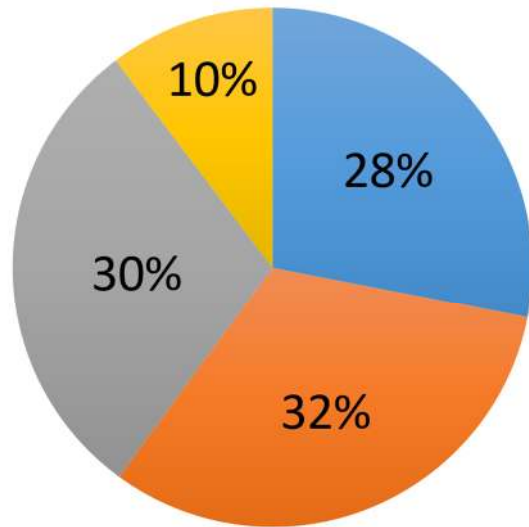
1. Overview of Delphi Financial Group (DFG)
- 2. Employee Benefits**
3. Retirement Services
4. Specialty P&C
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Employee Benefits

- Underwritten through Reliance Standard Life (founded in 1907, acquired by Delphi in 1987)
- Headquartered in Philadelphia, Pennsylvania
- Underwrites diverse portfolio of disability, group life, dental and supplemental and limited benefit health insurance products, and integrates with absence management and return to work services
 - Products sold nationwide through independent brokers and agents
- Significant market presence in group employee benefits
 - Nationwide ranking as of 12/31/2022 are #11 in LTD, #11 in STD and #15 in Group Life

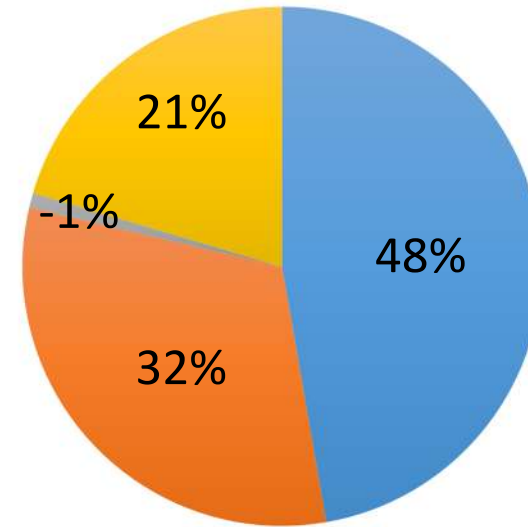
Product Mix

2022 Earned Premium \$1.7 billion



■ Long-Term disability ■ Short-Term Disability ■ Group Life ■ Others

2022 Operating Income (Pre-tax) \$259 million



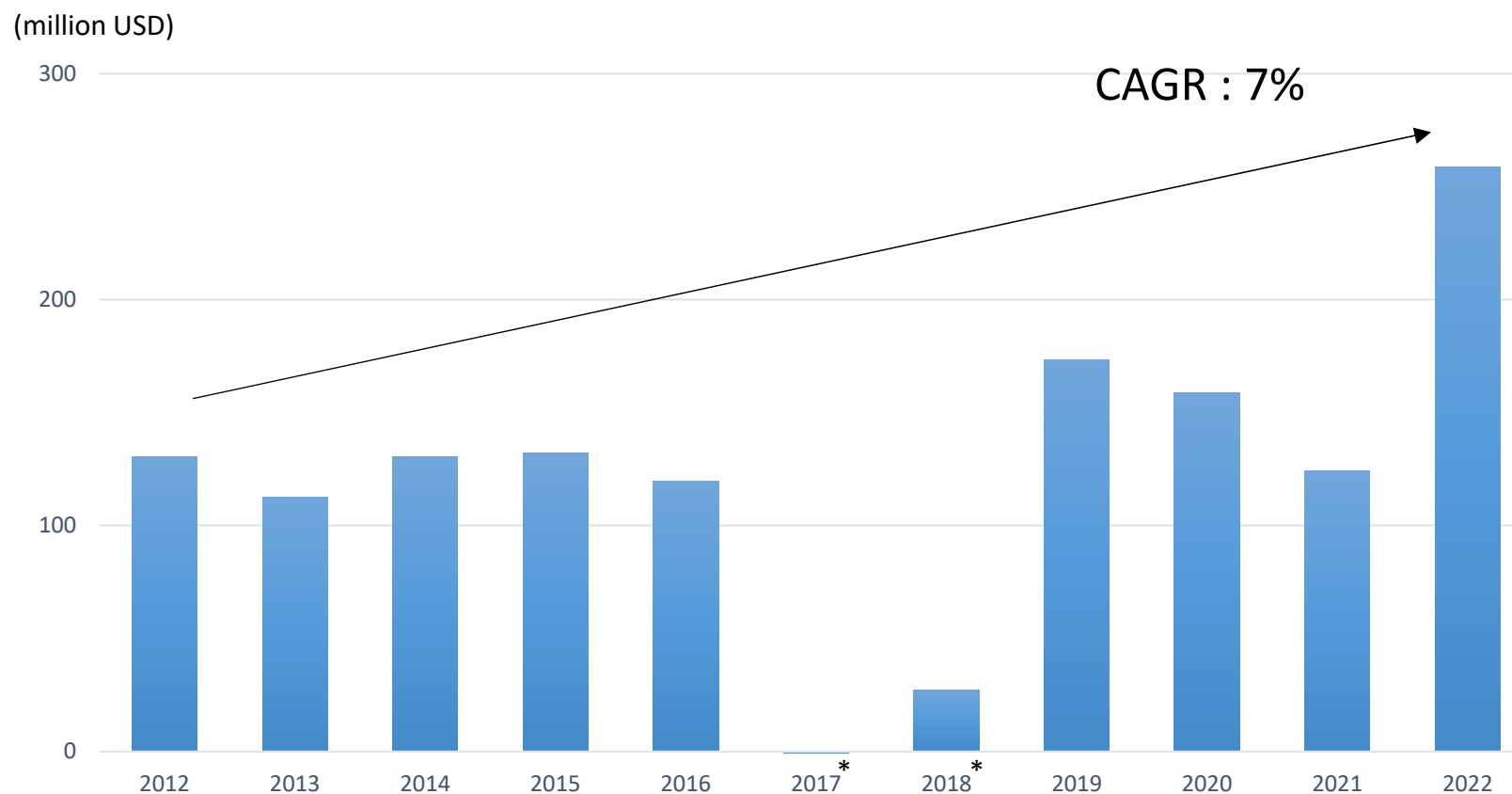
■ Long-Term disability ■ Short-Term Disability ■ Group Life ■ Others

A balanced portfolio of Group Life and Disability products

(COVID-19 affected profitability of Group Life in 2022 / \$44M impact in 2022)

Operating Income Growth

Employee Benefits Operating Income (Pre-tax)



Steady growth despite reserve adjustments in 2017/18

* Completed major overhaul of reserve practices and strengthened reserves by \$150M in 2017/18.

Product Characteristics

Long term disability

- Financial benefits to an employee unable to work for a long period due to an accident, illness, or injury
- Provides up to 66.7% of the earnings after a certain elimination period

Short term disability

- Financial benefits to an employee who is unable to work for a short period
- Benefit duration is up to 52 weeks.
- Includes State related Disability and Paid Family Leave Programs (e.g. New York)

Group Life

- Death benefits for employees covered under basic employee benefit plans
- Offered to active, full-time and part-time employees of employer groups of 10 or more lives
- Limited amounts may be continued on retired employees
- Paid in the event of the death of an employee from any cause

Table of Contents

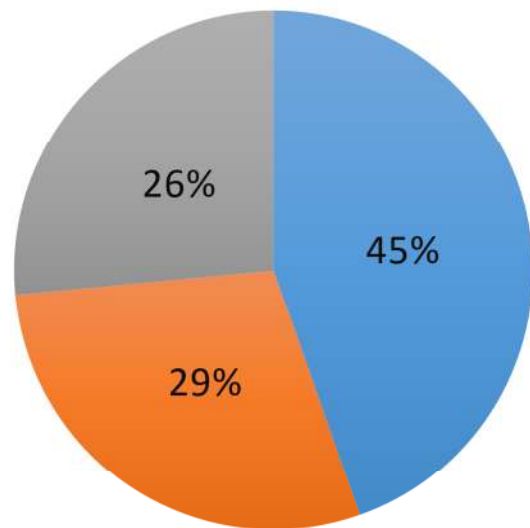
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2. Employee Benefits
- 3. Retirement Services**
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Retirement Services

- Underwritten through Reliance Standard Life (founded in 1907, acquired by Delphi in 1987)
- Headquartered in Philadelphia, Pennsylvania
- Markets asset accumulation products, annuities and Funding Agreements
 - Products sold nationwide through financial institutions and independent brokers / agents
- Focused on profitability instead of premium volume

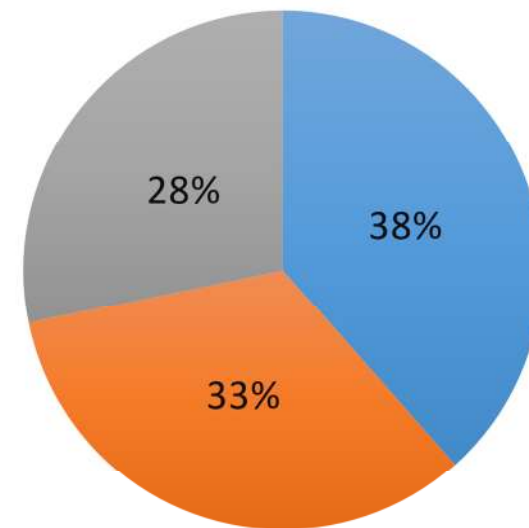
Product Mix

2022 YE Account Value
\$15 billion



■ Deferred Annuities ■ Indexed Annuities ■ Funding Agreement

2022 Operating Income (Pre-tax)
\$427million

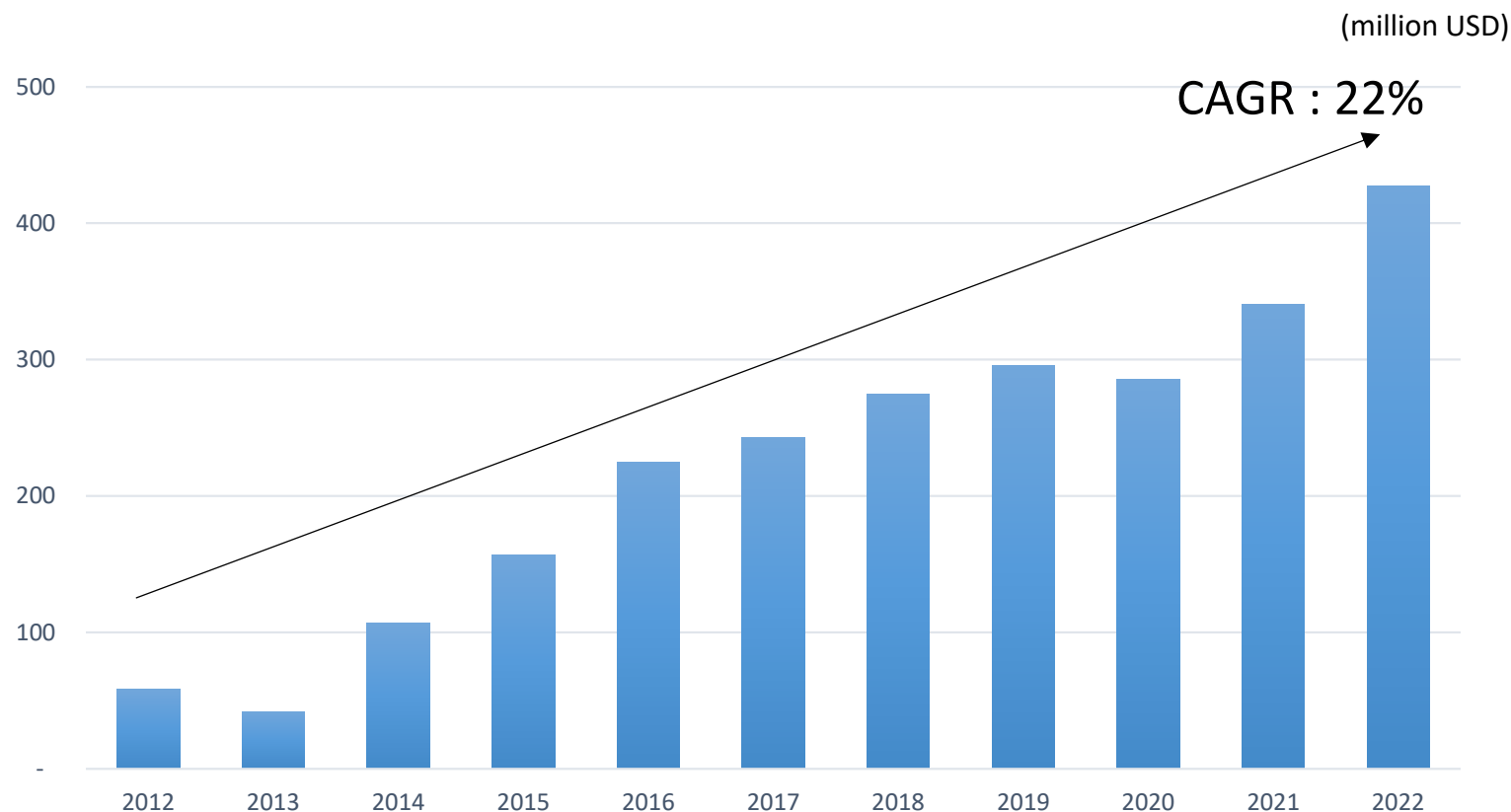


■ Deferred Annuities ■ Indexed Annuities ■ Funding Agreement

Strategically balanced between individual and institutional customers

Operating Income Growth

Retirement Services Operating Income (Pre-tax)



Demonstrating a consistently strong profit growth

Product Characteristics

Deferred Annuity

- Deferred Annuity is a financial product that guarantees a specific rate of return for an agreed period and provides an income stream in retirement
- Offered to individuals (79% of sales)

Index Annuity

- Index annuity will earn interest based upon the allocation of individual's premium to one or more of different index interest strategies
- Offered to individuals (21% of sales)

Funding Agreement

- Deposit-type contract issued by life insurance companies that typically pays a guaranteed rate of return over a specified period of time
- Typically issued directly to institutional investors and municipalities

Table of Contents

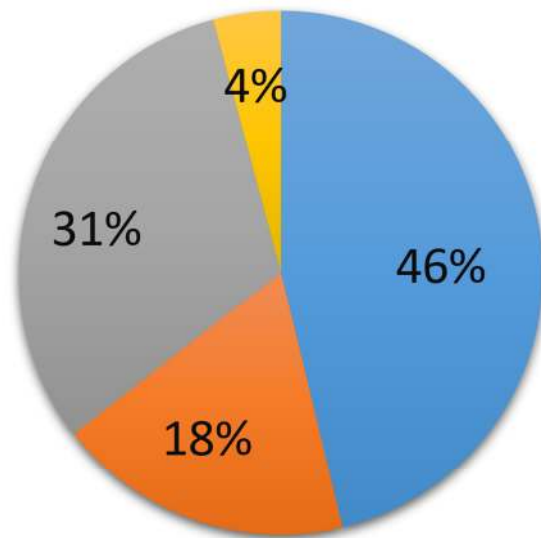
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2. Employee Benefits
3. Retirement Services
- 4. Specialty P&C**
5. Investment

Specialty P&C – Safety National

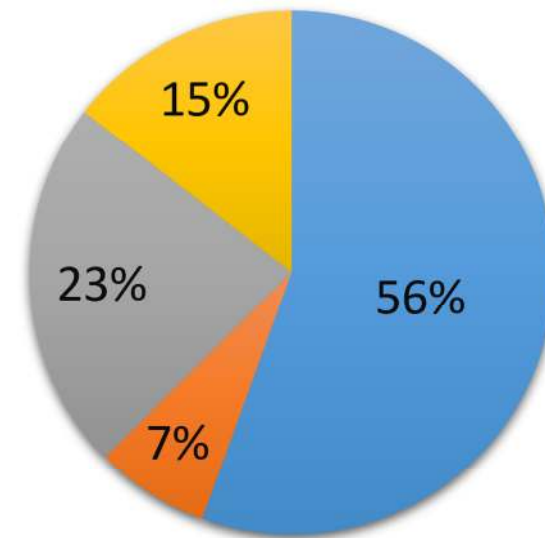
- Founded in 1942, acquired by Delphi in 1996
- Headquartered in St. Louis, Missouri
- Longest continuous provider of excess workers' compensation for self-insured employers in U.S., with #1 market share
 - Insures 13.6 million workers, 8% of the American workforce
 - Licensed and admitted in all 50 states, the District of Columbia, Puerto Rico and Canada
- Safety also writes large casualty, assumed reinsurance and select other lines
- Named one of the “Best Places to Work” by Business Insurance Magazine

Product Mix

2022 Earned Premium
\$1.5 billion



2022 Operating Income (Pre-tax)
\$659 million



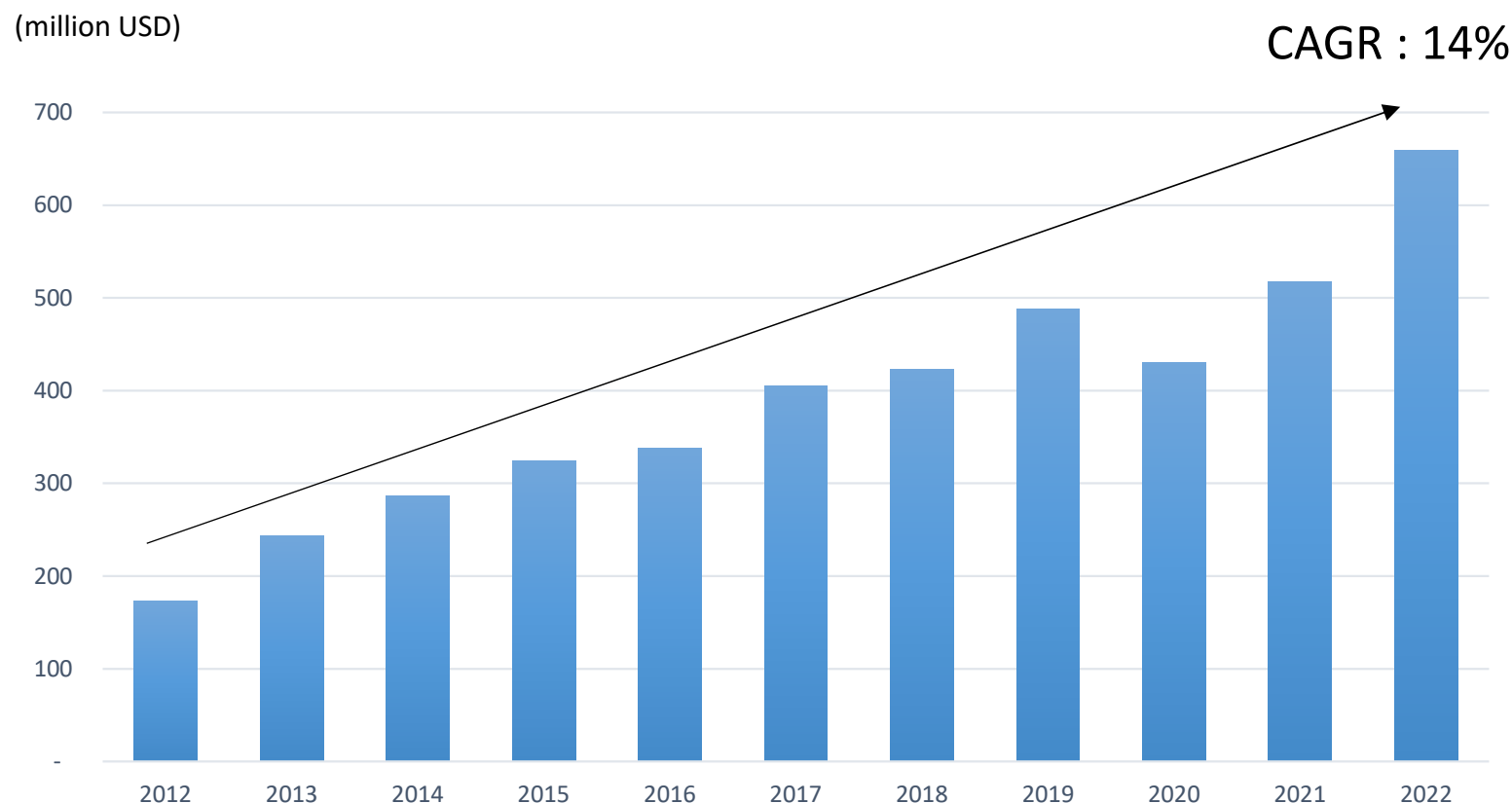
■ Excess Workers' Compensation ■ Large Casualty ■ Treaty Reinsurance ■ Others

■ Excess Workers' Compensation ■ Large Casualty ■ Treaty Reinsurance ■ Others

Market leader of XWC with nearly half of US market share

Operating Income Growth

Specialty P&C Operating income (Pre-tax)



Achieved steady growth in profits

Product Characteristics

Excess WC “XWC”

- Provides workers' compensation coverage to companies and organizations (local governments and cooperatives) that have self-insured workers' compensation coverage for losses in excess of their self-insured retention

Large Casualty

- Underwrites the same risks as XWC, but with a large deductible as primary insurance rather than as excess insurance
- In addition to Large Deductible WC, Commercial Auto and General Liability are cross-sold to form the Large Casualty program

Treaty Re

- Treaty reinsurance for insurers consisting of workers' compensation and casualty programs

Table of Contents

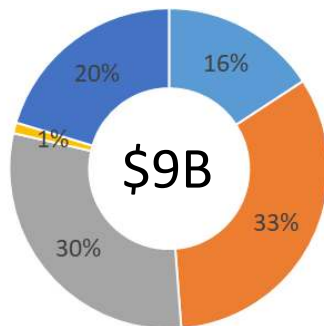
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Investment

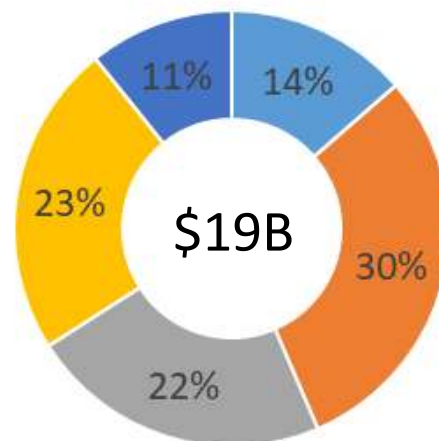
- Delphi's investment return over the past 10 years has outperformed the Barclays Capital Aggregate Bond Index
- 2022 outperformance was 235 bps
- Portfolio managed for cash flow and matching of assets and liabilities
- Focus on high quality investments with readily ascertainable value
- Seeking higher yield assets with lower capital requirement
- Portfolio outperformance highlights benefits of diversification among multiple asset classes
- Also manages portfolios of Tokio Marine group companies

Asset Allocation

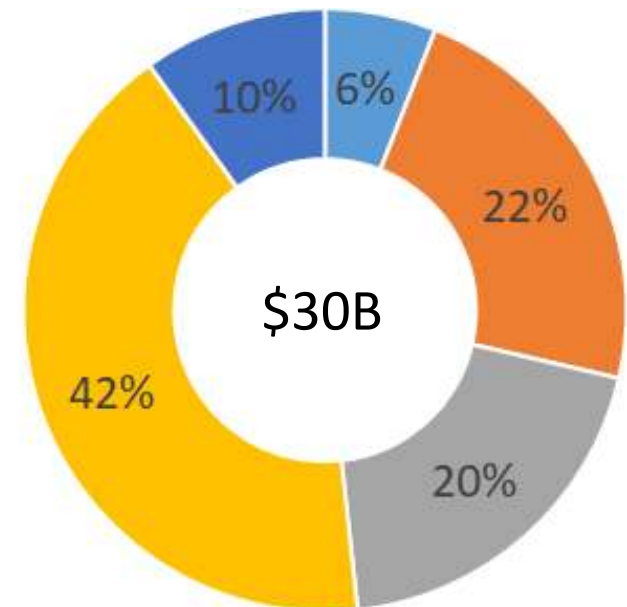
2012



2017



2022

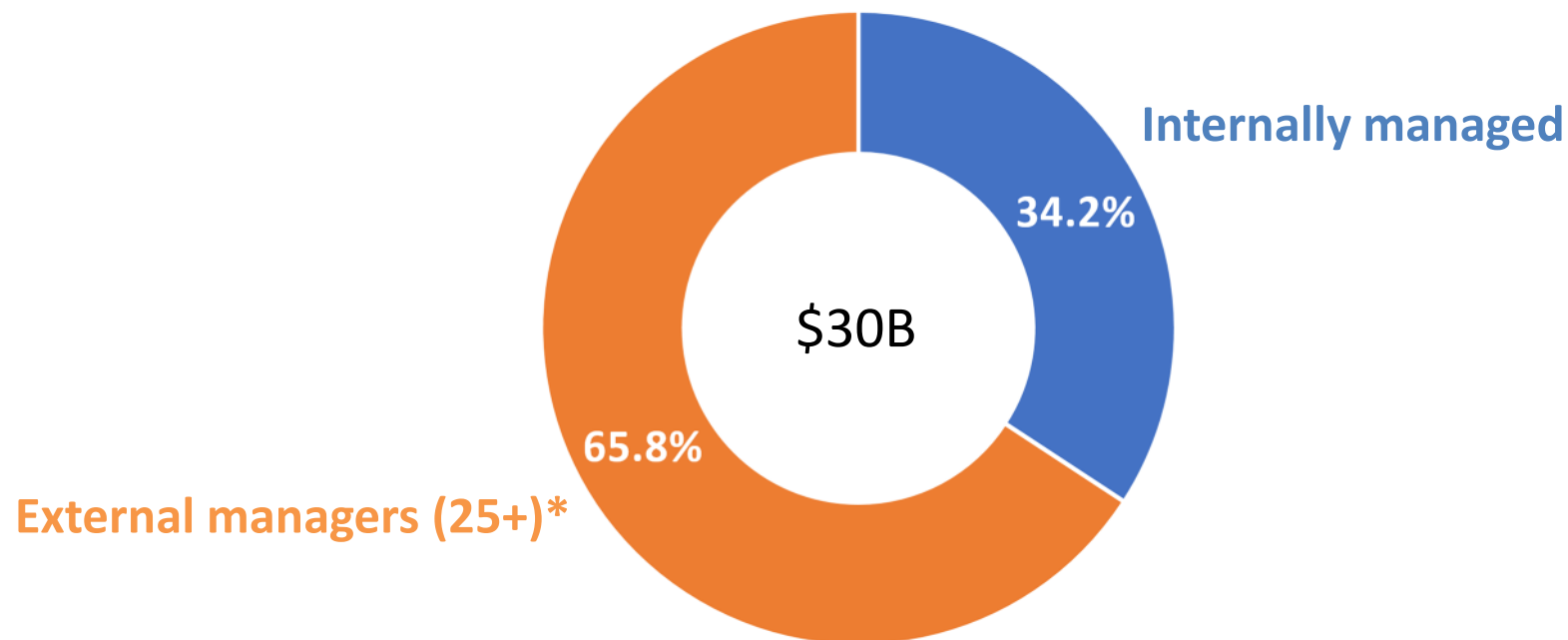


■ Corporate ■ Municipal ■ Securitized ■ Loan ■ Others

Dynamic allocation to attractive asset classes

Internal vs External

2022



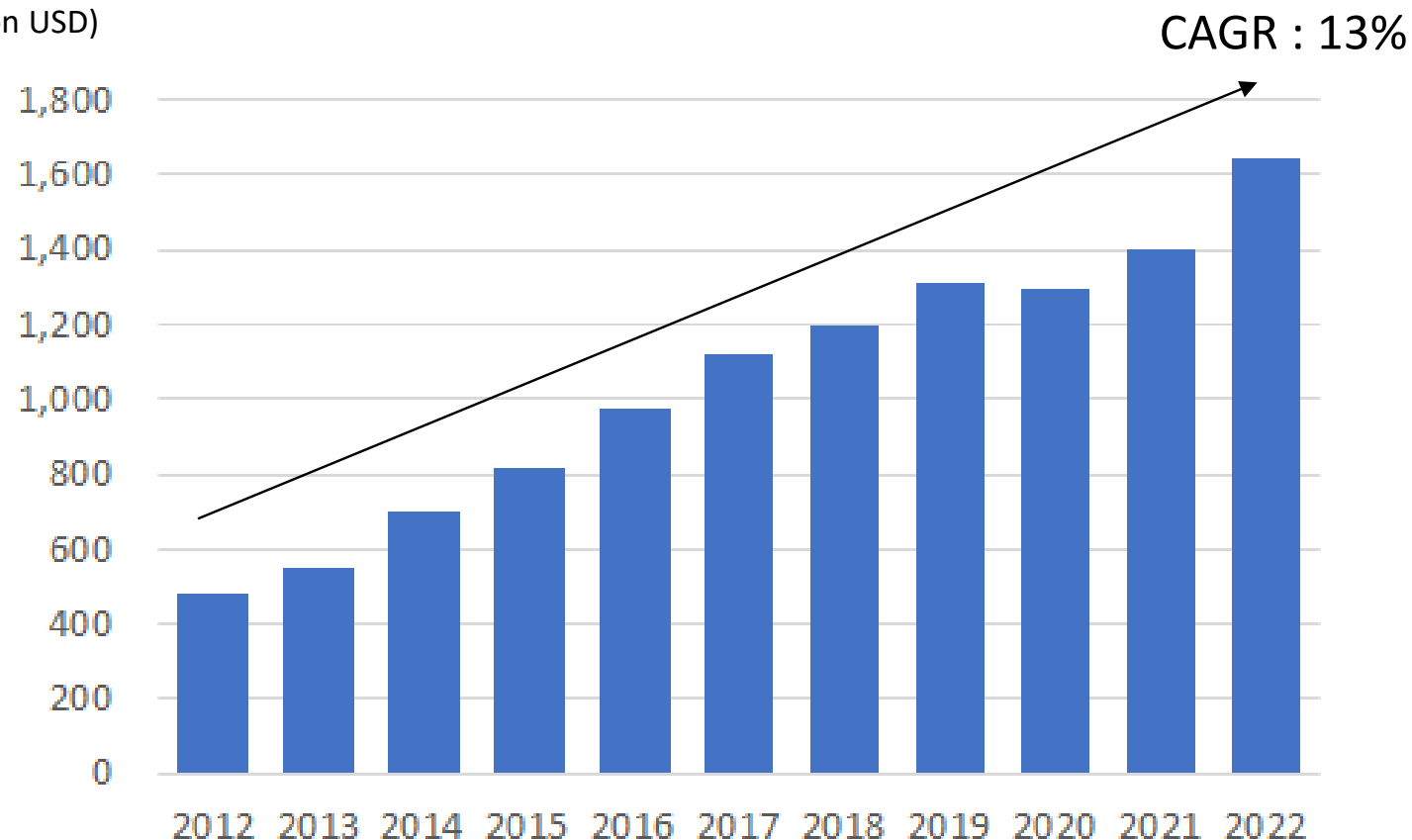
Maintain a lean team and leverage the sources of external managers

* # of managers with asset balance of \$100 million or more

Investment Performance

Net Investment Income

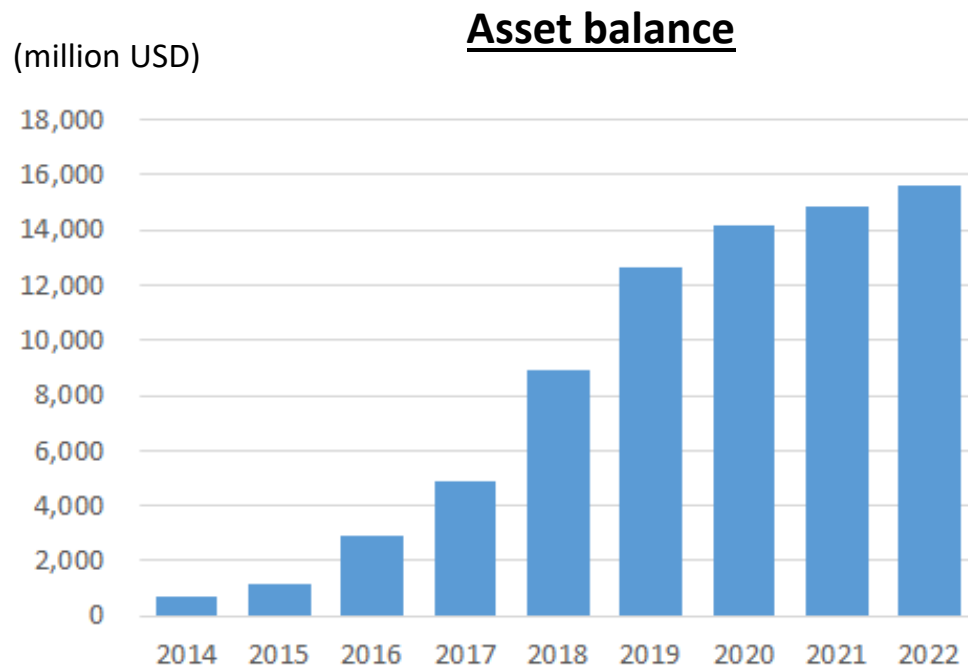
(million USD)



Steady growth over different market conditions

Group Synergy

Delphi manages portfolios of other group companies including both US and Japan



Our contribution to the group continues to grow

Appendix

Biography

Donald A. Sherman is the Chief Executive Officer of Delphi Financial Group, a wholly owned subsidiary of the Tokio Marine Group that he joined in 2006 as President & Chief Operating Officer. He is also Vice President & Executive Officer and Group Co-CIO of Tokio Marine Holdings. Mr. Sherman previously served as Chairman and Chief Executive Officer of Waterfield Mortgage Company, Inc. Mr. Sherman also served as President of Hyponex Corporation and prior to that was a partner in the public accounting firm of Coopers and Lybrand. Mr. Sherman is a summa cum laude Yale graduate.

Stephan Kiratsous is the Chief Operating Officer and Chief Financial Officer of Delphi Financial Group, a wholly owned subsidiary of the Tokio Marine Group. He joined Delphi in 2011. Mr. Kiratsous is a member of the company's Board of Directors and also supports Tokio Marine Holdings on selected strategic matters. He previously served as a Managing Director and Head of the Insurance Investment Banking Group – Americas at Credit Suisse. Mr. Kiratsous began his investment banking career in 1986 and has over 20 years of experience with major global investment banks serving as a senior advisor to a wide variety of insurance companies on corporate and strategic matters, including mergers and acquisitions, divestitures and capital offerings. He is a graduate of the University of Chicago (MBA, 1990) and Lehigh University (B.S. 1986).

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