

July 18, 2023  
Tokio Marine Holdings, Inc.

**Agreement to Acquire Gulf Guaranty Employee Benefit Services, Inc.  
through U.S. Subsidiary HCC Insurance Holdings, Inc.**

Tokio Marine Holdings, Inc. (President and Group CEO: Satoru Komiya, hereinafter referred to as "TMHD") today announced the signing of a definitive agreement to acquire Gulf Guaranty Employee Benefit Services, Inc. ("GGEBS") through its wholly owned subsidiary, HCC Insurance Holdings, Inc. (Tokio Marine HCC "TMHCC").

The transaction is expected to close during the third quarter (July to September) of 2023 subject to the satisfaction of customary closing conditions, including receipt of regulatory approvals.

1. Background of the Acquisition

- (1) As a global insurer, TMHD has been focusing on continuing to expand the scale and profitability of its international business as the key growth driver of the group. TMHD has been pursuing organic growth and strategic M&A opportunities in both developed and emerging markets in order to continue to deliver growth and to further diversify its business portfolio.
- (2) In developed markets, TMHD has a strong track record of successful acquisitions, which has allowed us to build a diversified portfolio, especially focused on specialty primary insurance businesses. TMHD has also been seeking bolt-on acquisition opportunities to further strengthen current operations and expand profitability, as seen in the establishment of the insurance joint venture with a state-owned banking group in Brazil in January 2021 as well as the acquisition of Standard Security Life focused on providing insurance coverage with respect to statutorily required disability benefit law and paid family leave.
- (3) GGEBS is a managing general underwriter that designs, underwrites and administers group gap medical insurance for small and mid-sized businesses. GGEBS offers group gap medical insurance(\*1) that pays limited benefits for expenses otherwise covered by an employer's primary medical insurance, but not payable due to the deductible and co-insurance provisions of the primary plan.  
\*1 Gap medical insurance is a generic term for ancillary coverage to cover medical expenses that are not covered by the "primary medical insurance" arranged by the employer for its employees and is sometimes also referred to as secondary medical insurance as opposed to "primary" medical insurance.
- (4) In the U.S., companies are required to provide health insurance to their employees, but as the cost of health insurance premiums has increased due to rising medical costs, an increasing number of companies are seeking to control costs by self-funding, as an alternative to purchasing primary medical insurance, or by selecting high deductible plans for primary medical insurance. GGEBS' gap medical insurance has been attracting attention in recent years, especially from small and medium-sized

companies that want to maintain and improve employee benefits while keeping costs relatively low, because the coverage can be effectively designed to meet the needs of the client company.

## 2. Strategic Rationale of the Acquisition

### (1) Capture growth in the expanding gap medical insurance market

TMHCC's strong financial position, brand, and nationwide sales network will help to drive the growth of this business. TMHCC is seeking to capture growth in the expanding gap medical insurance and to further diversify its business.

### (2) Strengthen its presence in the medical insurance market by expanding its product offerings

By expanding its product lineup through the acquisition of GGEBS' gap medical insurance business, TMHCC expects to increase customer/broker support and strengthen its presence in the medical insurance market.

## 3. Overview of GGEBS

(1) Company name	Gulf Guaranty Employee Benefit Services, Inc.
(2) Year of establishment	1970
(3) Head office	Flowood, Mississippi
(4) Nature of business	Managing general underwriter of gap medical insurance
(5) Gross written premium* <sup>2</sup>	USD 57 Million (JPY 7.6 Billion)
(6) Number of employees	Approximately 75 employees

\*<sup>2</sup>: Figures are that of FY2022. Exchange rate is \$1= JPY 132.7 as of December 31, 2022.

## 4. Overview of TMHCC

(1) Company name	HCC Insurance Holdings, Inc.
(2) Year of establishment	1974
(3) Head office	Houston, Texas
(4) Nature of business	Specialty insurance business including medical stop loss, agriculture, directors' & officers' liability, and professional liability
(5) Gross written premium* <sup>3</sup>	USD 7,365 Million (JPY 977.3 Billion)
(6) Shareholder	100% owned by Tokio Marine & Nichido Fire
(7) Number of employees	Approximately 3,800 employees

\*<sup>3</sup>: Figures are that of FY2022. Exchange rate is \$1= JPY 132.7 as of December 31, 2022.