

## Issuance of Japan typhoon catastrophe bond “Akibare Re 2016-1”

Mitsui Sumitomo Insurance Company, Limited (Yasuyoshi Karasawa, President) (“MSI”), a member of MS&AD Insurance Group, has sponsored catastrophe bond (cat bond) Akibare Re Ltd. Series 2016-1 Notes (“Akibare Re 2016-1”), which will provide MSI with protection from qualifying typhoons affecting Japan.

Akibare Re 2016-1 is the first cat bond to provide protection against typhoon events in Japan on an annual aggregate basis. Akibare Re 2016-1 will serve to efficiently reduce MSI’s insurance underwriting risk by being able to respond if a single typhoon event or an accumulation of typhoon events in any fiscal year results in a large loss amount.

MSI will continue to utilise both reinsurance and securitised products to further enhance MSI’s financial soundness.

### 1. Summary of Akibare Re 2016-1

MSI sponsored Akibare Re 2016-1 issued to institutional investors via Akibare Re Ltd, a Bermuda domiciled special purpose insurer.

Akibare Re 2016-1 is structured so that all or part of the principal otherwise due for return to investors at maturity would be transferred to MSI, if the incurred loss amount from typhoon events, which can be accumulated in any fiscal year, exceeds a pre-defined threshold.

#### [Risk Profile]

Issuer	Akibare Re Ltd.
Issuance	March 2016
Expected Maturity	April 2020 (4-year risk period)
Covered Event	Typhoon event in Japan
Size	\$200,000,000 (approx. JPY 22.7bn*)
Risk Spread	250bps per annum

\*Yen value converted at the rate of 1 USD = 113.62 yen

#### [Transaction Schematic]

<At time of issuance>



<At time of qualifying event>



### 2. Purpose and background of Akibare Re 2016-1

MSI continuously strives to maintain financial soundness. MSI utilises reinsurance in order to reduce its net retained risk amount, thereby ensuring stability is provided to its customers and their insurance needs can be met even in the event of a large natural disaster.

Akibare Re 2016-1 will allow recovery from capital markets and supplements the coverage purchased in the reinsurance market, as well as providing stable, long term cover for a duration of 4 years.

Furthermore this cat bond allows MSI to make a recovery on both a per event basis and an annual aggregate basis, thereby contributing to financial soundness and earnings stability.