

MS&AD Insurance Group Holdings, Inc.  
Mitsui Sumitomo Insurance Company, Ltd.

## Increase in Ownership of Indian Joint-Venture Company by Mitsui Sumitomo Insurance Co., Ltd.

Today, Mitsui Sumitomo Insurance Co., Ltd. (Yasuyoshi Karasawa, President)(“MSI”), a member of the MS&AD Insurance Group, reached agreement with the Murugappa Group, the partner in the Indian joint-venture company Cholamandalam MS General Insurance Co., Ltd. (“Chola MS”), regarding an increase in ownership of the joint-venture company.

Upon the easing of regulations on foreign investments in March 2015, MSI will additionally acquire 14% of the outstanding shares of Chola MS for approx. 8.8 billion rupees (approx. 16.2 billion yen\*) to raise its ownership to 40%, while MSI will send executive director in charge of enterprise value enhancement of overall management and also send staff taking charge of corporate planning, underwriting and claims handling.

Through the above, MSI will intensify its involvement in the management of Chola MS, enhance customer service and contribute to the further development of India's insurance market.

\*Yen value converted at the rate of 1 rupee=1.83 yen

### 1. Overview of increased ownership

MSI will additionally acquire 14% of the outstanding shares of Chola MS from the Murugappa Group, the joint-venture partner, for approx. 8.8 billion rupees (approx. 16.2 billion yen). These procedures are expected to be completed in March 2016.

[Overview of Chola MS]

Name	Cholamandalam MS General Insurance Co, Ltd.		
Establishment	2003	Location of Head Office	Chennai, India
Ownership ratio*	MSI: 40%, Murugappa Group: 60%		
Premium income	18.9 billion rupees (34.6 billion yen, FY 2014)		
Net profit before taxes	2.01 billion rupees (3.68 billion yen, FY 2014)		

\* Ownership ratio after changes

### 2. Background and purpose

#### (1) Easing of foreign investment regulations

In March 2015, the Indian government raised the upper limit on the ratio of foreign investment in insurance companies from the previous 26% to 49%. This was the first major economic reform instituted by the Modi government, which took power in May 2014, and is aiming at invigorating the Indian insurance market, which holds potential due to its low penetration rate.

#### (2) Favorable prospects of the Indian market

Government-led economic and industrial structural reforms are accelerating in India, including the attraction of foreign manufacturing businesses and the bolstering of infrastructure, and the country is expected to have the highest level of GDP growth in Asia in 2015. Moreover, by 2022, as it will have the largest population in the world and the demographic bonus\* is expected to continue in the long term, insurance needs are expected to rise against the background of accelerated economic growth and the expansion of the middle class.

\*A state where there are twice as many for working-age population, people aged 15 to 64 as others in the population.

#### (3) Relationship between India and Japan

During the Japan-India summit meeting on September 2014, “the Japan-India Investment Promotion Partnership” was concluded, and Japanese government announced to set a target of doubling Japan's foreign direct investment and the number of Japanese companies in India within 5 years and also expressed the intention to realize 3.5 trillion yen of public and private investment. Recently the introduction of Japan's High Speed Railways technologies (the Shinkansen system) has been decided, further development of Japanese related business will be expected.

#### (4) Regarding the Murugappa Group

Headquartered in Chennai, India, the Murugappa Group is one of India's leading business conglomerates. The Group has 29 companies in a wide range of industries such as financial services, engineering, bicycle manufacturing, abrasives, building materials and fertilizers. MSI will work with the Murugappa Group on promoting the penetration of insurance in India, provide high-quality insurance services to Japanese companies that have entered the Indian market, and thereby contribute to stable business operations.

<Reference> Details of Chola MS, etc.

#### 1. Details of Chola MS (FY2014)

	Non-life insurance business
Market share	2.4 % (7th out of 17 private non-life insurance companies)
Main products	Automobile insurance, fire insurance, cargo insurance and medical insurance
No. of employees (incl. non-permanent staff)	3,788 employees
No. of branches	107

#### 2. Indian insurance market (FY2014)

Total premiums for non-life insurance	799.3 billion rupees (1,462.7 billion yen, +12.3 % YoY)
Penetration rate of non-life insurance*	0.61 %
Premiums per capita	USD 10.50

\*The percentage of premiums relative to GDP

#### 3. Indian economy and society (FY2014)

Population	1,276 million
GDP	USD 2,051.2 billion (246 trillion yen)
Real GDP growth	7.2 %
GDP per capita	USD 1,608
No. of Japanese companies in the market	1,209 (3,961 bases)

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