

MS&AD Group Invests in Major U.S. Insurance Company— No Immediate Impact on Ratings

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the investment in W.R.Berkley Corporation of the United States by Mitsui Sumitomo Insurance Company, Limited (security code: -), a subsidiary of MS&AD Insurance Group Holdings, Inc. (security code: 8725).

- (1) On March 28, MS&AD Insurance Group Holdings, Inc. and Mitsui Sumitomo Insurance Company, Limited (MSI), the core non-life insurance company of the Group, decided on MSI's entering into agreements on forming an alliance and cooperative relationship with the founding family of W.R.Berkley Corporation (WRB), a major insurance company in the United States, which entail an investment by MSI in shares of WRB. MSI will acquire 15% of the outstanding common stock of WRB on and off the market from third parties, and dispatch one director. The share acquisition is scheduled to be completed during the second half of FY2025 (October 2025 to March 2026). At present, 15% of WRB's market capitalization is approximately USD 3.8 billion (approximately 565.0 billion yen), and MSI intends to finance the acquisition with cash on hand and external financing.
- (2) WRB has strength in specialty insurance and has multiple business units for each line of insurance. MS&AD Group has been building a business portfolio with diversification in terms of risks and geographic regions, with MS Amlin and many other insurance companies overseas. Currently, MS&AD Group has business operations in many regions and markets, including Asia and Lloyd's. This investment will complement the relatively weak U.S. market and further diversify the Group's business portfolio. JCR also believes that this investment will also contribute to the diversification of the sources of earnings by bringing in profits in proportion to the investment. While this is a minority investment, results of collaboration utilizing WRB's expertise in the specialty insurance field and other benefits can be expected from the perspective of group synergy.
- (3) JCR believes that the strategic investments made by the MS&AD Group are conducted in a disciplined manner under a capital policy that emphasizes soundness. Although the amount of the investment is relatively large, which may push down the capital level, the ESR of the MS&AD Group is high, and the impact on the financial base is limited. Although the final amount of the investment will vary depending on trends in stock prices and other factors during the period of the share acquisition, the MS&AD Group has a relatively large financial margin. The importance of group-wide ERM is increasing due to the expansion of overseas business, and JCR will watch the development of an appropriate governance structure.

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<Reference>

Issuer: MS&AD Insurance Group Holdings, Inc.

Long-term Issuer Rating: AA+ Outlook: Stable

Issuer: Mitsui Sumitomo Insurance Company, Limited

Long-term Issuer Rating: AA+ Outlook: Stable

Issuer: Aioi Nissay Dowa Insurance Company, Limited

Long-term Issuer Rating: AA+ Outlook: Stable



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