



Tokio Marine Holdings

To Be a Good Company

Global Leader in Specialty Insurance

Tokio Marine *Insights:*



January 26, 2023

Today's speaker from TMHCC



Susan Rivera

Chief Executive Officer



Global Leader in Specialty Insurance

Susan Rivera
CEO
Tokio Marine HCC

Executive Summary

TMHCC: Global Leader in Specialty Insurance with over 48 years of deep technical expertise



TMHCC Overview

- \$6.8 billion GWP in 180 countries
- 3,800 employees
- Over 100 product offerings
- 60+ acquisitions
- Stable leadership

Consistent Performance

- A record earnings year in 2021 (GWP \$6.8B / +23% growth, Pretax Earnings \$642M, CR 87.9%)
- Consistent market leading performance (GWP +13.2% / 5-year CAGR, CR 89.3% / 5-year average)
- Outstanding performance against peers
 - TMHCC vs peers CR: 6.3 points better over five years
 - TMHCCI vs Lloyds CR: 22.9 points better over five years, GWP: +26.2% vs. +6.1% (5-y CAGR)

Expanded Our Specialty Offerings

- Acquisition of new specialties
- Bolt-on acquisitions
- Greenfield operations
- Operational investments

Challenges and Diversified Portfolio

- Challenges emerged and were dealt with promptly and professionally (Affordable Care Act, prevented planning, COVID-19, construction defect, ransomware attacks, etc.)
- These challenges were softened by other lines of business that outperformed

Capitalized On the Hard Market

- Confidence in underlying profitability allowed TMHCC to outexecute (Achieved higher growth than rate increase during 2018, 2019 and 2021)
- International expansion and performance has been superb

Solid Enterprise Risk Management

- Proactive management of risk tolerance (Earnings volatility, capital, liquidity, reinsurance, etc.)
- New emerging risks require continual investment in deep technical expertise

Group Synergies

- Achieved significant synergies and worked collaboratively
- Significant credibility from global presence and superior financial strength

Future

- Remain committed to strategies that have proven successful for TMHCC (Laser focus, unique business model, people, diversification, culture, profitability vs. market share)
- Exploit new growth opportunities through data, technology and technical expertise

Tokio Marine HCC – Global Leader in Specialty Insurance



48 Years
of Specialty Service

Over 100
Product Offerings

\$6.8
Billion
GWP
(2021)

3,800
Employees

60+ Acquisitions

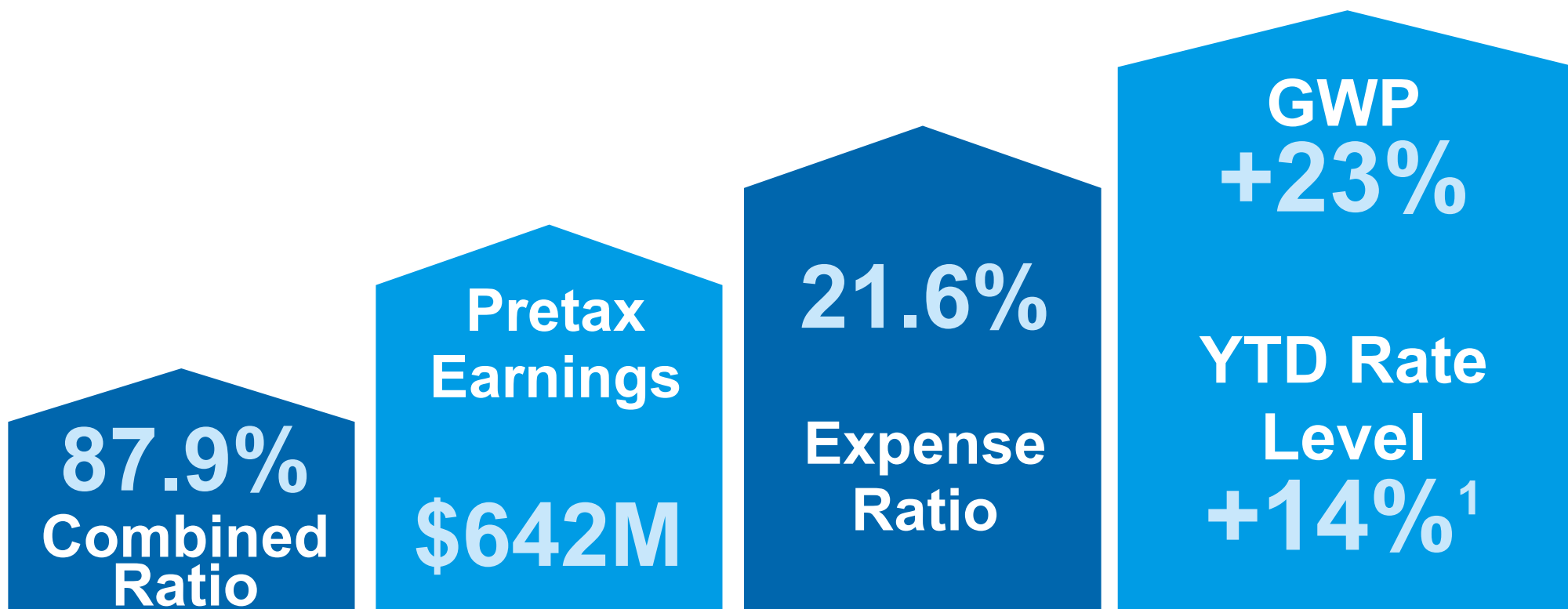
180 Countries

A++ AM Best, A+ S&P, AA- Fitch



2021: A Record Earnings Year

Benefited from Fourth Year of Positive Rate Environment



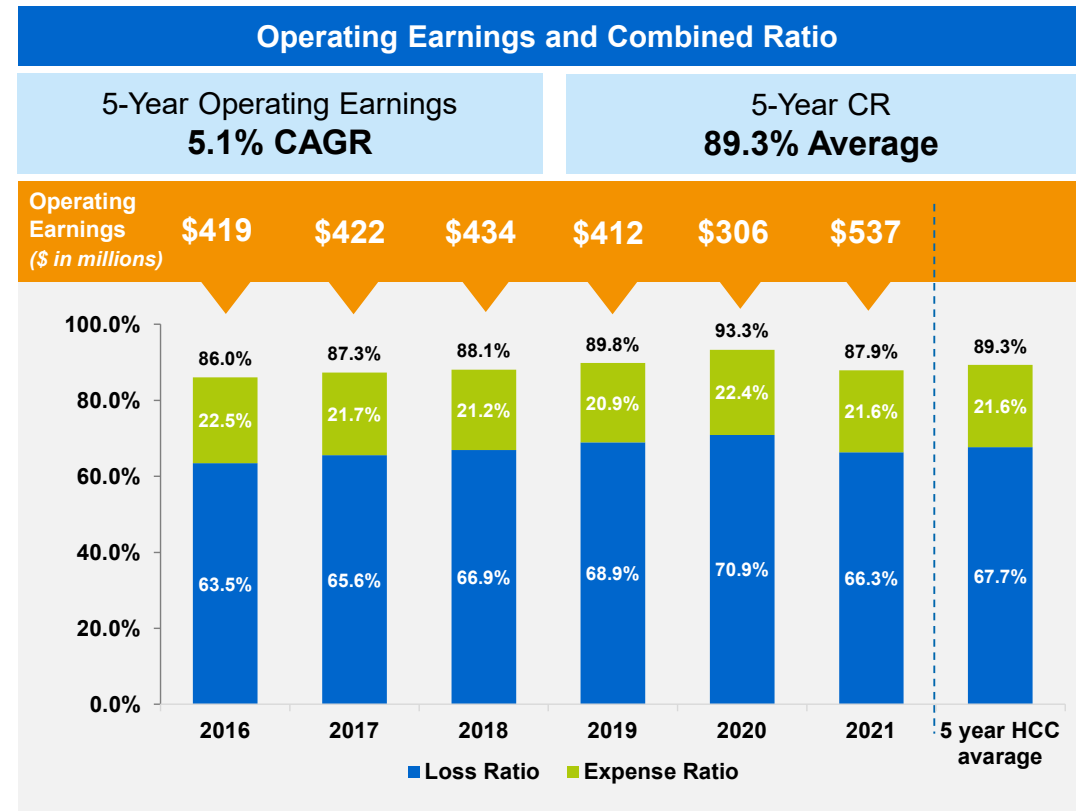
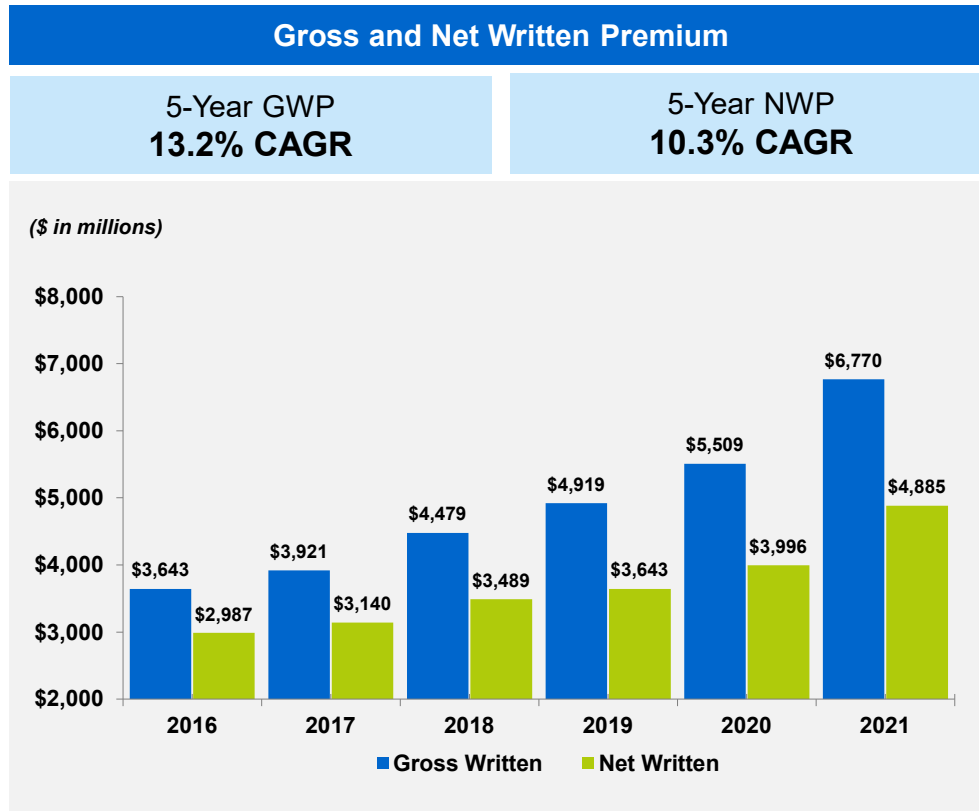
¹ Year to date as at December 31, 2021.



Performance since 2016

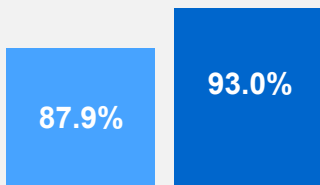
- Market leading performance through the cycle
- International vision and performance has been nothing short of superb
- Fundamental success factors have remained in place

Market Leading Performance through the Cycle



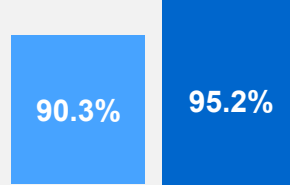
TMHCC versus Peer Group (2017-2021)

5.1 CR points
difference versus peers
over last year



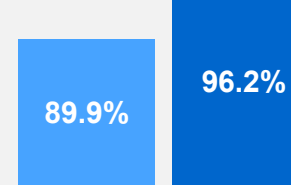
TMHCC Peers¹

4.9 CR points
difference versus peers
over last three years²



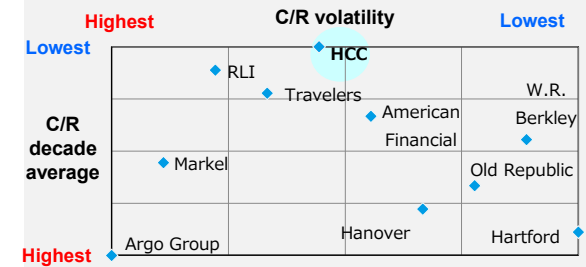
TMHCC Peers¹

6.3 CR points
difference versus peers
over last five years²



TMHCC Peers¹

Stable profitability³



¹ Calculated by TMHCC using S&P Market Intelligence and SEC filings for peer companies. Peers reflects average for peer companies being AFG, ARGO, MKL, HIG, ORI, RLI, TRV, WRB, THG at December 31, 2021.

² Reflects average for three-year and five-year results.

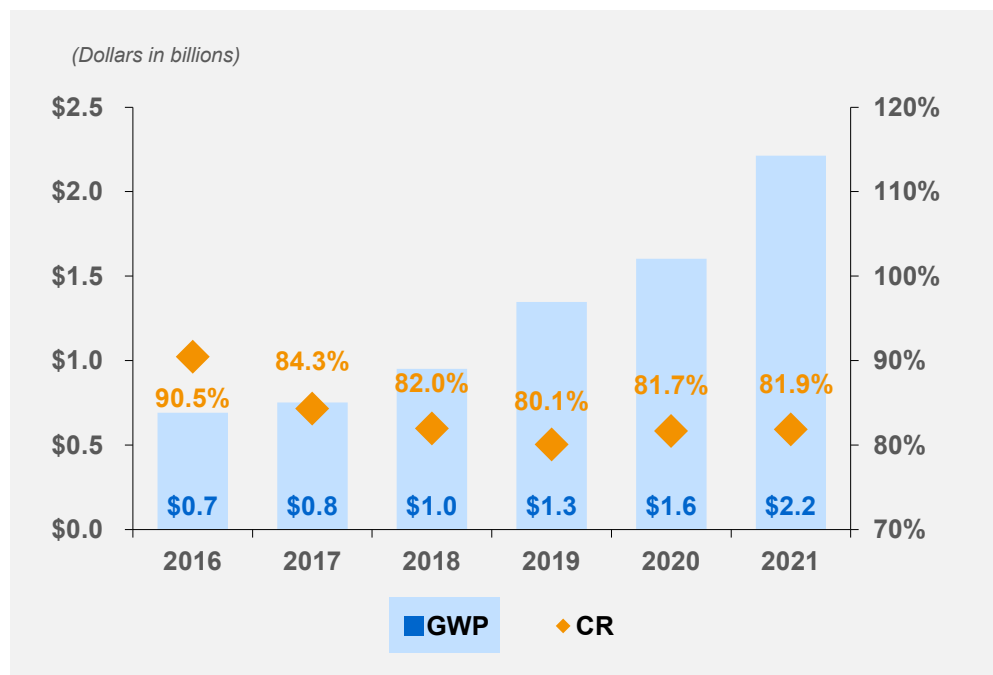
³ Created by Tokio Marine from Company Reports, Dowling & Partners Analysis based on data through 12/31/21.

**We consistently execute well in our experienced, specialty underwriting and claim work.
We operate effectively and efficiently gaining competitive advantage with lower-than-average expense ratios.**

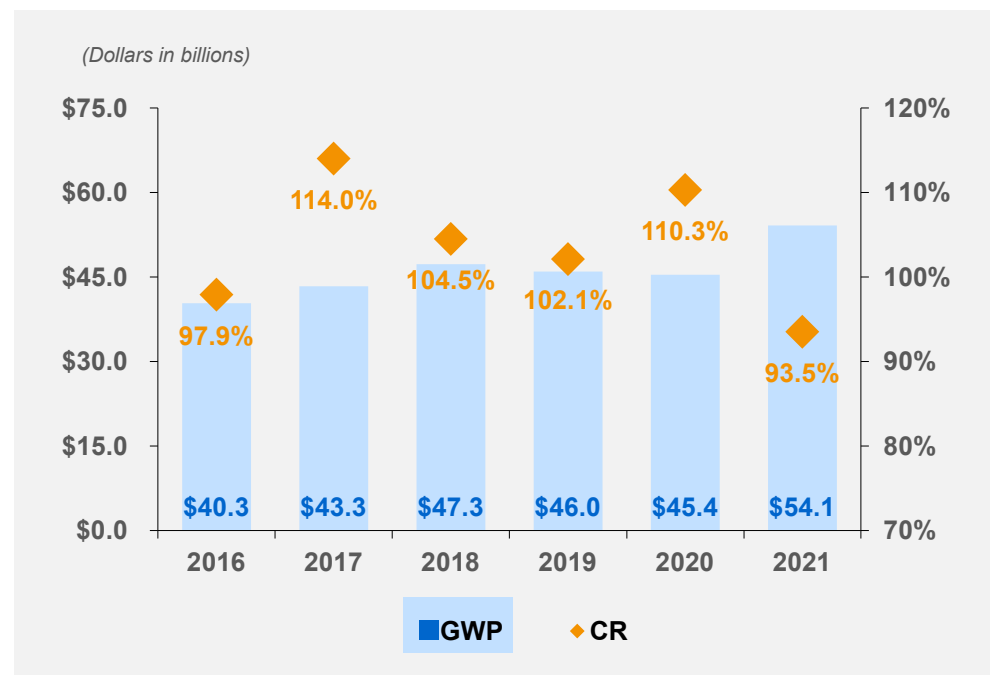
TMHCC International versus Lloyds



TMHCC International	
5-Year GWP 26.2% CAGR	5-Year CR 82.0% Average



Lloyds	
5-Year GWP 6.1% CAGR	5-Year CR 104.9% Average

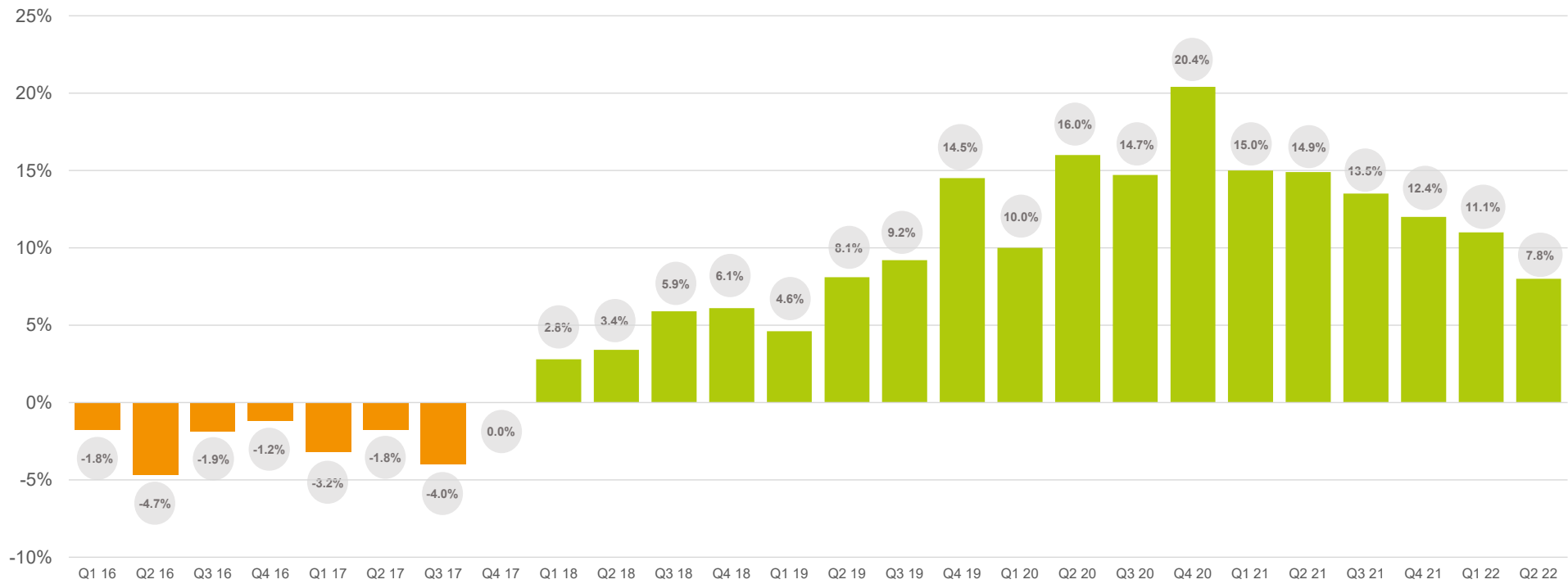




Capitalized on the Hard Market from a Position of Strength

- Confidence in our underlying profitability allowed us to outexecute

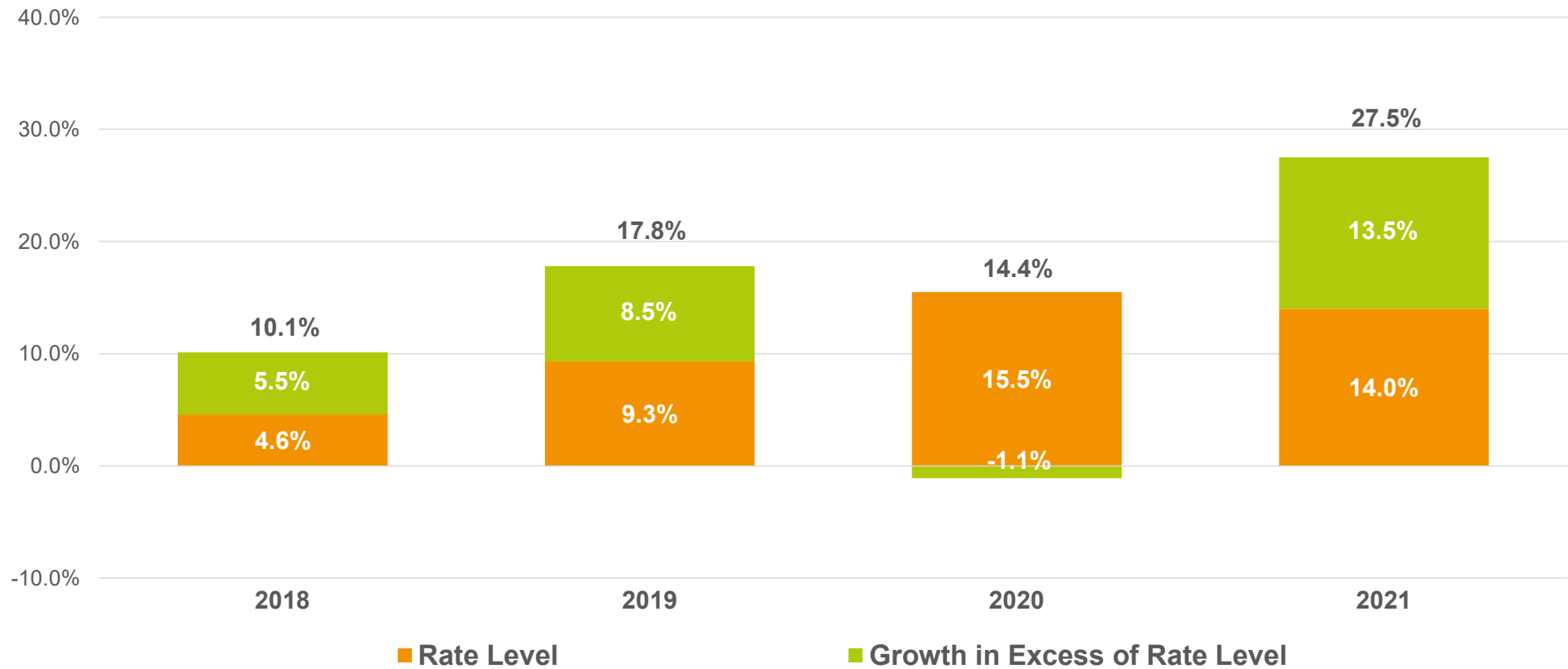
Rate Level Changes by Quarter



Excludes Crop, Accident & Health and Surety & Credit

GWP Growth Breakdown

Rate Level Versus Growth in Excess of Rate Level



Excludes Crop, Accident & Health and Surety & Credit

Market Leading Positions¹



U.S. Medical Stop Loss			U.S. Agriculture			U.S. D&O			U.S. Surety			U.S. Cyber Combined			Renewables		
	Insurer	Market Share		Insurer	Market Share		Insurer	Market Share		Insurer	Market Share		Insurer	Market Share		Insurer	GWP*
1	Cigna	14.8%	1	Rain & Hail	19.5%	1	AXA	15.3%	1	Liberty Mutual	12.7%	1	Chubb	9.8%	1	Axis	\$160M
2	United Health	10.5%	2	NAU	16.0%	2	Chubb	9.1%	2	Travelers	12.7%	2	Fairfax	9.0%	2	GCube(TMHC)	\$133M
3	Sun Life	7.9%	3	Rural Community	15.1%	3	AIG	8.1%	3	CNA	6.8%	3	AXA	8.7%	3	RSA	\$80M
4	CVS	7.3%	4	Great American	8.8%	4	Tokio Marine ²	6.5%	4	Zurich	6.8%	4	Tokio Marine ⁴	5.2%	4	Perse	\$40M
5	Anthem	6.5%	5	CGB	8.2%	5	Fairfax Financial	5.8%	5	Chubb	5.3%	5	AIG	5.0%	5	Markel	\$30M
6	TMHCC	6.2%	6	ARMtech	7.5%	6	Berkshire Hathaway	4.1%	6	Tokio Marine ³	4.1%	6	Travelers	4.8%	6	Travelers	\$20M
7	HCSC	4.9%	7	Farmers Mutual	6.6%	7	WR Berkley	4.0%	7	The Hartford	3.3%	7	Beazley	4.2%	7	AIG	\$20M
8	Voya	4.2%	8	Hudson	5.3%	8	Sompo	3.7%	8	Fairfax	2.9%	8	CNA	3.8%	8	Aviva	\$15M
9	Highmark	3.2%	9	Crop Risk	5.1%	9	Zurich	3.5%	9	Intact Financial	2.8%	9	Arch	3.5%	* GWP for competitors based on 2021 market estimates.		
10	Sumitomo	2.8%	10	ProAg(TMHC)	4.7%	10	CNA	3.5%	10	Sompo	2.7%	10	AXIS	3.3%			

1: Source: MSL - National Association of Insurance Commissioners (NAIC); Agriculture - USDA Risk Management Agency; U.S. D&O, U.S. Surety and U.S. Cyber - SNL.

2: Tokio Marine share of 6.5% consists of TMHCC 3.4% and PHL 3.1%.

3: Tokio Marine share of 4.1% consists of TMHCC 2.0% and PHL 2.0%.

4: Tokio Marine share of 5.2% consists of TMHCC 3.5%, PHL 1.1%, SNCC(DFG) 0.3% and PURE 0.2%.

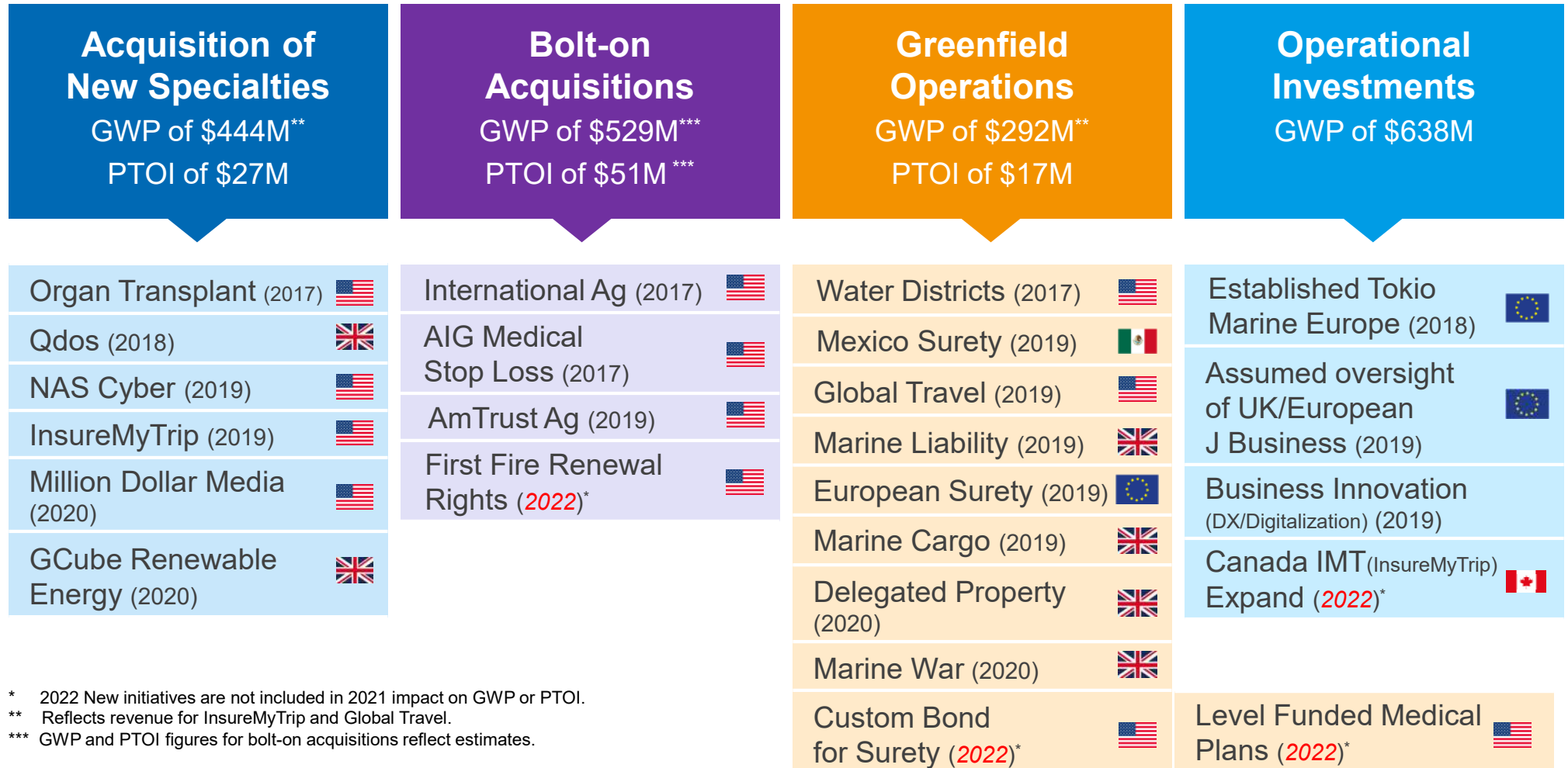


Expanded our Specialty Offerings

- We continued to invest in a diversified and expansive portfolio of specialty offerings
- Our actions were well-timed and positioned us to take advantage of the insurance cycle

Business Investments Further Diversify our Portfolio

2021 Impact on GWP and PTOI*

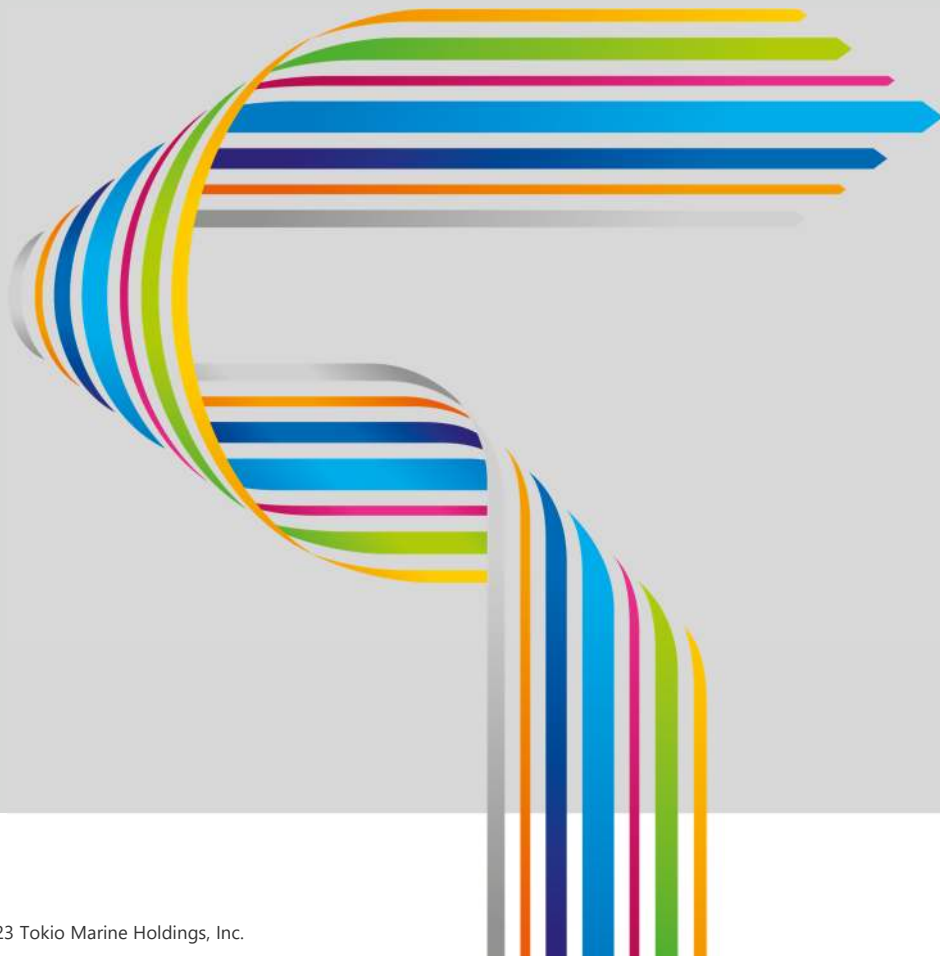


* 2022 New initiatives are not included in 2021 impact on GWP or PTOI.
 ** Reflects revenue for InsureMyTrip and Global Travel.
 *** GWP and PTOI figures for bolt-on acquisitions reflect estimates.

Rich History of Adding Specialty Products/Services

Acquisition and Greenfield





The Power of our Diversified Portfolio Helped us Navigate the Insurance Landscape

- Challenges emerged and were dealt with promptly and professionally
- These challenges were softened by other lines of business that outperformed

Business Challenges in our Portfolio since 2016

Stop Loss Affordable Care Act (ACA)	Crop 1:20 Year Prevented Planting	Event Cancellation 1:100 Year Pandemic	Primary Casualty Construction Defect	Cyber Ransomware Attacks
2019	2019	2020	2018-2021	2021-2022
<ul style="list-style-type: none"> • Issue: ACA created increased severity with unlimited exposure • Impact: Industry loss ratio post-ACA grew from 73.7% in 2013 to 80.5% in 2020 • Response: Drastic underwriting actions taken in 2019 to address increasing severity and frequency of claims 	<ul style="list-style-type: none"> • Issue: Wet conditions impacted ability to plant crops • Impact: Resulted in >110% Ultimate 2019 CR • Response: Pushed rate increases for private products, improving all aspects to drive profitability 	<ul style="list-style-type: none"> • Issue: Pandemic caused unprecedented cancellations • Impact: Lead underwriter position resulted in large loss • Response: Superior management of complex claims and reinsurance collections on ~1,500 claims; coverage limited to largely natural cat going forward; Rates up; strong reinsurance support 	<ul style="list-style-type: none"> • Issue: Delayed reporting due to 10-year statute of limitations • Impact: Reserve adds during 2017-2021 • Response: External actuarial advisor engaged in 2018; claims management brought in-house in 2019; exited business in 2021 	<ul style="list-style-type: none"> • Issue: Increased frequency and severity of cyber events • Impact: Resulted in higher-than-expected losses • Response: Requiring minimum cyber resilience; investing in technology scans, predictive analytics and detailed claim/data review; monitoring systemic risk accumulation

2020 Impact of COVID-19: Direct and Indirect

Direct COVID-19 Losses (≈\$230M)

- **Event Cancellation**
 - ✓ Diversification through Reinsurance
- **Business Interruption**
 - ✓ International: Property D&F, Property Treaty, UK Delegated
 - ✓ Specialty: Restaurant Recovery, Sports & Rec Package
 - ✓ Contagion Sub-Limits
- **Evacuation, Medical**
 - ✓ Medical Insurance Services
 - ✓ Accident & Health
 - ✓ Kidnap & Ransom

Minimal to No Direct Impact on Major Lines

- Medical Stop Loss – negated by decline in elective procedures
- D&O and Related

Economic Recession – Profitability Impact (≈\$10M)

- Credit & Surety
- Guaranty
- D&O and Related

Economic Recession – Premium Impact (≈\$20M)

- Medical Stop Loss – census impact
- Transaction Risk Insurance
- Energy
- Primary Construction
- Employment Practices
- InsureMyTrip, On Call and Medical Insurance Services

Economic Recession – Partial Impact (<\$10M)

- ProAg: increase in FCIC cession due to steep decline in commodity prices

2020 Net Direct Impact was 6-point increase in Combined Ratio and within our Risk Tolerance for a 1:100 year event. Swift actions taken to re-underwrite and address COVID-19 exposed lines.

Exceptional Outperformance in our Portfolio (2017-2021)

Businesses with Combined Ratio below 90%

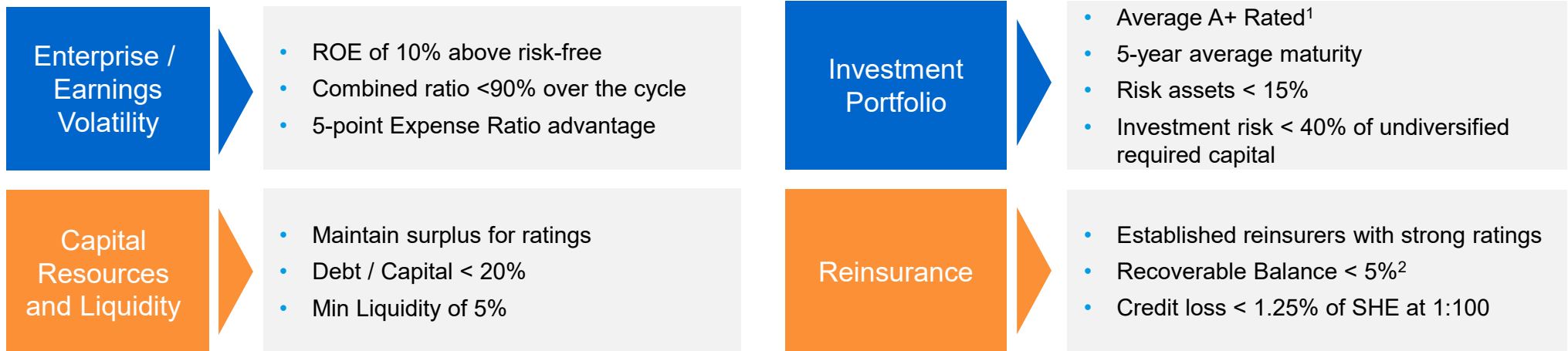
- Guaranty
- HCC Specialty – Disability
- HCC Credit
- Property Treaty
- U.S. Surety
- Professional Lines
- International Surety
- International Casualty
- U.S. D&O
- International A&H
- Marine & Energy
- Aviation
- UK Credit
- Financial Lines
- Public Risk



Lessons Learned Show us Anything can Happen

- Risk needs to be measured and managed
- New emerging risks require continual investment in deep technical expertise

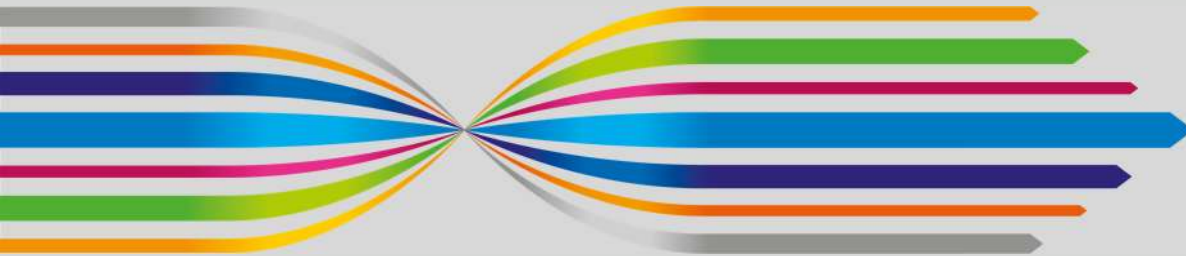
Proactive Management of Risk Tolerances



Viewed by A.M. Best as very strong. Tokio Marine HCC's Enterprise Risk Management framework is an integral part of our business and financial management.

¹ Weighted average credit quality of rated fixed maturity investment securities.

² Recoverable Balance due from any reinsurer should not be greater than 5% of the reinsurer's capital and surplus.



Value Derived from TM Holdings

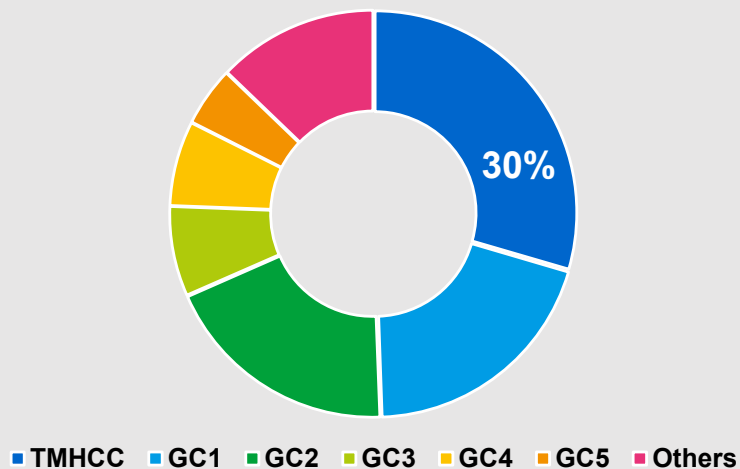
- Achieved significant synergies and worked collaboratively
- Significant credibility gained from global presence and superior financial strength

Group and TMHCC Synergies



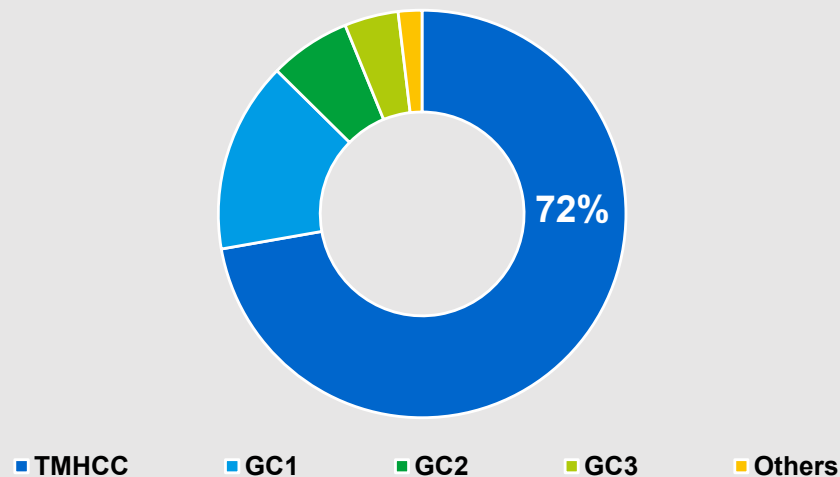
\$109+ million
in annual profits/savings
(As of Dec 2021, past 1 year synergy, after tax)

Group Synergy
Annual profits/savings (2021)






\$363+ million
in new premium
(As of Dec 2021, cumulative since 2015)

Revenue Synergy
Annual Profits Contribution (2021)



Type of Revenue Synergies

1	Cross-selling	Cross-sell to TM existing (non-TMHCC) clients	D&O	MSL	Credit	Surety
2	Joint Approach	Seize new opportunities through joint approach with other group companies				
3	Regional Expansion	Expand our global capability using TM network	D&O 	TRI* 	Credit 	
4	Strategic Use of Group Capital, Resources & Expertise	Use group capital and expertise to enhance market presence as a group	Major Event Mega Disability Marine Energy			
		Use group capital to attract new business				
		Use group resources / network to retain profits within the group				
		Provide expertise as a market leader to capture future new opportunities				
5	Others	Treaties from other GCs, Group Life, Fidelis, etc.				

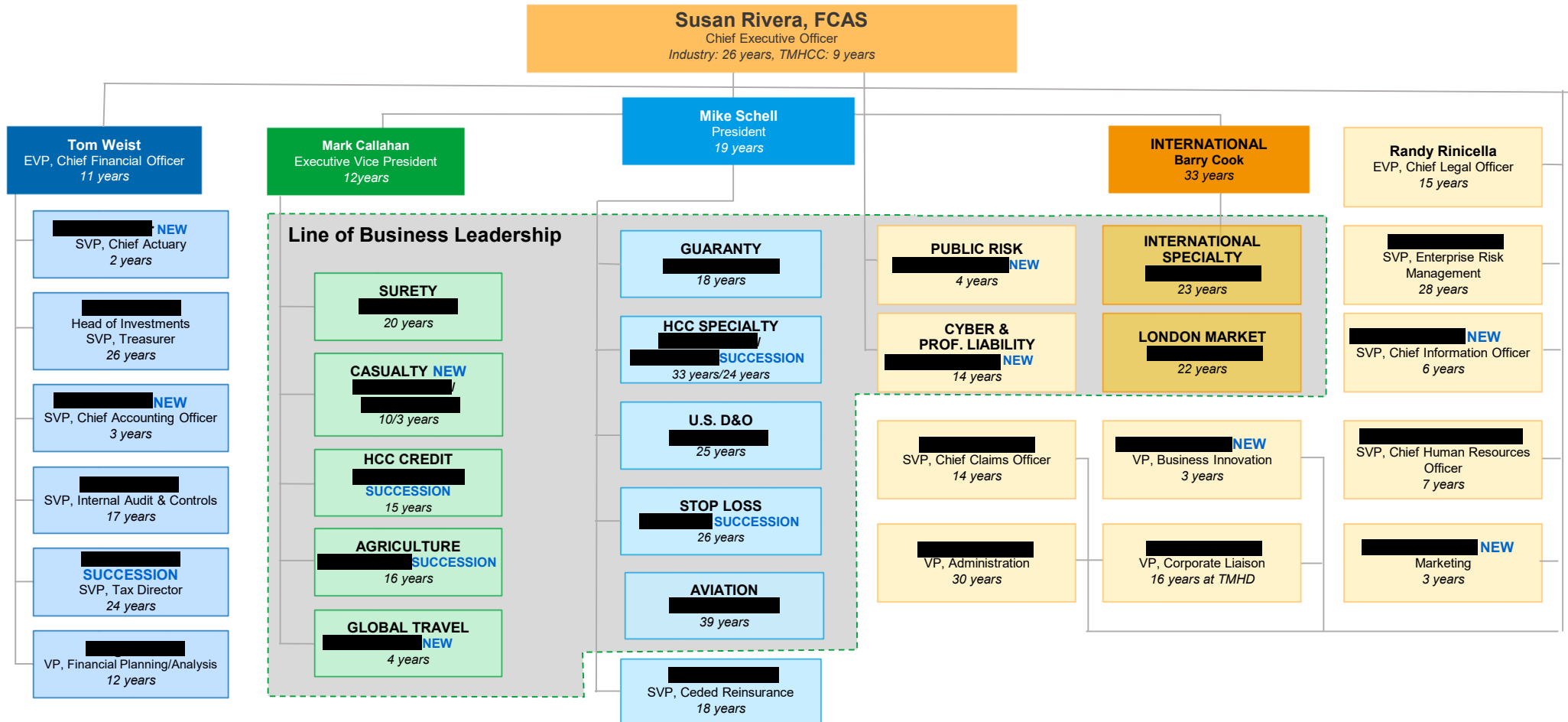
* Transaction Risk Insurance



Stable Leadership

- We retained an empowered Leadership team that is committed to TMHCC
- Our additions to staff strengthen our deep technical expertise and add further value

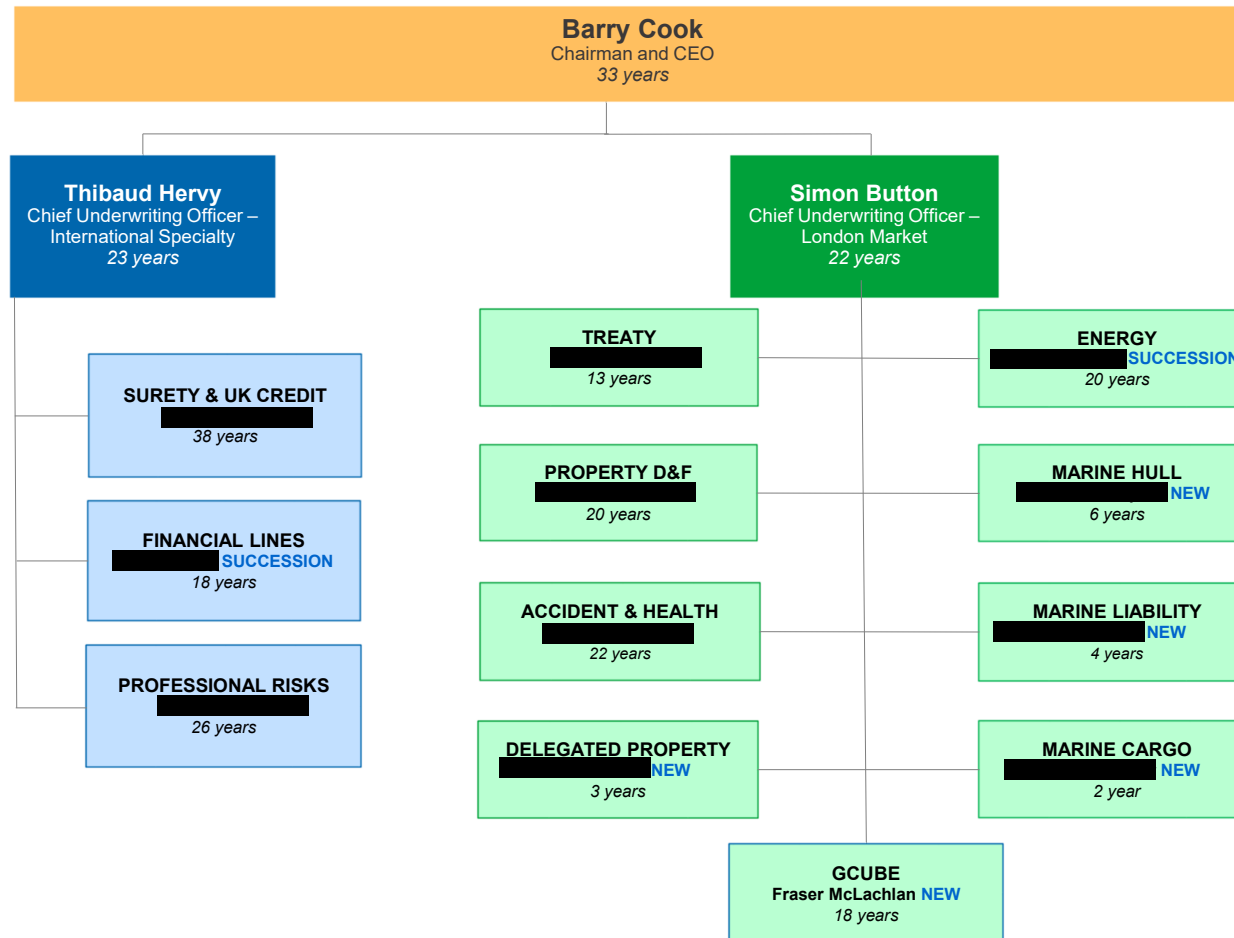
Engaged, Loyal Leadership



Other than Casualty and CIO, all “NEW” adds to this chart are due to promotions / retirements or due to new products / new positions / acquisitions.

“SUCCESSION” adds are long-tenured employees who were part of planned successions.

Engaged, Loyal Leadership: International



All “NEW” adds to this chart are due to promotions / retirements or due to new products / new positions / acquisitions.

“SUCCESSION” adds are long-tenured employees who were part of planned successions.

The Future

- Remain committed to strategies that have proven successful for TMHCC
- Exploit new growth opportunities through data, technology and deep technical expertise

Meaningful Competitive Advantages Set Us Apart

Laser Focus

- Specialty products and services
- Bottom-line results over top-line growth is core
- Deep technical expertise & analytics
- Low expense ratio without sacrificing quality

People

- Leadership is respected and stable
- Entrepreneurial and accountable
- Unparalleled talent, responsive
- Learning & development, health & wellness, engagement & inclusion

Unique Business Model

- Flat, decentralized, rapidly adaptable
- Empowered
- Interests aligned
- Global capabilities

Diversification

- Low correlation
- No one line dominates risk profile
- Successful M&A strategy
- SME to Fortune 500
- Differing distribution approaches

Consistent Performance

- Sound and stable results
- A++ AM Best, A+ S&P, AA- Fitch
- Solid Enterprise Risk Management

Culture

- To Be a Good Company
- Building superiority through collaboration, technology, innovation and data
- Expanding our knowledge and support of our communities and insurance partners on environmental and social issues

Core to Being a Specialty Underwriting Company

Our underlying profitability comes from **a targeted, laser focus**. We have had our challenges, but have dealt with them and have **seen real strides in a number of our LOBs**

Generally, in a 10-year cycle, there will be 7 to 8 **“soft market years”** and only 2 to 3 **“hard market years”**

During the hard market, companies need to **exploit favorable conditions** and **increase exposure** in addition to riding the wave of rate increases

TMHCC has done this well in the hard market from 2019-2022

On the other hand, rates may plateau or reduce going forward, and if so, we will need to **prepare for the next phase of the cycle** where rates will soften

It will be challenging, and we may have to shrink our market share to retain our profitability

Protecting profitability at the expense of market share is **core to our success** and a key factor in our long-term profitability and growth



TMHCC Ongoing Priorities



Capitalize on Opportunities

- Focus on Underwriting Excellence and Value-Added Expertise, Supported by Data Analytics
- Capitalize on Market Consistency and Value brought to the Market
- Evaluate Opportunities to Add Deep Technical Expertise through Bolt-on Acquisitions or Greenfield Operations



Attack Challenges

- Support and Drive Business Resilience to Proactively Attack Challenges
- Softening Rate Environment
 - Ransomware Trends
 - Loss Cost Trends
 - Ongoing Pandemic Effects
 - War on Talent
 - Competition from Insurtechs



Invest in our Future

- Advance Technical Expertise in Developing LOBs (Cyber, Renewables)
- Invest in Core Technology and Digital Initiatives
- Instill a Data Culture, Accelerate Analytics Capabilities and Collaborate
- Actively Address People Strategy Given War on Talent and COVID-19 Working Environment

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For further information...

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*To Be a **Good Company***



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