

August 10, 2022

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.
Name of Representative: Noriyuki Hara, President & CEO
(Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)
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Mitsui Sumitomo Insurance to Acquire Transverse Insurance Group

Mitsui Sumitomo Insurance Co., Ltd. (“MSI”, President: Shinichiro Funabiki), a subsidiary of MS&AD Insurance Group Holdings, Inc. (“the Company”, President: Noriyuki Hara), today announces to commence the procedure to acquire Transverse Insurance Group, LLC (“Transverse”) (the “Acquisition”).

1. Background of the Acquisition

The company and MSI have a vision "to create a world-leading insurance and financial services group" seeking expansion of the business in the U.S., the world's largest non-life insurance market.

Managing General Agents (“MGAs”) in the U.S., which have been granted underwriting authority from insurers to sell, bind and manage insurance contracts on their behalf, are enhancing their presence as a distribution channel. The size of the U.S. MGA market in 2021 was approximately 9 trillion yen which is one of the strategic areas where MSI will invest.

Transverse is a non-life insurer that delegates certain functions and authorities to MGAs and transfers risks underwritten by MGAs to reinsurers (commonly referred to as fronting insurers). Through its licenses in all 50 states in the U.S. and strong network with various MGAs, Transverse will serve as a platform for MSI to incorporate the growth of the U.S. MGA market. Furthermore, Transverse sets itself apart from pure fronting insurers through its ability to retain risk, which allows it to share the risk and return with MGAs and reinsurers. This business model has been well received by the market and sustainable growth could be achieved.

MSI views the Acquisition to be a good opportunity to capture the growth of the U.S. MGA market. In addition, as a result of the Acquisition MSI sees a number of potential synergies between MSI and Transverse including enhancing credit rating of Transverse and gain new business opportunities backed MSI’s company’s strong balance sheet.

2. Corporate Outline of Transverse

(1) Trade Name	Transverse Insurance Group, LLC	
(2) Registered Office	Delaware (the U.S.)	
(3) Management	Chairman and CEO Erik Matson	
(4) Main lines of business	Property and casualty insurance in the U.S.	
(5) Capital	USD 107 million	
(6) Date of incorporation	June 26, 2018	
(7) Major Unit holders and Unitholding ratio	Virgo Transverse Core LLC 99.2% Other 0.8%	
(8) Ties with the Company	Capital relationship	N/A
	Personal relationship	N/A
	Business relationship	There are reinsurance transactions with the Company’s subsidiaries.

(9) Consolidated business results and consolidated financial condition over the last three years (unit: thousand USD)			
Fiscal year	Ended Dec, 2019	Ended Dec, 2020	Ended Dec, 2021
Consolidated net assets	31,473	74,519	88,739
Consolidated total assets	63,438	125,428	395,265
Net earned premium	55	85	3,506
Net Investment income	188	507	1,606
Fronting fee income earned	21	828	6,300
Net loss attributable to Transverse	-5,401	-7,566	-5,785

3. Corporate Outline of the Major Counterparty of the Acquisition

(1) Trade Name	Virgo Transverse Core LLC	
(2) Registered Office	Delaware (the U.S.)	
(3) Management	Manager Jesse Watson	
(4) Mainlines of business	Investment fund	
(5) Capital	Undisclosed	
(6) Date of incorporation	2019	
(7) Consolidated net assets	Undisclosed	
(8) Consolidated total assets	Undisclosed	
(9) Ties with the Company	Capital relationship	N/A
	Personal relationship	N/A
	Business relationship	N/A
	Status as a Related Party	N/A

4. Number of units to be acquired, acquisition price, and status of units held before and after the Acquisition.

(1) Percentage of units prior to the Acquisition	0.0 %
(2) Percentage of units to be held after the Acquisition	100.0%
(3) Acquisition price	Unit price of Transverse : USD 400 million (Approximately. JPY53.8 billion) Advisory and other fees : Approximately JPY0.4 billion Total acquisition cost : Approximately JPY54.2 billion Based on earn out clause, certain amount of payment will be paid depend on the future performance of Transverse.
(4) Percentage of units held after the Acquisition	100.0%

Exchange rate: USD 1 = JPY 134.61

5. Timetable

(1) Date of resolution by the director in charge	August 10, 2022
(2) Date of conclusion of the agreement	August 10, 2022 (Provisional)
(3) Date of commencement of unit transfer	Scheduled in December 2022 subject to regulatory approvals

6. Outlook Going Forward

The Company will disclose the concrete impact that the Acquisition will have on MSI's and the Company's financial results at the appropriate time.

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