

# Millea in India

**November 15, 2007**

**Millea Holdings, Inc.**

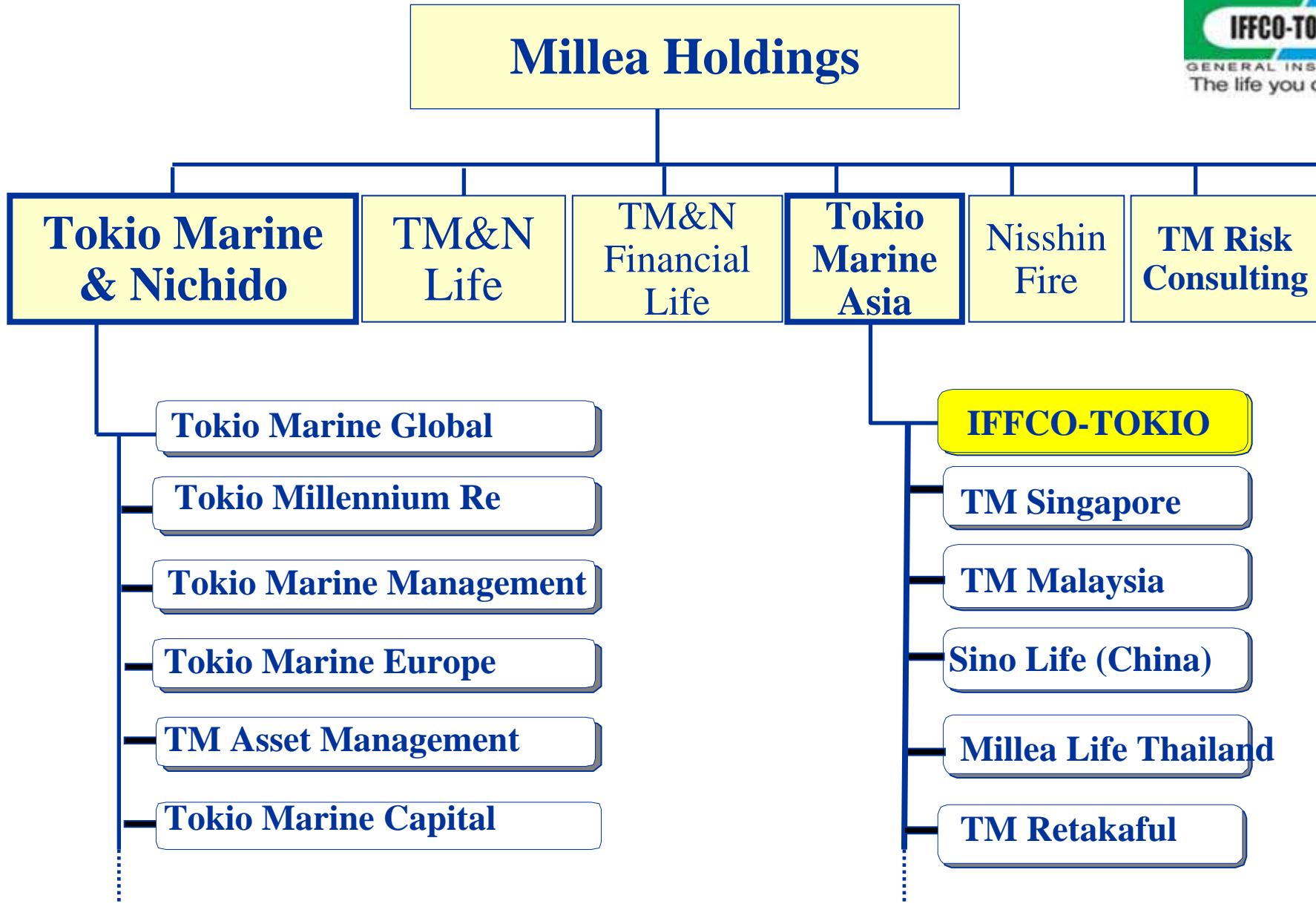
**Tokio Marine & Nichido Fire Insurance Co., Ltd.**

# Who is Millea?



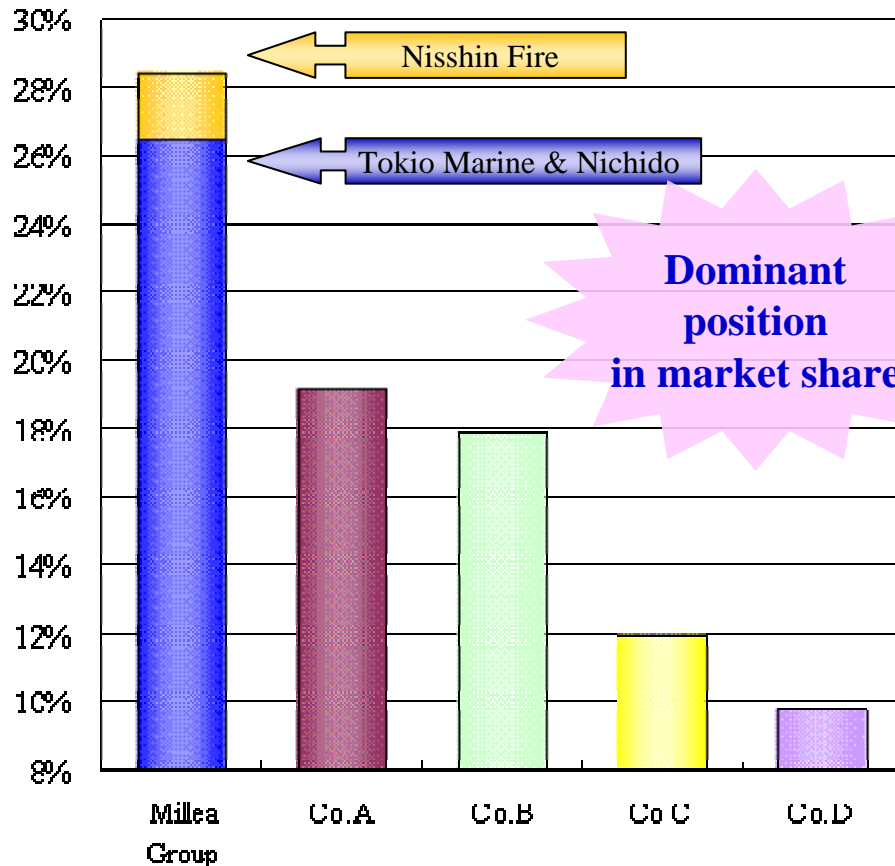
- **Largest & Oldest** Insurance Group in Japan
- **"Tokio Marine & Nichido Fire"**
- **"Tokio Marine"** dates back to **1879**
- **General Insurance market share exceeds 28%** (FY06)
- **Annual revenue of JPY4.2 trillion** (FY06)
- **Listed on Tokyo and Osaka Stock Exchange (code: 8766)**

# Millea Group Structure



# Millea's position in Japan

## FY06 Market shares in Japanese non-life insurance market

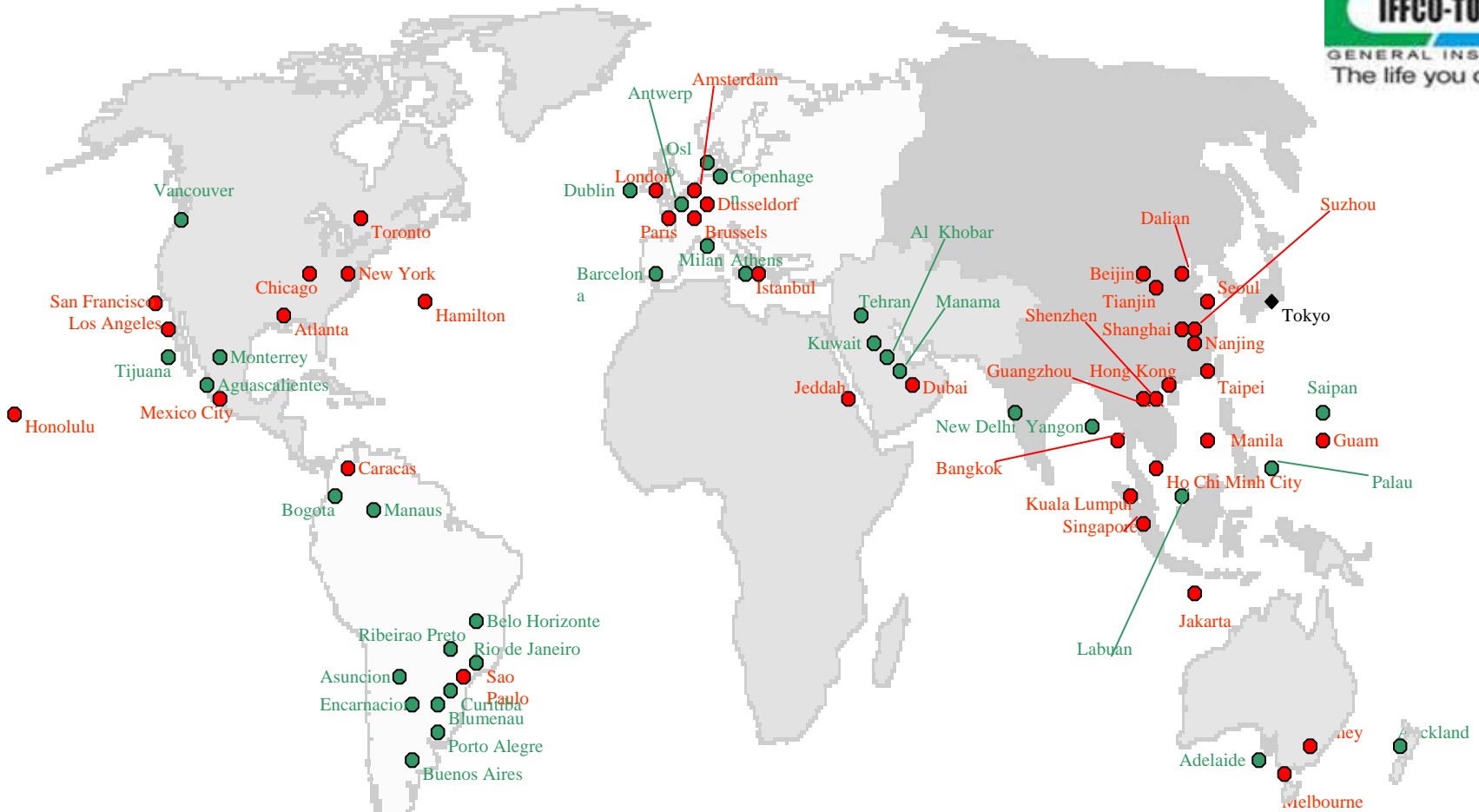


## FY06 World ranking in Global non-life insurance market

| Rank | Short Name         | Domicile | NPW   |
|------|--------------------|----------|-------|
| 1    | ALLIANZ            | Germany  | 5,939 |
| 2    | STATEFARM          | US       | 5,503 |
| 3    | AIG                | US       | 5,175 |
| 4    | AXA                | France   | 3,671 |
| 5    | ZURICH             | Swiss    | 3,669 |
| 6    | ALLSTATE           | US       | 3,260 |
| 7    | MUNICH RE          | Germany  | 2,781 |
| 8    | BERKSHIRE HATHAWAY | US       | 2,573 |
| 9    | GENERALI           | Italy    | 2,553 |
| 10   | AVIVA              | UK       | 2,522 |
| 11   | TRAVELERS          | US       | 2,473 |
| 12   | MILLEA HOLDINGS    | Japan    | 2,149 |

(unit: bn yen)

# Millea's Global Network



**38 countries/regions**  
**250 cities**

● Permanent staff deployment  
(Excluding offices of Millea Asia's subsidiaries)

**1903: "Tokio Marine"**

**started operation in India** (our 1st entry)

**1942: License revoked due to WW II**

**1966: Re-obtained license** (our 2nd entry)

**1972: Nationalization of insurance business**

**1997: Established a representative office in New Delhi**

**1999: IRDA Act allowed private/foreign entry into insurance**

**2000: MOU with IFFCO for a joint venture**

**2001:**

**Launched IFFCO-TOKIO General Insurance**

(our 3rd entry)

# Our Success in India

Why India?

you name it!

Promising future, solid legal framework, high education, etc.

Why IFFCO?

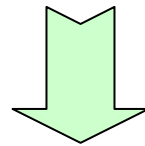
you name it!

Sincerity & Stability, Brand and Network in rural area, etc.

Why MILLEA?

Believe we can name it...

Millea's insurance management skills and capabilities, etc.



*Vision matched to promote insurance (inter alia, into rural area) and to contribute to the development of India*

**Partnership with IFFCO was a right choice**

- Head Office: Gurgaon, Haryana
- Paid-Up Capital: INR 220crore
- Shareholders:
  - 74% IFFCO(Indian Farmers Fertilizer Cooperative Ltd.)
  - 26% Tokio Marine Asia Pte. Ltd. (\*)
- CEO: Mr. S. Narayanan
- # of offices:14 branches + 100 offices
- # of employees: 1,000 incl. subsidiary
- # of Japanese expats: 5

(\*) Tokio Marine Asia is a 100% subsidiary of Millea Holdings, Inc., located in Singapore as the Asian Regional H/Q of Millea Group



# Where ITGI is

Rapidly expanded nationwide, now covering almost entire country



## Existing Network 2005-06

| DESCRIPTION           | SOUTH     | NORTH & EAST | WEST      | TOTAL     |
|-----------------------|-----------|--------------|-----------|-----------|
| SBU                   | 4         | 4            | 6         | 14        |
| Verticals             | 4         | 12           | 15        | 31        |
| LSC's                 | 9         | 13           | 17        | 39        |
| <b>TOTAL</b>          | <b>17</b> | <b>29</b>    | <b>38</b> | <b>84</b> |
| <b>CSC's</b>          | <b>1</b>  | <b>2</b>     | <b>2</b>  | <b>5</b>  |
| <b>UWHUB</b>          | <b>-</b>  | <b>1</b>     | <b>1</b>  | <b>2</b>  |
| <b>Service center</b> | <b>1</b>  | <b>-</b>     | <b>-</b>  | <b>1</b>  |

## Expansion 2006-07

| DESCRIPTION           | SOUTH          | NORTH & EAST   | WEST           | TOTAL            |
|-----------------------|----------------|----------------|----------------|------------------|
| SBU                   | 4              | 4              | 6              | 14               |
| Verticals             | 4              | 13             | 16             | 33               |
| LSC's                 | 13             | 17 (20)        | 16 (18)        | 46 (51)          |
| Bima Kendras          | -(8)           | 19 (30)        | -(27)          | 19 (65)          |
| <b>TOTAL</b>          | <b>21 (28)</b> | <b>53 (66)</b> | <b>38 (69)</b> | <b>112 (163)</b> |
| <b>CSC's</b>          | <b>1</b>       | <b>2</b>       | <b>2</b>       | <b>5</b>         |
| <b>UWHUB</b>          | <b>-</b>       | <b>1</b>       | <b>1</b>       | <b>2</b>         |
| <b>Service center</b> | <b>1</b>       | <b>-</b>       | <b>-</b>       | <b>1</b>         |



-  CORPORATE OFFICE
-  CUSTOMER SERVICE CENTRES
-  OPERATING OFFICES

IFFCO - Tokio General Insurance Co. Ltd.

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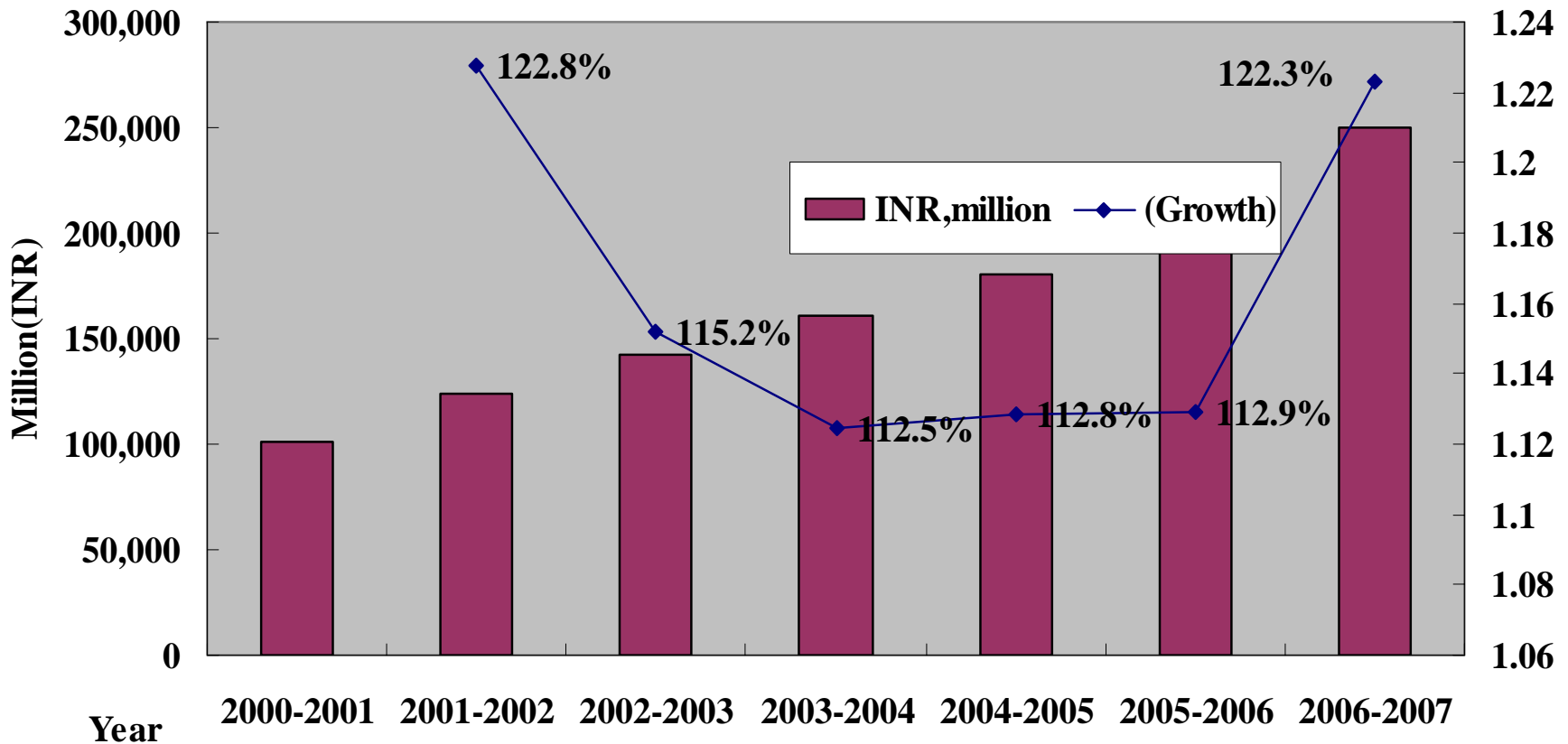
# General Insurance Market in India



Double digit growth year on year since privatization



## General Insurance Market in India



# How ITGI is doing....

# 3 among private insurers, with market share of appx. 5%

| 2006 Fiscal Year          | Premium (INR Million) | Market Share ( % ) |
|---------------------------|-----------------------|--------------------|
| ICICI Lombard             | 30,035                | 12.0%              |
| Bajaj Allianz             | 18,046                | 7.2%               |
| <b>ITGI</b>               | <b>11,503</b>         | <b>4.6%</b>        |
| Reliance                  | 9,122                 | 3.6%               |
| TATA-AIG                  | 7,416                 | 3.0%               |
| Royal Sun                 | 6,000                 | 2.4%               |
| Chola-MS                  | 3,146                 | 1.3%               |
| HDFC Chubb                | 1,902                 | 0.8%               |
| <b>PRIVATE SUB-TOTAL</b>  | <b>87,170</b>         | <b>34.9%</b>       |
| New India                 | 50,147                | 20.1%              |
| Oriental                  | 39,405                | 15.8%              |
| National                  | 38,109                | 15.2%              |
| United                    | 35,100                | 14.0               |
| <b>NATIONAL SUB-TOTAL</b> | <b>162,761</b>        | <b>65.1%</b>       |
| <b>GRAND TOTAL</b>        | <b>249,934</b>        | <b>100%</b>        |

## ➤ Promote Insurance in Rural Sector

- ITGI is active in rural sector, with the full support from its parent, IFFCO

## ➤ "Sankatharan"

- One good example is "Sankatharan", a type of micro-insurance program for farmers
- Farmer enjoys Personal Accident(PA) cover for each bag of fertilizer he/she purchases from IFFCO

## ➤ *Innovative Products*

- Millea brings in insurance expertise

## ➤ *Weather Insurance*

- Millea's **London based "TMGlobal"** provides reinsurance cover through ITGI for crop damages due to drought
- **EASY CLAIM MEASUREMENT**: We created an easy & quick measurement, not to calculate the "actual damage" but to measure by deficiency percentage of rainfall against "Normal Rainfall" defined by Indian Meteorological Dept.(IMD)

## Tech E&O (Errors & Omissions) Cover

### Perspective



and to the customer would be well advised to measure the performance of a vendor under or number of applicable for some months prior to negotiating with the vendor.

Finally, the vendor needs to set out the expectations of all parties so that the parties can discuss whether the vendor's model is viable and if not, the vendor should be able to agree a target that reflects the vendor's position but is achievable. Getting target that will, at least, not be a total loss for the vendor is a good starting point for the vendor to work back to.

**Sharing residual benefits / joint ownership**  
Sharing benefits with a vendor provides a customer with an option to share the scope of the services but can be a useful mechanism in a project by providing the vendor with a track that it will share in the quality of any benefits that the customer achieves. It may be more willing to give performance in order to get the customer to pay for the services. Calculating the benefits in an objective way requires a clear definition and measurement objectives to which the vendor provides a regular update.

While on the face, benefit sharing mechanism should be a win-win arrangement for the vendor, they need a considerable amount of thought and effort to bring to the table for the vendor.

Having established what the residual benefit is, probably performance in additional profit or cost savings, it will be important to identify the business areas which the customer would like to benefit with the vendor. For example, what are the objectives of the customer's current activities and what is the current cost base of the customer?

The product or service that the vendor is to provide should be identified. The customer should consider whether there are any other areas to which the vendor could be added. It may be decided to have the vendor provide the service to a limited number of areas.

It is of course important to ensure that the customer has the necessary resources and capabilities to meet the needs of the vendor's activity and the residual benefit. Understanding the vendor will want the vendor to provide the service to the customer.

activity of the vendor's activities and not because of other industry activities. The customer of other industries may be. By the same token, the vendor should be advised to consider that the customer does not always to cover up the vendor's position in order to avoid making the vendor provide for it.

The customer should consider whether there should be a cap on the residual benefit the vendor provides. From a financial perspective that does benefit. Failing to do this may lead to the vendor providing more than the customer is able to pay for. It is also important to consider the vendor's position in the market. If the vendor is a small business, it may be more difficult to ensure that the vendor's position is well understood. It is also important to consider the vendor's position in the market.

**Sharing information**  
When sharing information with a vendor, it is important to ensure that the information is shared in a way that is appropriate to the vendor.

First, the customer needs to ensure that the information is shared in a way that is appropriate to the vendor. This may involve providing the vendor with a track that it will share in the quality of any benefits that the customer achieves. It may be more willing to give performance in order to get the customer to pay for the services. Calculating the benefits in an objective way requires a clear definition and measurement objectives to which the vendor provides a regular update.

Secondly, the customer should provide the vendor with a track that it will share in the quality of any benefits that the customer achieves. It may be more willing to give performance in order to get the customer to pay for the services. Calculating the benefits in an objective way requires a clear definition and measurement objectives to which the vendor provides a regular update.

Thirdly, the vendor should provide the customer with a track that it will share in the quality of any benefits that the customer achieves. It may be more willing to give performance in order to get the customer to pay for the services. Calculating the benefits in an objective way requires a clear definition and measurement objectives to which the vendor provides a regular update.

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Full source: [www.itgi.com](http://www.itgi.com) (2006)



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## ➤ Tech E&O (Errors & Omissions) Cover

- Millea's London based "TMGlobal" and also London based specialist insurer "Hiscox" joined together to provide a tailor-made E&O coverage for Indian IT sector, provided through ITGI



## Fulfilling Social Responsibility

After tragic "Tsunami" caused by 2004 Indian Ocean earthquake, occurred off Sumatra Island on Dec. 26, 2004, Millea Group staff and companies donated to an NPO "Round Table India" to support re-building 6 schools in the damaged areas in State of Tamil Nadu





- Believe in continuous growth of India
- Strive to contribute to the Indian economy and society through insurance business

# THANK YOU!