

## D. Distribution of Life Insurers' Revenues and Expenditures

### 1. Premium Income

Owing mainly to the continuing brisk sales of individual annuity products, premium income for FY2005 grew by 4.9 percent year-on-year to Y28.332 trillion (\$241 billion).

**Table 4. Total Premium Income** (Y billion)

Fiscal Year	Total Premium Income <sup>4</sup>	Individual Insurance	Individual Annuity	Group Insurance	Group Annuity	Reinsurance
1960	255	242	0.0	12	-	-
1970	1,800	1,589	26	84	98	-
1980	8,226	6,596	66	694	814	6
1990	27,320	16,648	1,601	1,368	7,177	150
2001	26,185	15,671	2,135	1,356	6,631	31
2002	25,511	15,722	3,022	1,318	5,135	21
2003	25,960	14,867	4,638	1,296	4,870	16
2004	27,022	14,885	6,294	1,274	4,297	12
2005	28,332	15,072	7,584	1,264	4,151	14
GR(%) <sup>5</sup>	4.9	1.3	20.5	-0.8	-3.4	16.0

### 2. Payments

The amount paid by life insurers in connection to life insurance business reduced by 3.8 percent to Y20.536 trillion (\$174 billion) in FY2005 because of a decrease in repayments including surrender value. While life insurers pursue efforts for increased efficiency, operating expenses slightly grew to Y3.667 trillion (\$31 billion) as a result of an increase in acquisition cost for new business.

**Table 5. Total Payments** (Y billion)

Fiscal Year	Total Payments <sup>4</sup>	Payments under Life Insurance Contracts			Addition to Reserves	Operating Expenses
		Benefits	Annuity	Repayments		
1960	48	35	-	12	-	81
1970	572	351	4	214	-	465
1980	3,293	2,446		843	2,846	1,954
1990	12,785	8,462	277	3,999	13,149	4,202
2001	28,492	12,949	1,386	14,017	1,634	3,756
2002	23,648	12,478	1,470	9,339	2,297	3,595
2003	24,244	11,517	1,581	10,380	3,652	3,570
2004	21,336	10,188	1,659	8,605	5,756	3,567
2005	20,536	10,222	1,767	7,551	9,149	3,667
GR(%)	-3.8	0.3	6.5	-12.2	59.0	2.8

### 3. Basic Profit<sup>6</sup>

Despite the still tough environment for sales and investment activities, the basic profit, which is a basic indicator of a life insurer's earning capacity during the period, demonstrated steady growth in FY2005 to Y2.668 trillion (\$22 billion). An increase in operating profit played a key role for the continuing rise.

**Table 6. Basic Profit** (Y billion)

Fiscal Year	Basic Profit
2001	2,259
2002	2,151
2003	2,191
2004	2,462
2005	2,668

<sup>4</sup> The total amount of Table 4 includes other premium income and that of Table 5 includes other payments.

<sup>5</sup> Hereinafter "GR" stands for growth rates from the previous fiscal year.

<sup>6</sup> Basic profit = operating profit - capital gain and loss (the sum of profit and loss on sales of securities + profit and loss from valuation of securities + exchange gain and loss, etc.) - nonrecurrent profit and loss (profits and losses from reinsurance, contingency reserves, etc.)