

1. Overview of the Life Insurance Business in Japan in Fiscal 2006

a) New Business including Converted Contracts

The amount of new business written for individual insurance (including converted contracts) has been in a downtrend after peaking at Y215.8079 trillion in fiscal¹ 1991, falling to Y67.9919 trillion (84.2 percent year-on-year) this year and recording a decline for ten consecutive years. The number of contracts of new business for individual insurance (including converted contracts) has also diminished (90.7 percent y/y) successively, except for a brief upturn in fiscal 2001, which was supported by brisk sales of stand-alone medical insurance and cancer insurance following the complete removal of the ban on sales of the third sector products.

The new business written for individual annuity (including converted contracts), after reaching a record high at Y18.2501 trillion in fiscal 1993, had declined steeply in volume due to the cuts in assumed interest rates. However, the sales of individual annuity have been robust since the start of over-the-counter sales at banks in October 2002. The solid performance boosted both the number (101.9 percent y/y) and the amount (103.4 percent y/y) of the new business including converted contracts, although this year's growth rate was lower than that of the previous year.

b) Business in Force

The amount of individual insurance business in force has been decreasing after hitting Y1,495.6831 trillion in fiscal 1996 and it continued to slide this year to Y1,026.3359 trillion (95.9 percent y/y), which is a decline for ten straight years. The number in force returned to a downward trend (99.8 percent y/y) which had begun in fiscal 1996, after a short-lived recovery in fiscal 2004 and 2005. Surrender value, which amounted to its highest level Y104.8142 trillion in fiscal 2001, has been declining since then and further dropped to Y58.9242 trillion this year (92.2 percent y/y).

The individual annuity business in force (including converted contracts), after hitting a record high in 1995 (Y88.3314 trillion), had dwindled until it finally turned to rise in fiscal 2003. This year it continued to inch up to Y85.8636 trillion (106.8 percent y/y), reflecting an increase in the amount of new business including converted contracts, although the growth rate slowed down.

The group insurance business in force has been in a gradual downtrend since the traditional group term insurance was switched to general welfare group term insurance in fiscal 1997 and it fell slightly to Y372.7049 trillion (97.9 percent y/y).

The group annuity business in force maintained the same level as in the previous year, Y33.1173 trillion (101.1 percent y/y), in spite of cancellations and share erosion.

¹ Hereinafter, unless otherwise noted, years (including fiscal year/FY) refer to a fiscal year beginning on the 1st day of April and ending on the 31st day of March of the next year.

Rounding errors may be observed in this section because fractional figures are rounded down while percentages are rounded off.

Table-1 New Business

(Number: in thousands; Amount: Y billion)

Fiscal Year	New Business				
	Individual Insurance ^a		Individual Annuity ^a		Group Insurance
	Number	Amount	Number	Amount ^b	Amount
2001	14,109	128,098	511	1,910	16,603
2002	13,830	120,712	750	3,408	14,189
2003	13,166	101,381	1,113	5,199	13,797
2004	12,592	91,159	1,369	7,467	10,165
2005	12,208	80,753	1,547	8,621	7,796
2006	11,073	67,991	1,576	8,915	5,462
Y/Y (%)	90.7	84.2	101.9	103.4	70.1

a. The number of contracts of both individual insurance and individual annuity includes converted contracts. Accordingly, the amount of the contracts of individual insurance and individual annuity reflects the net increase arising from the conversion.

b. The amount of individual annuity shows the accumulated capital for annuity at the commencement of annuity payments.

Figure-1 Percentage Distribution of Individual Insurance by Type (Number of New Business)

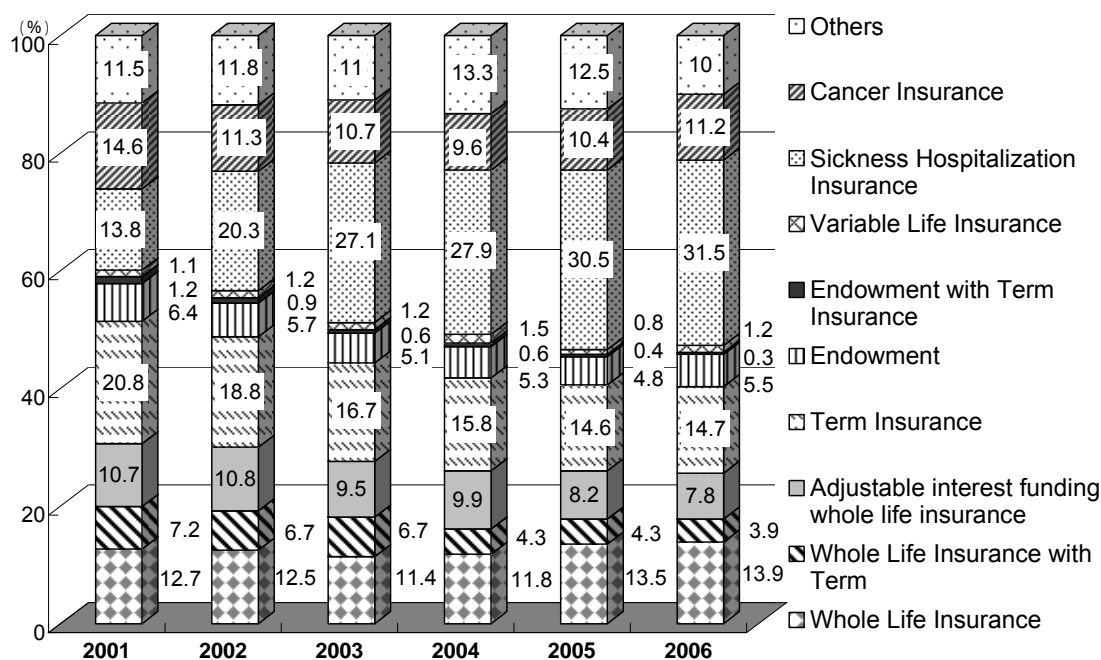


Table-2 Business in Force

(Amount: Y billion)

Fiscal Year	Individual Insurance	Individual Annuity	Group Insurance	Group Annuity
	Amount	Amount ^c	Amount	Amount
2001	1,255,623	69,593	408,995	40,395
2002	1,210,245	68,276	396,658	37,360
2003	1,152,648	69,563	387,060	34,937
2004	1,112,170	74,109	382,382	32,666
2005	1,070,570	80,416	380,595	32,744
2006	1,026,335	85,863	372,704	33,117
Y/Y (%)	95.9	106.8	97.9	101.1

c. The figures of the individual annuity represent the sum of the accumulated capital at the commencement of annuity payments and the amount of liability reserves after the commencement of annuity payments.