

# 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 fiscal<sup>1</sup> 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.

---

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