

1. Overview of the Life Insurance Business in Japan in Fiscal 2007

a) New Business including Converted Contracts

The number of contracts of new business for individual insurance has been in a downtrend after peaking in fiscal 1993 due to a significant decrease in the amount of death benefit products and the shrinking market size stemming from declining birth rate and aging population. The aftermath of the inappropriate handling of claims also affected the number of contracts of new business for individual insurance, and recorded 96.8 percent year-on-year* in fiscal 2007. The amount of new business continued to decline to Y58,649 billion (86.3 percent y/y).

Following privatization and corporate division of former Japan Post (Corporation), JAPAN POST INSURANCE Co., Ltd. started its business operation in October 2007. Including JAPAN POST INSURANCE, the number and the amount of new business for individual insurance amounted to 11.31 million and Y60,284 billion respectively.

The number of contracts of new business for individual annuity had been in an upward trend since fiscal 2002, however this year the number and the amount for individual annuity decreased from the previous year to 1.45 million and Y8,023 billion (90.0 percent y/y) respectively. (Including JAPAN POST INSURANCE, the number and amount stood at 1.51 million and Y8,240 billion respectively.)

The new business written for group insurance has been in a downtrend since the traditional group term insurance was switched to general welfare group term insurance in fiscal 1997. This year the amount continued to slide down to Y5,046 billion (92.4 percent y/y).

Table-1 New Business

(Number: in ten thousands; Amount: Y billion)

Fiscal Year	New Business				
	Individual Insurance ^a		Individual Annuity ^a		Group Insurance
	Number	Amount	Number	Amount ^b	Amount
2003	1,316	101,381	111	5,199	13,797
2004	1,259	91,159	136	7,467	10,165
2005	1,220	80,753	154	8,621	7,796
2006	1,107	67,991	157	8,915	5,462
2007A	1,072	58,649	145	8,023	5,046
YY (%)	96.8	86.3	92.3	90.0	92.4
2007B	1,131	60,284	151	8,240	5,046

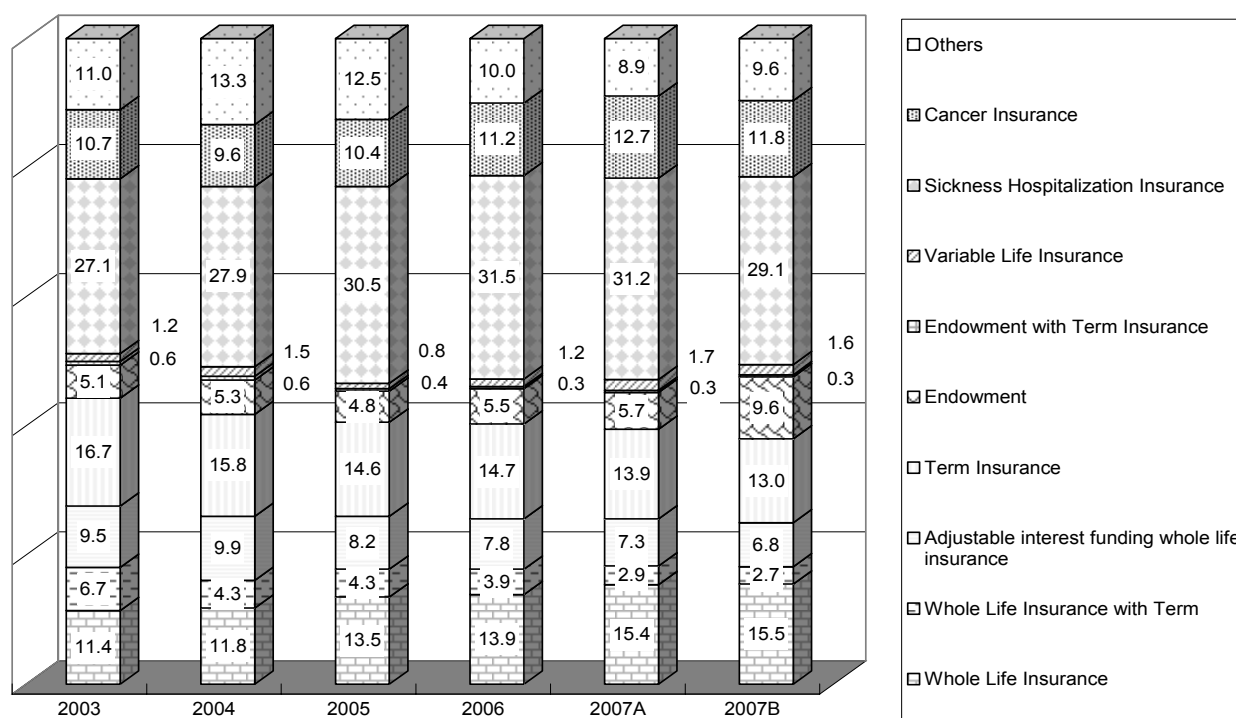
a. The number of contracts of both individual insurance and individual annuity includes converted contracts. Accordingly, the amount of the contracts of individual insurance and individual annuity reflects the net increase arising from the conversion.

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

Hereinafter, unless otherwise noted, 2007A indicates the figures excluding JAPAN POST INSURANCE and 2007B indicates the figures including JAPAN POST INSURANCE.

*YY (%) is the percentage of 2007A divided by 2006.

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



b) Business in Force

The amount of individual insurance business in force decreased from the previous year to Y979, 437 billion (95.4 percent y/y), which marked below Y1, 000 trillion level for the first time since fiscal 1989. (Including JAPAN POST INSURANCE, the amount was Y981, 064 billion.)

The number of individual annuity business in force, after hitting a record high at 15.02 million in fiscal 1995, had dwindled until it finally turned to rise at the end of fiscal 2003, owing to a slight improvement in cancellations and lapsed policies, as well as solid performance in over-the-counter sales by banks. This year it continued to expand. The amount of individual annuity business in force showed the same trend and increased to Y87, 927 billion (102.4 percent y/y). (Including JAPAN POST INSURANCE, the amount was Y88, 143 billion.)

The group insurance business in force has been in a downtrend since fiscal 1997 (Y423, 326 billion). The number of the insured (after the name identification process) decreased to 41.92 million (98.3 percent y/y), but the amount in force slightly rose to Y374, 216 billion this year (100.4 percent y/y).

Table-2 Business in Force

(Amount: Y billion)

Fiscal Year	Individual Insurance	Individual Annuity	Group Insurance	Group Annuity
	Amount	Amount ^c	Amount	Amount
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
2007A	979,437	87,927	374,216	32,314
Y/Y (%)	95.4	102.4	100.4	97.6
2007B	981,064	88,143	374,216	32,314

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.