

f) Asset Distribution

At the end of fiscal 2007, total assets of the life insurers shrank to Y213, 899 billion (97.1 percent y/y) from the previous year. (Including JAPAN POST INSURANCE, the amount was Y326, 423 billion.) The amount of total securities, which had been in an upward trend until the previous year, fell to Y155, 300 billion (95.7 percent y/y) this year. (Including JAPAN POST INSURANCE, the amount stood at Y240, 869 billion.)

Among items of securities, JGB comes in first with Y49,727 billion, followed by foreign securities (Y41, 585 billion), domestic stocks (Y23, 921 billion), and corporate bonds (Y19, 462 billion).

Table-7 Breakdown of Assets

(Amount: Y billion; %)

Fiscal Year	Total Assets ^a	Total ^a	Securities						
			Domestic Securities			Subtotal ^a	Foreign Securities		
			JGB ^b	Corporate Bonds	Stocks		GB ^b	Corporate Bonds	Stocks
2003	184,329	120,457	35,524	18,877	21,362	33,789	11,936	15,467	2,787
2004	191,523	131,834	41,931	18,275	22,070	36,534	10,736	18,156	2,930
2005	209,879	150,815	44,783	18,335	30,931	39,396	10,408	19,560	3,615
2006	220,217	162,197	48,733	19,146	32,367	41,435	9,831	21,153	4,462
2007A	213,899	155,300	49,727	19,462	23,921	41,585	9,118	22,157	4,385
Y/Y (%)	97.1	95.7	102.0	101.7	73.9	100.4	92.7	104.7	98.3
2007B	326,423	240,869	118,687	29,849	23,921	44,095	11,322	22,461	4,385

(Continued)

Fiscal Year	Sub Total	Loans		Cash Reserves + Call Loans	Real Estates
		Policy Loans	Financial Loans		
2003	41,720	4,356	37,364	4,926	7,598
2004	38,357	4,168	34,188	4,335	7,332
2005	36,728	4,027	32,700	5,484	6,834
2006	35,077	3,897	31,179	5,656	6,671
2007A	34,179	3,787	30,391	4,759	6,592
Y/Y (%)	97.4	97.2	97.5	84.1	98.8
2007B	54,101	3,787	50,313	7,628	6,594

a. Total assets, total securities and subtotal of the foreign securities include other assets, other securities and other foreign securities respectively.

b. "JGB" and "GB" stand for Japanese government bonds and government bonds respectively.

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

Reference:

(Amount: Y billion)

Fiscal Year	Loans Abroad	Fiscal Year	Investment Yield on Assets in General Accounts (%)
2003	3,331	2003	1.94
2004	2,587	2004	2.15
2005	2,670	2005	2.42
2006	2,624	2006	2.45
2007A	2,764	2007A	1.90
2007B	2,764	2007B	1.30

g) Number of Member Companies and Sales Force

The number of the LIAJ member companies, all life insurers operating in Japan, stood at forty-one as of the end of March 2008.

With regard to distribution channels, tied sales agents have long been the linchpin of life insurance sales activities in Japan. However, after peaking at approximately 440 thousand in 1990, the number of agents continued to decline, and in 2006 it fell to slightly below 250 thousand. Meanwhile, the number of sales representatives at agencies has been rising sharply since Japanese banks started selling individual annuity products subsequently to the partial lifting of the ban on bancassurance in October 2002.

The number of stock companies has been increasing significantly from the 1960s when only four stock companies were registered with the LIAJ. This surge can be mainly attributed to the drastic revision to the Insurance Business Law (IBL), which came into effect in April 1996. As the revised IBL included the introduction of a demutualization scheme which allows a mutual insurance company to be converted into a stock insurance company, it prompted several existing mutual companies to demutualize. In addition, the gradual penetration of foreign life insurance companies in the Japanese market was also another important factor for the increase in the number of stock companies.

Table-8 Number of Member Companies and Agents/Agencies

Fiscal Year	Member Companies ^a	Number of Sales Force (in thousands)		
		Tied Agents	Agencies	Sales Reps at Agencies
2003	40 (33)	268	130	713
2004	39 (33)	263	124	721
2005	38 (32)	259	122	747
2006	38 (32)	248	115	776
2007B	41 (34)	245	108	912

a. Numbers in parentheses are those of stock companies.

Reference: Member Companies with Foreign Participation (as of 31 March 2008)

Domestic Companies with Foreign Capital			Branch Offices of Foreign Companies
AIG Edison Life	Crédit Agricole Life	Manulife Life	ALICO Japan
AIG STAR LIFE	Gibraltar Life	MassMutual Life	American Family Life
AXA Life	Hartford Life	PCA Life	CARDIF Assurance Vie
AXA Financial	ING Life	Prudential Life	Zurich Life

Allianz Life Insurance Japan Ltd. joined the LIAJ in April 2008. As of December 2008, the number of foreign companies is 17.