

## 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 <sup>a</sup>	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.