

1. Overview of the Life Insurance Business in Japan in Fiscal 2008

a) New Business

The number of contracts of new business for individual insurance (including converted contracts) has been falling since peaking in fiscal 1993 due to a significant decrease in the amount of death benefit products and the shrinking market size stemming from the declining birth rate and ageing population. Nevertheless, it increased to 11.97 million from the previous year (111.8% y/y) due to the increase of the number of contracts of new business for whole life insurance, endowment insurance and cancer insurance. Meanwhile, the amount of new business declined for the twelfth successive year to Y53, 992 billion (92.3% y/y).

Including Japan Post Insurance, which started operations in October 2007, the number and amount of new business for individual insurance amounted to 13.88 million (122.7% y/y) and Y59,417 billion (98.6% y/y) respectively.

The number of contracts of new business for individual annuity had been rising until fiscal 2006; however, the number and amount have continued to decrease thereafter, to 1.4 million (96.6% y/y) and Y7, 314 billion (91.2% y/y) respectively. (Including Japan Post Insurance, the number and amount stood at 1.58 million (104.8% y/y) and Y7, 942 billion (96.4% y/y) respectively.)

The amount of new business for group insurance continued to slide to Y4, 471 billion (88.6 percent y/y).

Table 1 New Business

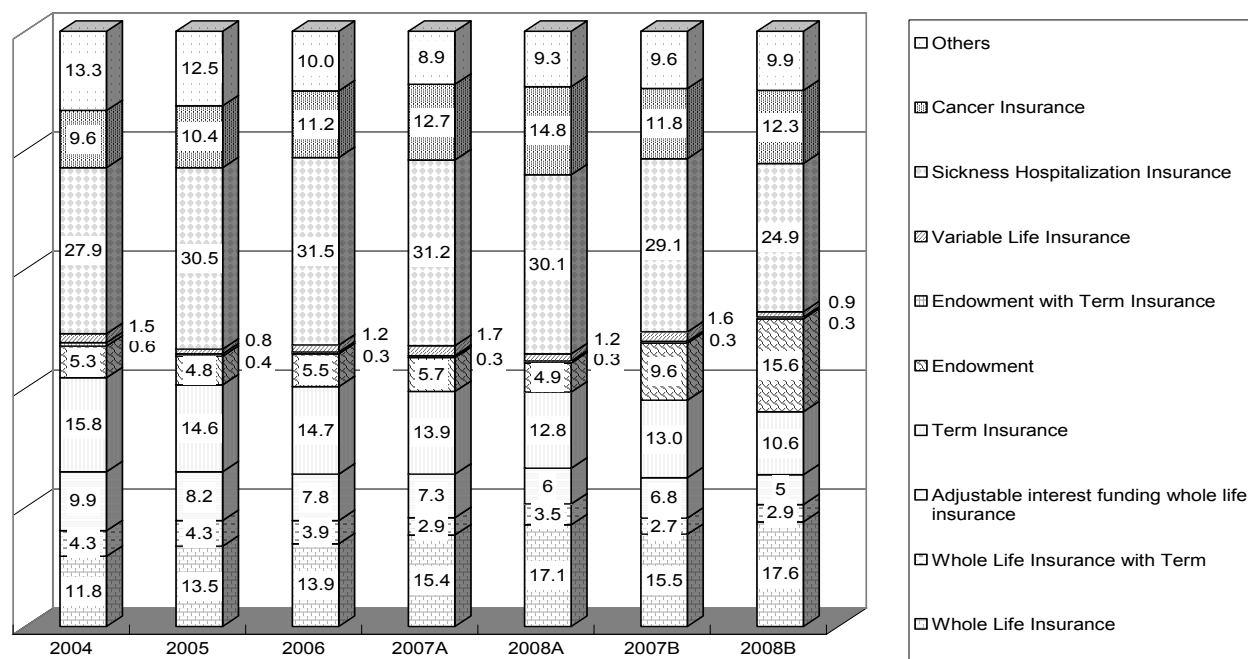
(Number: in ten thousands; Amount: Y billion)

Fiscal Year	New Business				
	Individual Insurance ^a		Individual Annuity ^a		Group Insurance
	Number	Amount	Number	Amount	Amount
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
2008A	1,197	53,992	140	7,314	4,471
Y/Y(%)A	111.8	92.3	96.6	91.2	88.6
2007B	1,131	60,284	151	8,240	5,046
2008B	1,388	59,417	158	7,942	4,471
Y/Y(%)B	122.7	98.6	104.8	96.4	88.6

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

Hereinafter, unless otherwise noted, A indicates the figures excluding Japan Post Insurance; B indicates the figures including Japan Post Insurance, excluding Yamato Life in fiscal 2008.

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



b) Business in Force

The amount of individual insurance business in force has been falling since peaking in fiscal 1996, and it continued to decline for the twelfth successive year to Y932,971 billion (95.4% y/y). (Including Japan Post Insurance, the amount was Y939, 842 billion.)

The amount of individual annuity business in force had been falling since peaking in fiscal 1995 until it turned to increase in fiscal 2003 owing to a slight improvement in cancellation and lapsed policies, as well as the lifting of the ban on bancassurance. This year, it was almost the same level as in the previous year at Y88, 486 billion (100.7% y/y). (Including Japan Post Insurance, the amount was Y89, 310 billion.)

The amount of group insurance business in force had been falling since fiscal 1997, but rose slightly to Y375, 188 billion (100.3% y/y) from the previous year.

The amount of group annuity business in force declined to Y31, 173 billion (96.5% y/y) due to the increase in cancellations and decrease in share of the market.

Table 2 Business in Force

(Amount: Y billion)

Fiscal Year	Individual Insurance	Individual Annuity	Group Insurance	Group Annuity
	Amount	Amount	Amount	Amount
2004	1,112,170	74,109	382,382	32,666
2005	1,070,570	80,416	380,595	32,744
2006	1,026,336	85,863	372,704	33,117
2007A	979,436	87,927	374,216	32,314
2008A	932,971	88,486	375,188	31,173
Y/Y(%)A	95.4	100.7	100.3	96.5
2007B	981,064	88,143	374,216	32,314
2008B	939,842	89,310	375,188	31,173
Y/Y(%)B	95.8	101.3	100.3	96.5