

LIFE INSURANCE BUSINESS IN JAPAN

2017-2018



The Life Insurance Association of Japan

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Note: In this document, the LIAJ's activities are categorized in accordance with its Business Plan for Fiscal Year 2017.

Part 1
Life Insurance in Numbers

(Reprint of Life Insurance Fact Book 2018)

Introduction

The Life Insurance Fact Book summarizes key performance indicators of life insurance companies operating in Japan. We hope that this report will provide a better understanding of the life insurance business in Japan.

Please note that the data of Japan Post Insurance has been included in the figures since fiscal 2008; therefore, some figures show the data excluding Japan Post Insurance in order to maintain continuity with the previous data before its inclusion. The data of Japan Post Insurance is not included in figures for fiscal 2007 and 2008 for the purpose of counting years (e.g. “for the Xth successive years” or “for the first time in X years”).

In addition to this report, the LIAJ provides detailed statistical data of the life insurance market in Japan; please refer to such data as necessary.

*The LIAJ is not responsible for any losses that may occur through the use of the information contained in this CD-ROM.

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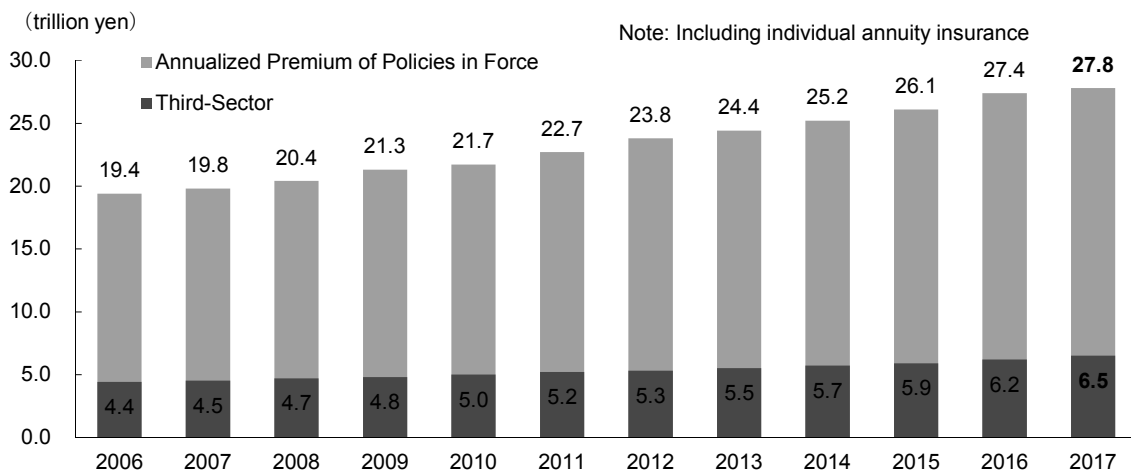
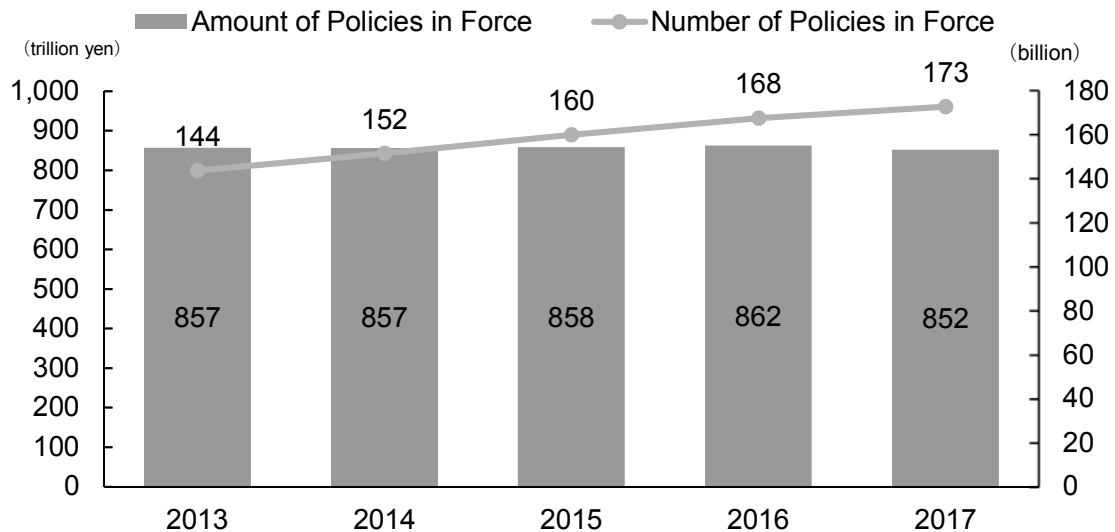
Highlights of Business Results

- The Trend of Individual Insurance Policies -

As of the end of fiscal 2017, the number of policies in force was 173.02 million (103.2% y/y), increasing for the tenth successive year. The amount of policies in force (the amount of coverage for major protections such as death protection) for individual insurance as of the end of fiscal 2017 was 852,962 billion yen (98.8% y/y), which was lower than the previous year due to the reduction in sales volume centered on yen-denominated savings-types products. Though the number of new policies was 17.27million (89.5% y/y) and the amount of new policies (including converted contracts) significantly decreased from the previous year to 57,353 billion yen (83.8% y/y), decrease in lapses and surrenders owing to insurers' efforts over the past years to maintain existing policies lead to

the small decrease in the amount of policies in force. (See: pages 6 to 9) y/y)

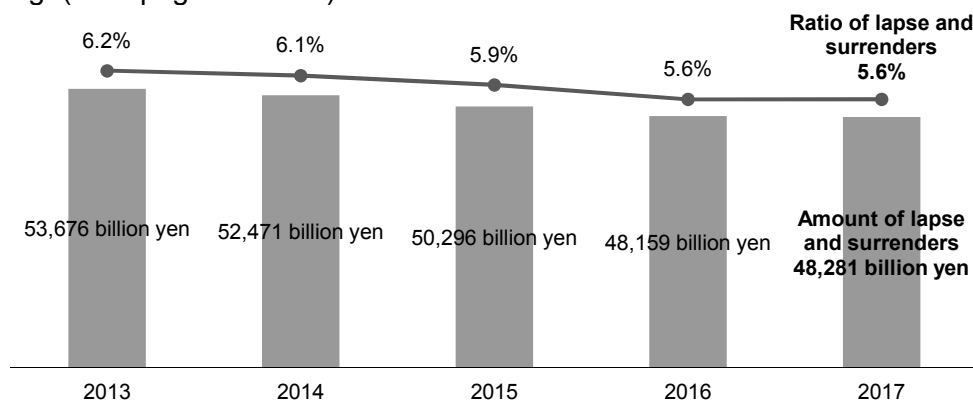
As to the annualized premium (the amount of premium income which a life insurer would receive in one year, under the assumption that premium is equally divided and paid throughout the entire contract period) of policies in force, it amounted to 27.8 trillion yen (including 6.5 trillion yen for "third-sector") at the end of fiscal 2017, increasing steadily since fiscal 2006 when the record started. With a large number of small amount insurance products of policies, which is not shown to annualized premium, such as medical insurance (death protection), the annualized premium is referred to as an additional indicator that supports the amount of policies.(See: page 11)



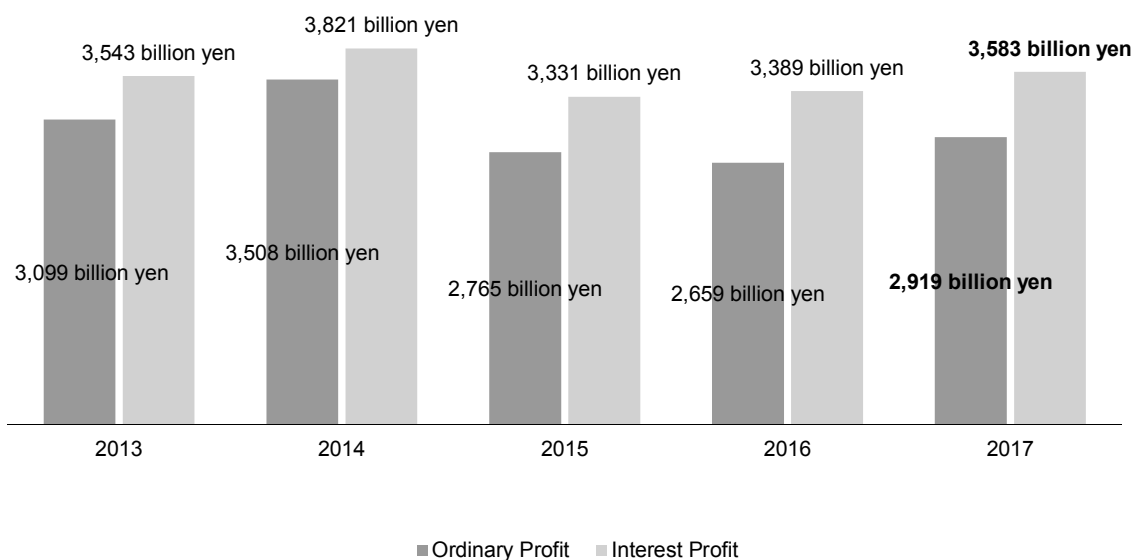
Note: The amount of annualized premium of "third-sector" includes the amount of premium to be allocated for paying medical coverage (e.g. benefits for hospitalization/surgery), living benefits (e.g. benefits for specified disease/long-term care), and premium waiver benefits (e.g. benefits due to specified disease or long-term care, but excluding disability).

- Major Business Results -

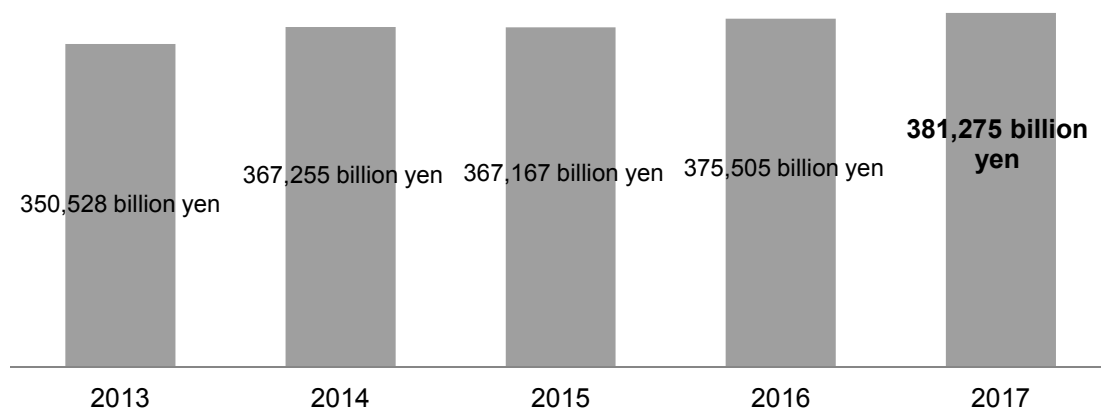
- The amount and the ratio of lapses and surrenders for individual insurance have been decreasing. (See: pages 6 and 9)



- Ordinary profits increased from the previous year for the first time after the Negative Interest Rate Policy in fiscal 2015. Basic profits increased for the second successive year. (See: page 28)



- Total assets was the highest ever, increased for the second successive year. (See: page 29)



I. Underwriting Results

1. Insurance Products for Individual¹

(1) Individual Insurance

◆ New Policies

The number of new policies for individual insurance (including converted contracts) was 17.2 million (89.5% y/y), and the new policies amount² (reflecting the net increase arising from the conversion) was 57,353 billion yen (83.8% y/y). [Figure 1]

Although the number and the amount of new policies have been increasing in recent years due to the increase in medical insurance and life insurance, the number and amount of new policies in fiscal 2017 decreased followed by the previous year due to the increase of the insurance premiums in products such as savings products, and due to factors such as the suppression of sales of some products as the domestic interest rates declined due to the standard assumed interest rate since April 2017 was lowered while the low interest rate environment continued.

By type of new policies for individual insurance (excluding converted contracts), medical insurance ranked top in number (3.43 million, 24.5% of the total), followed by whole life insurance (2.87 million, 20.5%), term insurance (2.06 million, 14.7%), cancer insurance (1.89 million, 13.5%), and endowment insurance (1.04 million, 7.5%). [Figure 2]

Of the total amount of new policies for individual insurance (excluding converted contracts), term insurance ranked top (29,555 billion yen, 47.2% of the total), followed by whole life insurance (11,948 billion yen, 19.1%), endowment insurance (3,895 billion yen, 6.2%), variable insurance (1,889 billion yen, 3.0%), Juvenile insurance (752 billion yen, 1.2%) with the rank switched between variable insurance and Juvenile insurance. [Figure 3]

◆ Policies in Force

The number of policies in force for individual insurance was 173.02 million (103.2% y/y), and the amount of policies in force was 852,962 billion yen (98.8% y/y). [Figure 1]

The number of policies in force increased for the tenth successive year. The insured amount of policies in force decreased from the previous year due to the decrease in the number of new policies.

As for the number of policies in force for individual insurance, whole life insurance ranked top (38.26 million, 22.1% of the total), followed by medical insurance (36.77 million, 21.3%), cancer insurance (24.46 million, 14.1%), term insurance (22.22 million, 12.8%), endowment insurance (13.76 million, 8.0%) and whole life insurance with term rider (9.31 million, 5.4%). [Figure 4]

Of the total amount of policies in force for individual insurance, term insurance ranked top (277,295 billion yen, 32.5% of the total), followed by whole life insurance (181,292 billion yen, 21.3%), whole life insurance with term rider (105,060 billion yen, 12.3%), whole life insurance with variable accumulation rate (59,025 billion yen, 6.9%) and endowment insurance (44,949 billion yen, 5.3%). [Figure 5]

◆ Lapses and Surrenders

The amount³ and the ratio⁴ of lapses and surrenders for individual insurance were 48,281 billion yen (99.7% y/y) and 5.6% (down by 0.04 points from the previous year). [Figure 6]

¹ The business result of individual insurance and individual annuity insurance includes those policies under which policyholder is a corporate body and the insured is a member of the management (so-called "key person insurance").

² The amount of major protections such as a death protection.

³ Amount of lapses and surrenders = (lapses + surrenders + total of decrease in amount of a policy) - (reinstatements + total of increase in amount of a policy)

⁴ Ratio of lapses and surrenders = (amount of lapses and surrenders / amount of policies in force at the beginning of fiscal year) * 100%

The amount and the ratio of lapses and surrenders decreased for the sixteenth successive year and ninth successive year, respectively.

Figure 1: New Policies and Policies in Force for Individual Insurance

(Number: million, Amount: billion yen, Y/Y: %)								
	New Policies				Policies in Force			
	Number		Amount		Number		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	18.99	96.5	66,836	93.7	143.88	105.8	857,540	99.5
2014	19.39	102.1	67,431	100.9	151.73	105.5	857,432	100.0
2015	19.88	102.5	69,333	102.8	160.11	105.5	858,604	100.1
2016	19.30	97.1	68,478	98.8	167.72	104.8	862,905	100.5
2017	17.27	89.5	57,353	83.8	173.02	103.2	852,962	98.8

Below are figures excluding Japan Post Insurance.

2013	16.76	95.9	60,276	93.0	132.21	104.8	823,805	98.9
2014	17.01	101.5	60,428	100.3	138.19	104.5	818,273	99.3
2015	17.48	102.7	62,165	102.9	144.76	104.8	814,197	99.5
2016	16.86	96.4	60,631	97.5	150.57	104.0	812,807	99.8
2017	15.53	92.1	51,889	85.6	155.10	103.0	800,603	98.5

The number includes converted contracts, and the amount reflects the net increase arising from conversion.

Figure 2: Changes in Individual Insurance by Type (Number of New Policies)

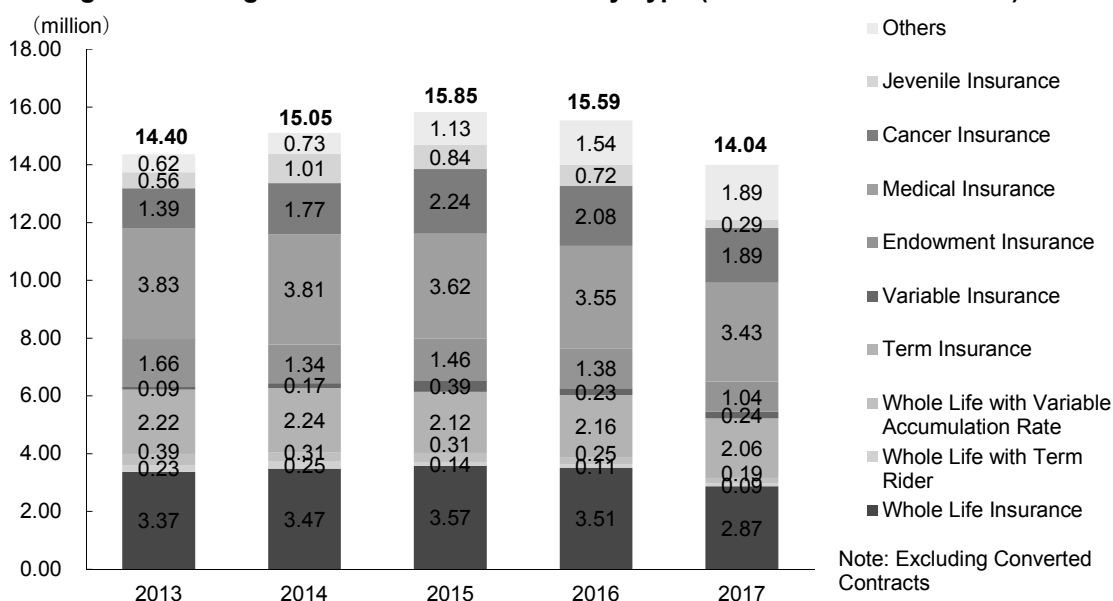


Figure 3: Changes in Individual Insurance by Type (Amount of New Policies)

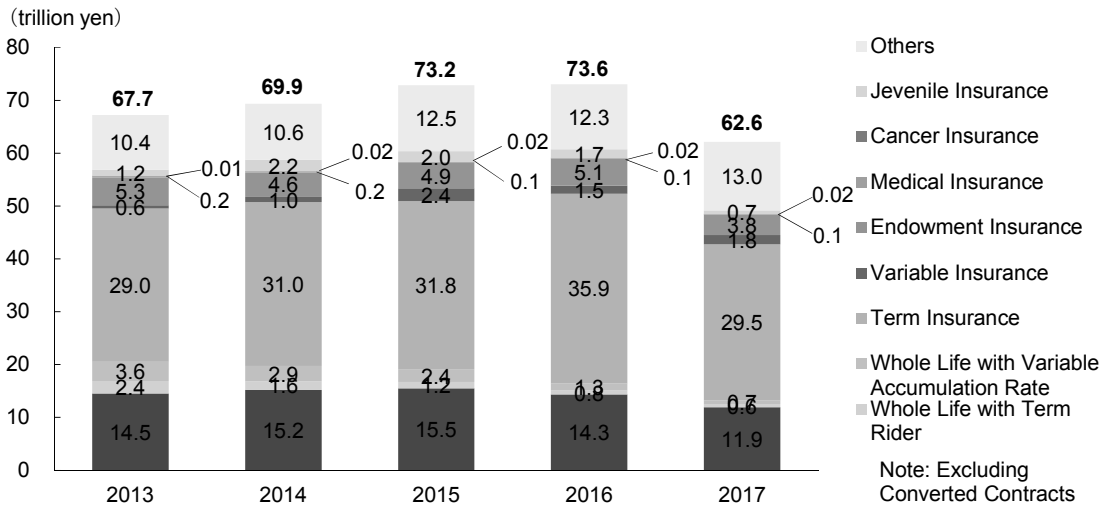


Figure 4: Changes in Individual Insurance by Type (Number of Policies in Force)

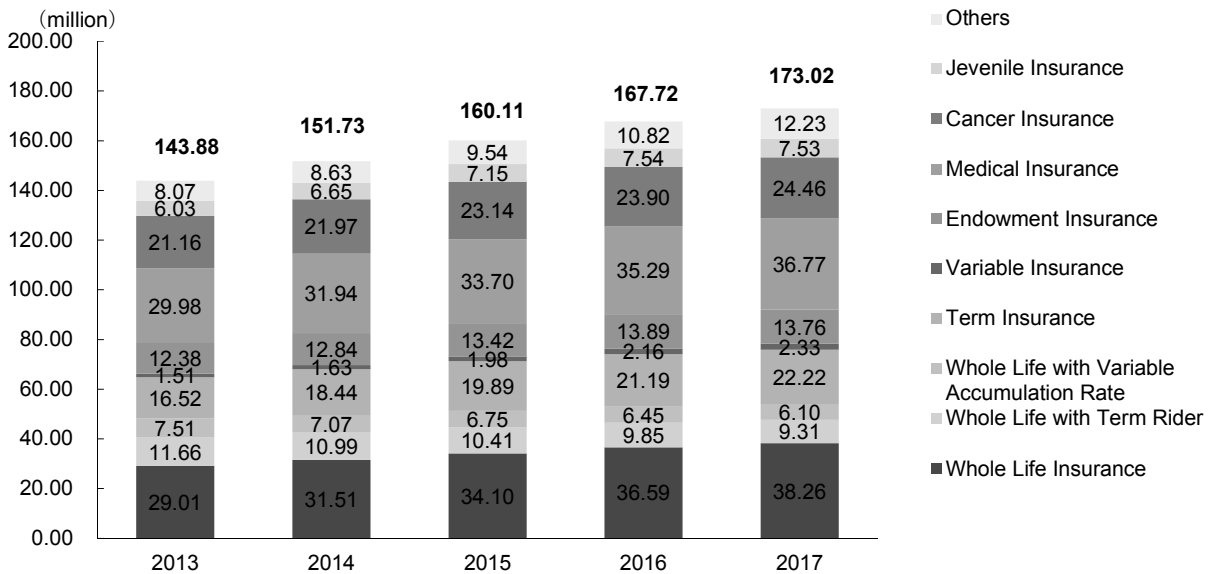


Figure 5: Changes in Individual Insurance by Type (Amount of Policies in Force)

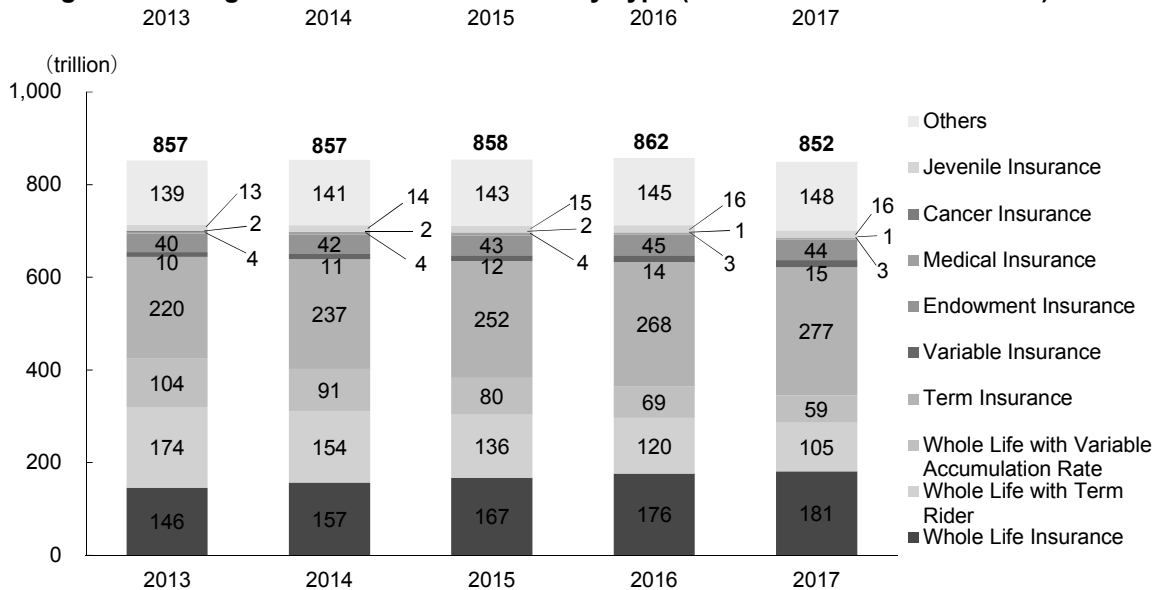
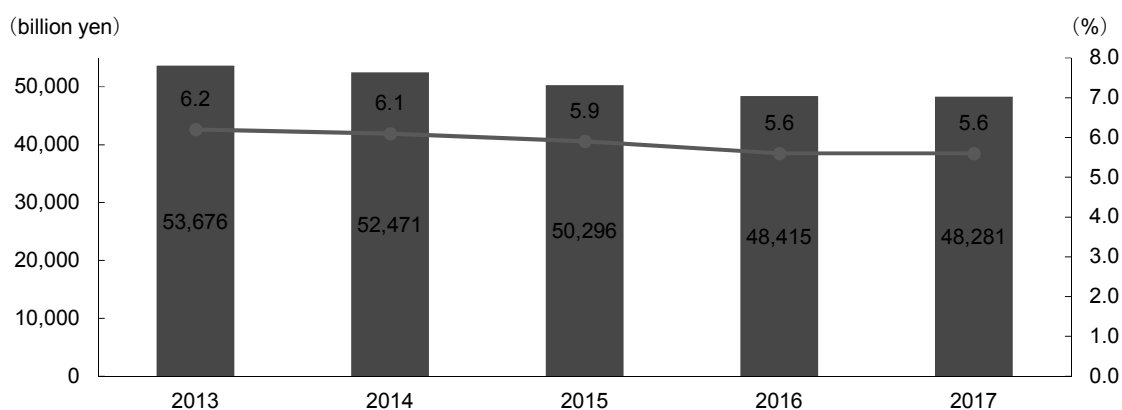


Figure 6: Changes in Amount and Ratio of Lapses and Surrenders of Individual Insurance



(2) Individual Annuity Insurance

◆ New Policies

The number and the amount⁵ of new policies for individual annuity insurance were 0.88 million (42.5% y/y) (including the net increase arising from the conversion) and 4.803 trillion yen (43.4% y/y) (reflecting the net increase arising from the conversion). [Figure 7]

The number and the amount of new policies significantly decreased due to reducing in assumed interest rates and suppression of sales in some products, in the continuation of low interest rate environment.

Of all the new policies for individual annuity insurance (excluding converted contracts), the number of fixed individual annuity insurance was 0.72 million (82.6% of the total) and that of variable individual annuity insurance was 0.15 million (17.4%) in fiscal 2015, with variable individual annuity insurance increasing for the first time in forty-three years [Figure 8]

Of all the new policies for individual annuity insurance (excluding converted contracts), the amount of fixed individual annuity insurance was 4,030 billion yen (83.3% of the total), and that of variable individual annuity insurance was 807 billion yen (16.7%). [Figure 9]

◆ Policies in Force

The number and the amount⁶ of policies in force for individual annuity insurance as of fiscal 2016 were 21.48 million (98.7% y/y) and 105,484 billion yen (97.8% y/y). [Figure 7]

As for the number of policies in force for individual annuity insurance, that of fixed individual annuity insurance was 19.44 million (90.5% of the total), and that of variable individual annuity insurance was 2.04 million (9.5%). [Figure 10]

Of all the amount of policies in force for individual annuity insurance, fixed individual annuity insurance accounted for 94,194 billion yen (89.3% of the total) and variable individual annuity insurance for 11,290 billion yen (10.7%). [Figure 11]

◆ Lapses and Surrenders

The amount⁷ and the ratio⁸ of lapses and surrenders for individual insurance were 2,771 billion yen (106.9% y/y) and 3.0%. [Figure 12]

⁵ The amount of the annuity reserve (the total annuity amount that will be paid in the future, after being converted to the value at the time of start of annuity payment).

⁶ The amount is the annuity reserve (the total annuity amount that will be paid in the future, after converted to the value at the time of the start of annuity payment) as to the contracts before the start of annuity payment, and the amount of policy reserves (reserves accumulated for future payments) as to the contracts after the start of annuity payment.

⁷ Amount of lapses and surrenders = (lapses + surrenders + total of decrease in amount of a policy) - (reinstatements + total of increase in amount of a policy). Note that this includes only the contracts before the start of annuity payment, and the contracts after the start of annuity payment are excluded.

⁸ Ratio of lapses and surrenders = (amount of lapses and surrenders / amount of policies in force at the beginning of fiscal year (only includes the contracts before the start of annuity payment)) * 100%

Figure 7: New Policies in Force for Individual Annuity Insurance

(Number: million, Amount: billion yen, Y/Y: %)								
	New Policies				Policies in Force			
	Number		Amount		Number		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	1.50	91.4	8,003	93.5	20.47	100.2	103,788	100.3
2014	1.59	106.0	8,632	107.9	20.50	100.1	104,131	100.3
2015	1.53	96.3	8,326	96.5	20.75	101.3	103,595	99.5
2016	2.08	135.7	11,064	132.9	21.75	104.8	107,872	104.1
2017	0.88	42.5	4,803	43.4	21.48	98.7	105,484	97.8
Below are figures excluding Japan Post Insurance								
2013	1.35	92.6	7,479	94.3	19.28	99.6	100,344	100.0
2014	1.46	107.5	8,138	108.8	19.18	99.5	100,515	100.2
2015	1.47	101.0	8,106	99.6	19.39	101.1	100,187	99.6
2016	2.07	140.8	11,024	136.0	20.39	105.2	104,741	104.6
2017	0.88	42.7	4,803	43.5	20.15	98.8	102,742	98.1
The number includes converted contracts, and the amount reflects the net increase arising from conversion.								

Figure 8: Changes in Individual Annuity Insurance by Type (Number of New Policies)

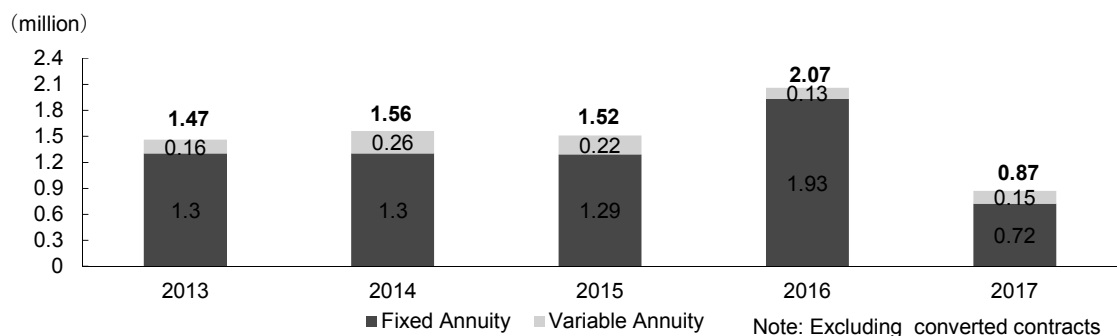
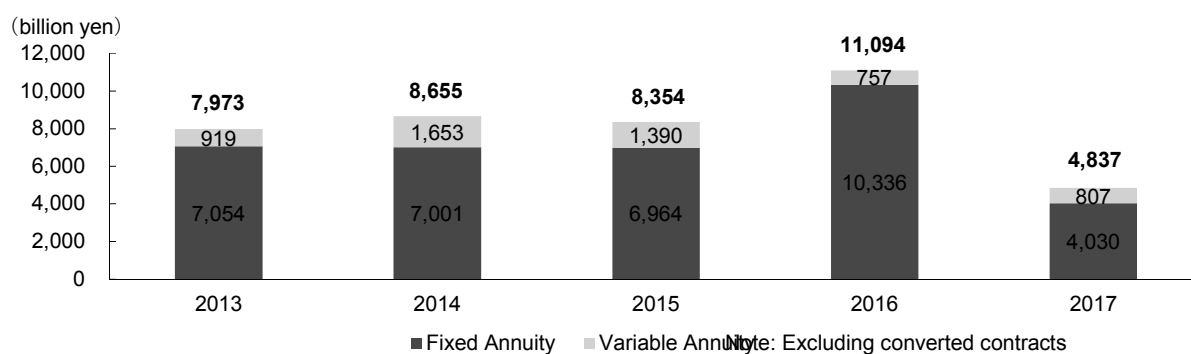
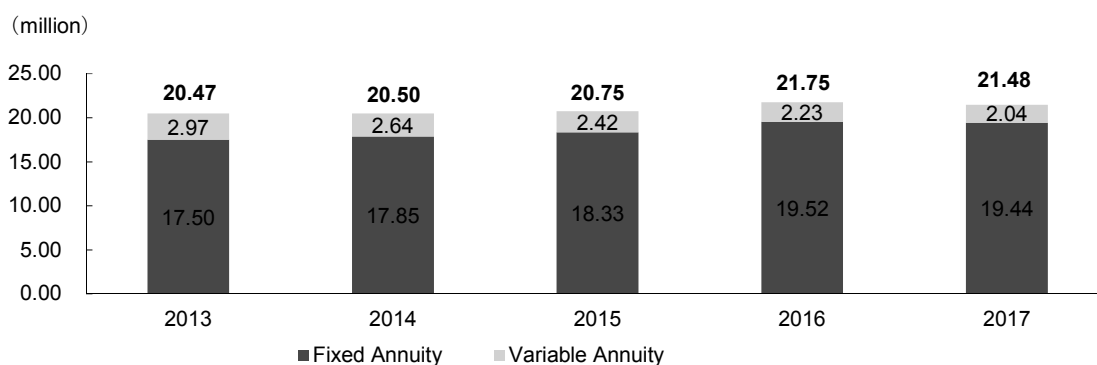


Figure 9: Changes in Individual Annuity Insurance by Type (Amount of New Policies)



**Figure 10: Changes in Individual Annuity Insurance by Type
(Number of Policies in Force)**



**Figure 11: Changes in Individual Annuity Insurance by Type
(Amount of Policies in Force)**

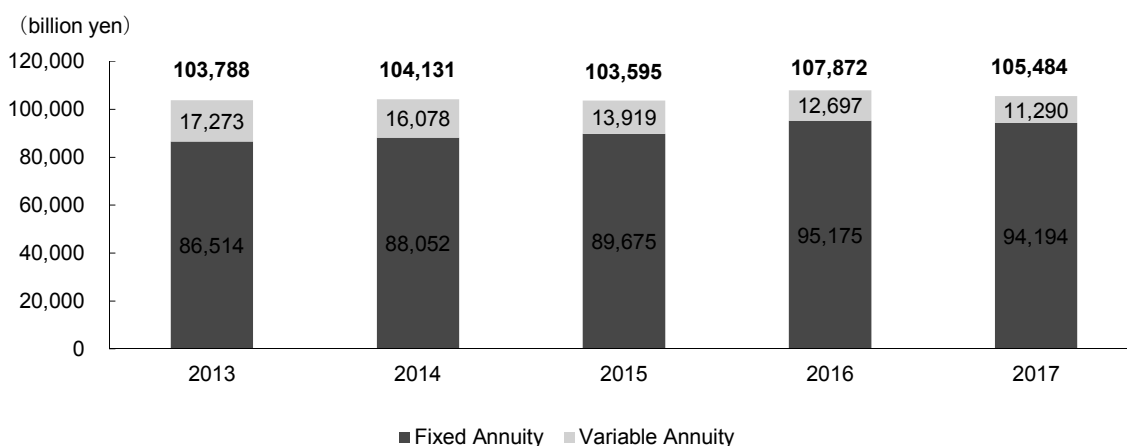
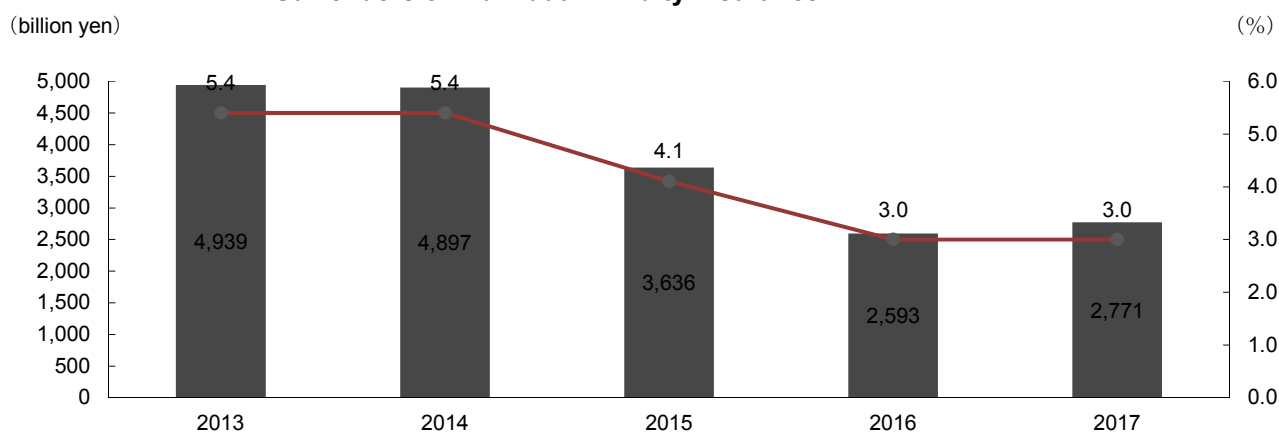


Figure 12: Changes in Amount and Ratio of Lapses and Surrenders of Individual Annuity Insurance



(3) Annualized Premium

The total amount of annualized premium on new policies for individual insurance was 2,226 billion yen (92.2% y/y), while that for individual annuity insurance was 423 billion yen (47.6% y/y) in fiscal 2017. The amount of annualized premium for individual insurance decreased for the first time in four years, and individual annuity insurance decreased for the second successive year. [Figure 13]

The amount of annualized premium on policies in force for individual insurance was 21,503 billion yen (103.5% y/y), while that for individual annuity insurance was 6,371 billion yen (95.0% y/y). The amount of annualized premium on policies in force for individual insurance has been increasing for nine years, and that for individual annuity insurance decreased for

the first time in two years.

With regard to third-sector products, the amount of new policies was 695 billion yen (103.3% y/y), and that of policies in force was 6,531 billion yen (104.9% y/y). The amount of new policies increased for the fifth successive year, and that of policies in force has been increasing consistently.

What is annualized premium?

Given the increase in the sales of medical, cancer and long-term care insurance policies and individual annuity plans, which have little or no death protection, it is sometimes inappropriate to judge the business result solely by focusing on the amount of policies (i.e., total amount of death protection as to individual insurance). Annualized premium is increasingly used as the complementary indicator.

There are various options for paying premiums for customers, including monthly payment, annual payment and lump-sum payment at the time of concluding the contract. Also, payments can be made either throughout the entire contract period or during a certain period. Annualized premium is calculated by adjusting these differences in payment options under the assumption that premium is equally divided and paid throughout the entire contract period, and indicates the average amount of premium income which a life insurer would receive in one year.

Example: Case of lump-sum premium payment (contract period: 5 years, total premium: 1 million yen)

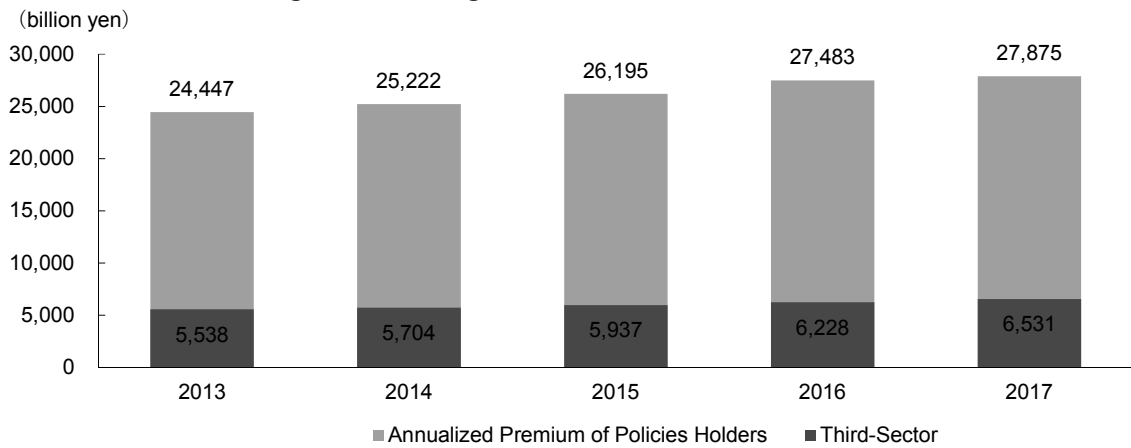
- ✓ Premium Income: 1 million yen
- ✓ Annualized Premium: 200 thousand yen (1 million yen divided by 5 years)

Figure 13: Changes in Annualized Premium

New Policies					Policies in Force			
(billion yen)					(billion yen)			
	Individual Insurance	Individual Annuity	Total	"Third-Sector"	Individual Insurance	Individual Annuity	Total	"Third Sector"
2013	2,052	766	2,819	532	17,694	6,752	24,447	5,538
2014	2,222	883	3,106	560	18,645	6,577	25,222	5,704
2015	2,404	914	3,318	616	19,676	6,518	26,195	5,937
2016	2,415	889	3,304	673	20,777	6,705	27,483	6,228
2017	2,226	423	2,650	695	21,503	6,371	27,875	6,531
Below are figures excluding Japan Post Insurance					Below are figures excluding Japan Post Insurance			
2013	1,613	586	2,200	482	15,501	6,091	21,593	5,310
2014	1,764	721	2,486	518	16,118	5,903	22,022	5,447
2015	1,919	809	2,728	566	16,813	5,862	22,675	5,643
2016	1,907	869	2,777	617	17,569	6,136	23,705	5,894
2017	1,850	423	2,273	636	18,135	5,880	24,016	6,149

Note: The amount of annualized premium of "third-sector" includes the amount of premium to be allocated for paying medical coverage (e.g. benefits for hospitalization/surgery), living benefits (e.g., benefits for specified disease/long-term care), and premium waiver benefits (e.g. benefits due to specified disease or long-term care, but excluding disability).

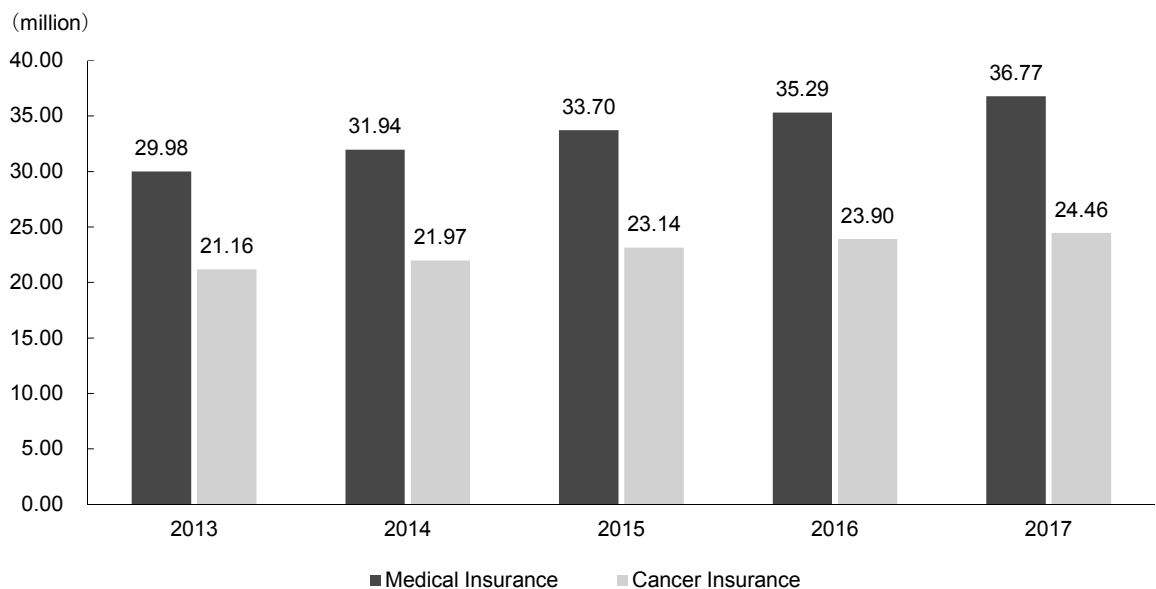
Figure 14: Change in Annualized Premium of Policies in Force



(4) Hospitalization and Surgery Protection

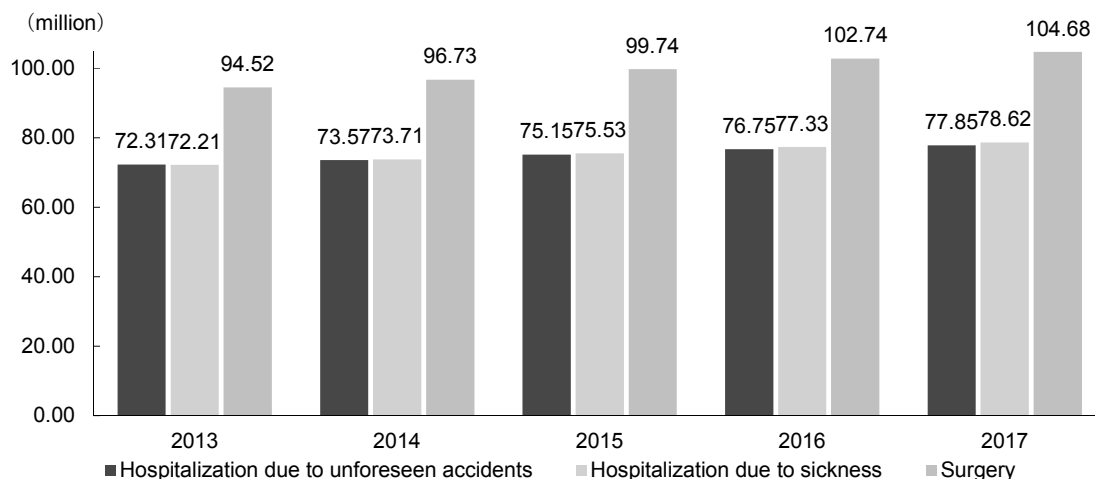
Of all the products for individual, the number of policies in force of medical insurance which provides protection against hospitalization/surgery as a base policy was 36.77 million (104.2% y/y), and that of cancer insurance was 24.46 million (102.3% y/y), increasing continuously. [Figure 15]

Figure 15: Changes in Medical and Cancer Insurance (Number of Policies in Force)



To provide medical protection, there are also other types of insurance policies which are served with medical riders. With respect to insurance policies with hospitalization and surgery coverage (the sum of riders and stand-alone medical insurance policies among individual life insurance and individual annuity insurance), the number of policies with accidental hospitalization riders in force was 77.85 million (101.4% y/y), those with sickness hospitalization riders in force was 78.62 million (101.7% y/y), and those with surgical benefit riders in force was 1,046 million (101.9% y/y). [Figure 16]

**Figure 16: Changes in Medical Insurance for Hospitalization and Surgery
(Number of Policies in Force)**



Note: Figures are the total of the numbers of protection under individual insurance policies and individual annuity contracts in force, both as a base policy and as a rider. Products with more than one protections are counted in each protection.

(5) Statistical Data by Gender, Age and Prefecture⁹

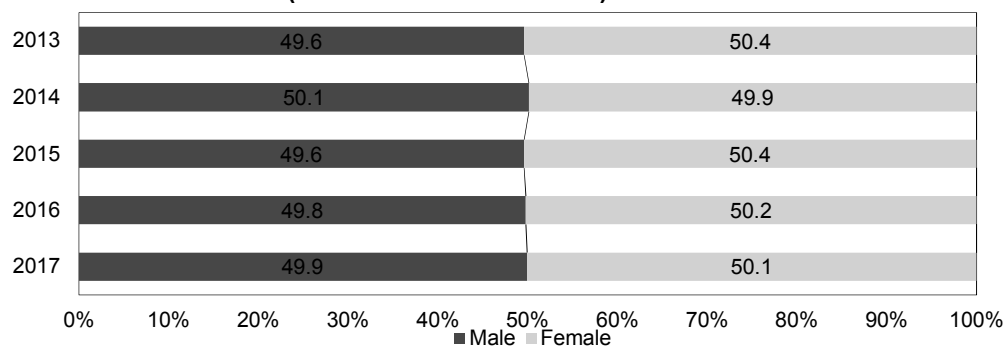
◆ **By Gender**

Comparing the number of new policies for individual insurance (excluding converted contracts) by gender of the insured, the ratio of females has been increasing recently to exceed that of males. In fiscal 2017, the ratio of males was slightly higher than that of the previous year. The ratio of females was 50.1%, slightly exceeding that of men at 49.9%, though the gap was narrowed. [Figure 17]

Comparing the number of new policies for individual insurance between each type of insurance product by gender of the insured in fiscal 2017, "others" including cancer insurance and medical insurance ranked top (more than 50% of the total) for male and female, followed by whole life insurance, term insurance, and endowment insurance. [Figure 18]

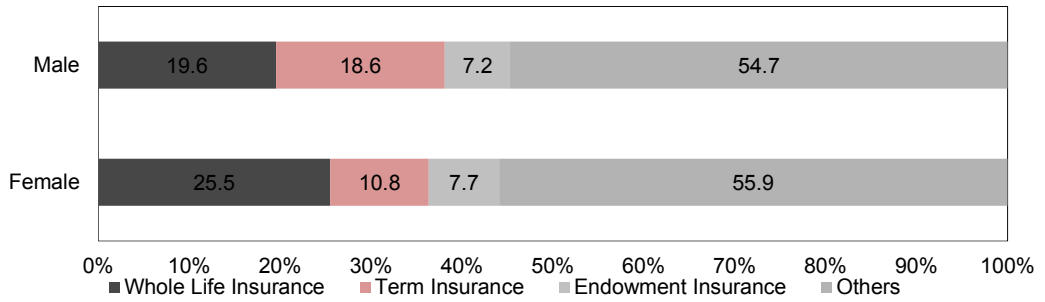
Comparing the number of new policies for individual annuity insurance by gender of the insured, the ratio of females has been higher than that of males so far, although the ratio of males has started to rise recently. In fiscal 2017, the ratios of males and females were 46.8% and 53.2%, respectively. [Figure 19]

**Figure 17: Changes in Composition Ratio of Individual Insurance by Gender
(Number of New Policies)**

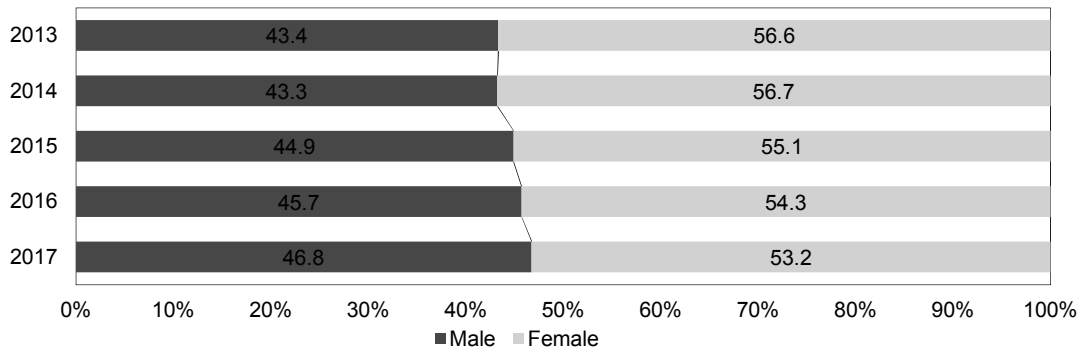


⁹ Statistical data by gender, age and prefecture is based on the classification of the insured.

**Figure 18: Composition Ratio of Individual Insurance by Type in FY2017
(Number of New Policies by Gender)**



**Figure 19: Changes in Composition Ratio of Individual Annuity by Gender
(Number of New Policies)**



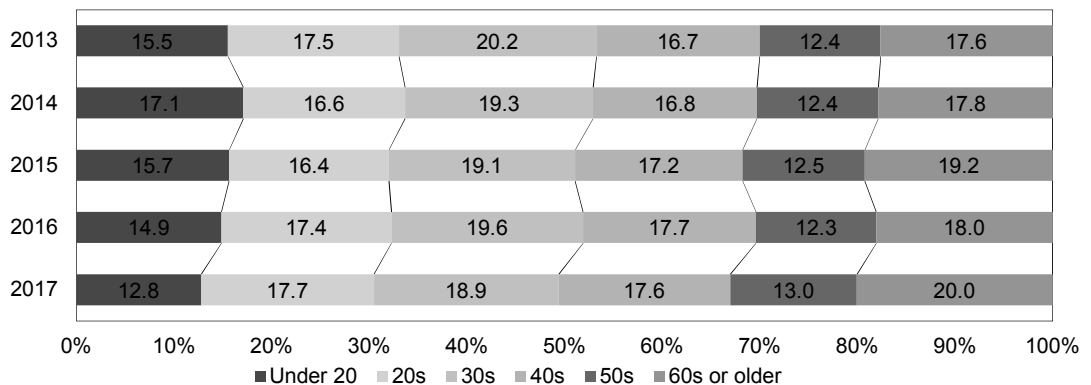
◆ **By Age**

Comparing the number of new policies for individual insurance (excluding converted contracts) by age group of the insured, although the ratio of those in their 20s to 40s has increased and the ratio of those aged under 20 and over 50 or over decreased in the previous year, the ratio of those in their 20s and over 50s increased, and those under 20s and 30s to 40s decreased. [Figure 20]

Also, comparing the number of new policies for individual insurance between each type of insurance product by age group of the insured, the ratio of "others" (including medical insurance, juvenile insurance, etc.) was the highest in those under 20, reaching 69.5%. Among those over 20s, the ratio of "others" ranked top at approximately 50%, followed by term insurance for those in their 20s to 30s and followed by whole life insurance for those over 40s. [Figure 21]

Comparing the number of new policies for individual annuity insurance by age group of the insured, the ratio of those over 50s increased in fiscal 2017. [Figure 22]

**Figure 20: Changes in Composition Ratio of Individual Insurance by Age
(Number of New Policies)**



**Figure 21: Composition Ratio of Individual Insurance by Type in FY2017
(Number of New Policies by Age)**

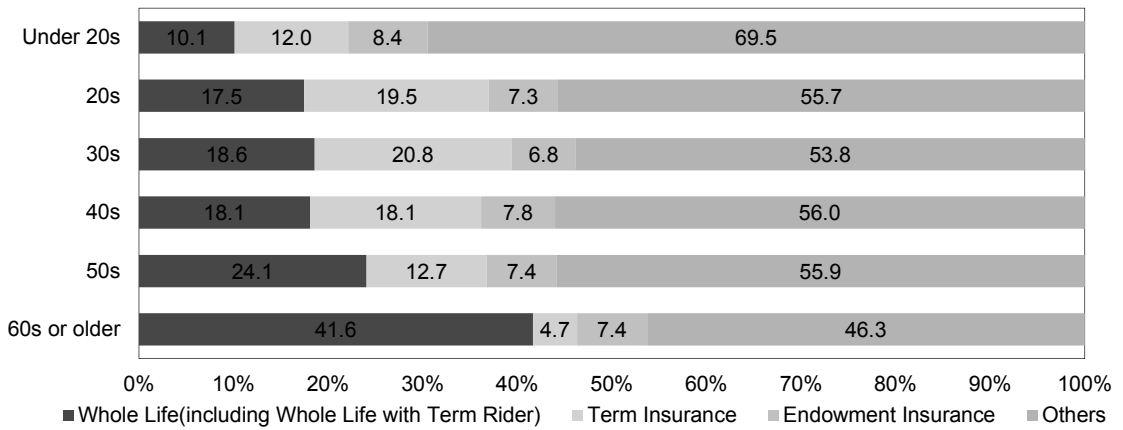
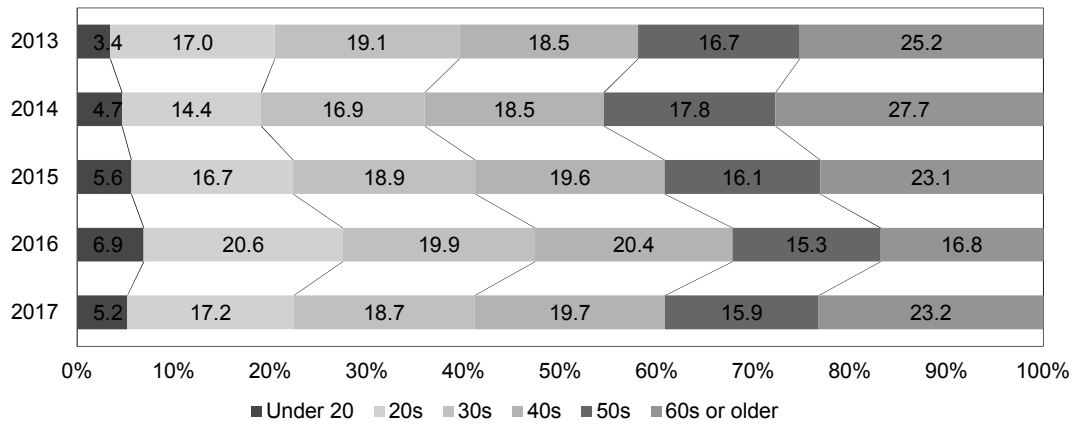


Figure 22: Changes in Composition Ratio of Individual Annuity by Age (Number of New Policies)



◆ **By Prefecture**

Regarding the details of individual insurance by each prefecture, Figure 23 provides the details of new policies (excluding converted contracts), and Figure 24 of policies in force.

Figure 23: New Policies for Individual Insurance by Prefecture (FY2017)

Prefecture	Individual Insurance		Amount per policy (thousand yen)	Policies per household (number)	Amount per household (thousand yen)	Population (ten thousand)	Household (ten thousand)
	Number	Amount					
	(ten thousand)	(billion yen)					
Hokkaido	60	2,159	3,573	0.21	785	530	275
Aomori	13	497	3,748	0.22	845	130	58
Iwate	13	521	3,964	0.25	1,000	125	52
Miyagi	27	1,141	4,155	0.28	1,168	229	97
Akita	10	390	3,752	0.24	921	101	42
Yamagata	13	550	3,947	0.33	1,341	110	41
Fukushima	20	888	4,268	0.26	1,147	190	77
Ibaraki	26	1,147	4,331	0.22	956	288	120
Tochigi	20	955	4,575	0.25	1,186	194	80
Gunma	19	927	4,640	0.24	1,141	193	81
Saitama	68	3,177	4,614	0.21	999	719	317
Chiba	60	2,685	4,452	0.21	967	615	277
Tokyo	185	9,039	4,869	0.27	1,330	1,311	679
Kanagawa	86	4,017	4,636	0.20	959	897	418
Niigata	22	1,046	4,571	0.25	1,179	226	88
Toyama	12	538	4,490	0.29	1,317	105	40
Ishikawa	13	601	4,468	0.28	1,271	113	47
Fukui	10	462	4,574	0.35	1,626	77	28
Yamanashi	9	425	4,578	0.26	1,211	82	35
Nagano	20	900	4,350	0.24	1,059	208	85
Gifu	21	1,010	4,710	0.27	1,280	200	78
Shizuoka	43	1,810	4,210	0.28	1,183	366	153
Aichi	79	3,975	4,978	0.25	1,267	731	313
Mie	19	854	4,312	0.25	1,119	178	76
Shiga	14	658	4,448	0.26	1,178	139	55
Kyoto	26	1,177	4,382	0.22	1,000	250	117
Osaka	100	4,829	4,813	0.24	1,168	863	413
Hyogo	55	2,536	4,606	0.22	1,027	548	246
Nara	12	558	4,342	0.22	956	135	58
Wakayama	10	433	3,963	0.25	992	96	43
Tottori	7	302	4,125	0.31	1,296	56	23
Shimane	7	289	3,883	0.26	1,012	68	28
Okayama	21	969	4,569	0.25	1,176	189	82
Hiroshima	31	1,453	4,614	0.24	1,137	280	127
Yamaguchi	15	615	3,942	0.24	947	138	65
Tokushima	9	400	4,195	0.28	1,208	75	33
Kagawa	11	537	4,857	0.25	1,248	98	43
Ehime	15	646	4,054	0.24	1,002	138	64
Kochi	8	305	3,705	0.23	873	72	34
Fukuoka	62	2,688	4,281	0.26	1,144	505	235
Saga	10	411	4,042	0.31	1,257	82	32
Nagasaki	17	685	3,966	0.27	1,093	136	62
Kumamoto	23	1,034	4,413	0.30	1,348	177	76
Oita	14	530	3,776	0.26	1,006	115	52
Miyazaki	13	506	3,715	0.26	974	110	51
Kagoshima	19	755	3,832	0.24	942	164	80
Okinawa	13	558	4,067	0.21	880	145	63
Total	1,404	62,613	4,4580	0.24	1,105	12,520	5,661

* 1. Population and number of households are based on "Population, Demography, and Number of Households based on the Basic Resident Registers (as of 1 January 2016)" of the Ministry of Internal Affairs and Communications.

2. The figures are now policies excluding converted contracts.

3. The population does not include non-Japanese residents.

**Figure 24: Policies in Force for Individual Insurance by Prefecture
(As of the end of FY2017)**

Prefecture	Individual Insurance		Amount per policy	Policies per household	Amount per household
	Number	Amount			
	(ten thousand)	(billion yen)	(thousand yen)	(number)	(thousand yen)
Hokkaido	720	28,724	3,986	2.61	10,444
Aomori	166	7,834	4,699	2.83	13,319
Iwate	159	7,434	4,656	3.06	14,275
Miyagi	339	15,940	4,698	3.47	16,319
Akita	128	5,692	4,432	3.02	13,429
Yamagata	171	7,913	4,612	4.17	19,270
Fukushima	263	12,629	4,792	3.40	16,313
Ibaraki	343	16,396	4,777	2.85	13,658
Tochigi	279	14,534	5,206	3.46	18,051
Gunma	260	13,459	5,165	3.20	16,562
Saitama	914	45,832	5,013	2.87	14,420
Chiba	805	39,656	4,926	2.89	14,279
Tokyo	1,976	108,898	5,510	2.90	16,029
Kanagawa	1,167	58,665	5,023	2.78	14,011
Niigata	305	15,785	5,174	3.43	17,795
Toyama	171	8,757	5,106	4.19	21,415
Ishikawa	177	8,841	4,976	3.75	18,681
Fukui	131	6,853	5,221	4.61	24,082
Yamanashi	115	5,768	4,993	3.29	16,439
Nagano	274	13,547	4,926	3.23	15,931
Gifu	272	13,962	5,130	3.44	17,689
Shizuoka	547	26,201	4,787	3.57	17,120
Aichi	1,027	54,140	5,269	3.27	17,267
Mie	248	12,037	4,848	3.25	15,761
Shiga	188	9,345	4,947	3.38	16,732
Kyoto	342	16,710	4,885	2.90	14,203
Osaka	1,213	63,689	5,249	2.93	15,403
Hyogo	711	34,983	4,916	2.88	14,174
Nara	174	8,582	4,921	2.98	14,691
Wakayama	136	6,265	4,588	3.12	14,325
Tottori	90	4,291	4,737	3.87	18,365
Shimane	92	4,280	4,606	3.25	14,989
Okayama	268	13,354	4,967	3.25	16,192
Hiroshima	393	18,955	4,820	3.07	14,837
Yamaguchi	194	8,573	4,416	2.98	13,188
Tokushima	117	5,545	4,736	3.53	16,745
Kagawa	143	7,489	5,210	3.33	17,385
Ehime	184	8,836	4,784	2.86	13,707
Kochi	104	4,697	4,507	2.98	13,433
Fukuoka	728	33,590	4,608	3.10	14,292
Saga	123	5,766	4,656	3.78	17,641
Nagasaki	197	8,820	4,460	3.15	14,073
Kumamoto	258	11,584	4,484	3.36	15,107
Oita	167	7,089	4,233	3.17	13,452
Miyazaki	148	5,976	4,032	2.85	11,496
Kagoshima	226	9,447	4,177	2.82	11,783
Okinawa	128	5,573	4,338	2.02	8,787
Total	17,302	852,962	4,929	3.05	15,066

* 1. Population and number of households are based on "Population, Demography and Number of Households based on the Basic Resident Registers (as of 1 January 2016)" of the Ministry of Internal Affairs and Communications.

2. Insurance Products for Groups

(1) Group Insurance

◆ New Policies

The aggregated number of the newly insured (the number after resolving double counting of insured of coinsurance undertaken by multiple insurers) and the amount of new policies for group insurance were 0.62 million (145.0% y/y) and 4,939 billion yen (163.0% y/y). [Figures 25 and 28]

Of all the new policies, the amount of group term insurance ranked top (2,140 billion yen, 43.3%), followed by group credit life insurance (1,630 billion yen, 33.0%) and general welfare group term insurance (1,168 billion yen, 23.7% of the total). [Figure 26]

◆ Policies in Force

The number of the insured (aggregated) and the amount of policies in force were 40.18 million (103.4% y/y) and 383,743 billion yen (101.2% y/y). [Figures 25 and 29]

Of all the policies in force, the amount of group credit life insurance ranked top (184,707 billion yen, 48.1% of the total), followed by group term insurance (108,916 billion yen, 28.4%) and general welfare group term insurance (89,566 billion yen, 23.3%). [Figure 27]

◆ Lapses and Surrenders

The amount of lapses and surrenders of group insurance¹⁰ decreased from the previous year to 6,484 billion yen (88.0% y/y), and the ratio of lapses and surrenders¹¹ also decreased to 1.7 (down by 0.3 points from the previous year). [Figure 30]

[Major Types of Group Insurance]

Group Term Insurance: A kind of voluntary insurance product companies introduce for the purpose of welfare for its members, under which the applicants become insured and pay the insurance premium.

General Welfare Group Term Insurance: A kind of term insurance companies requires its all members to subscribe mandatorily in principle for the purpose of providing life security to the surviving relatives of the member. Contracts are renewed every year, and the companies pay the premium.

Group Credit Life Insurance: A kind of insurance used for the conservation of loans such as housing loans, under which a debtor of the loan becomes the insured and credit providers (e.g. banks) or credit guarantee institutions become policyholders and beneficiaries. Under group credit life insurance, in case the debtor dies or become affected by prescribed state of disabilities, benefits equivalent to the amount of unpaid debts will be paid to the policyholder to clear the debt.

¹⁰ Amount of lapses and surrenders = (lapses + surrenders + total of decrease in amount of a policy) - (reinstatements + total of increase in amount of a policy)

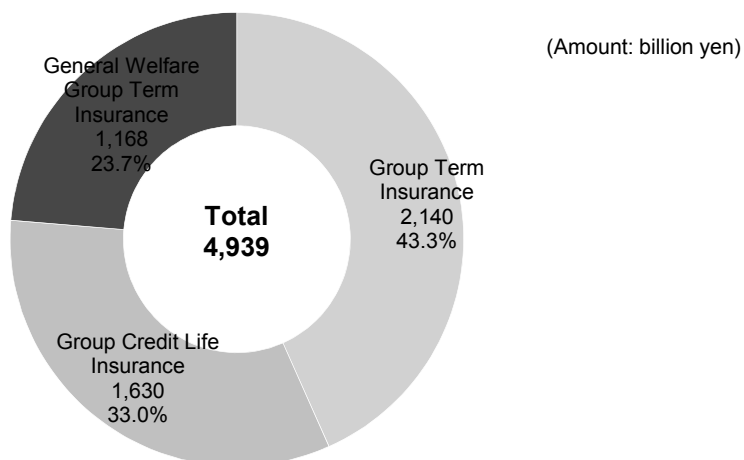
¹¹ Ratio of lapses and surrenders = (amount of lapses and surrenders / amount of policies in force at the beginning of fiscal year) * 100%

Figure 25: New Policies and Policies in Force for Group Insurance

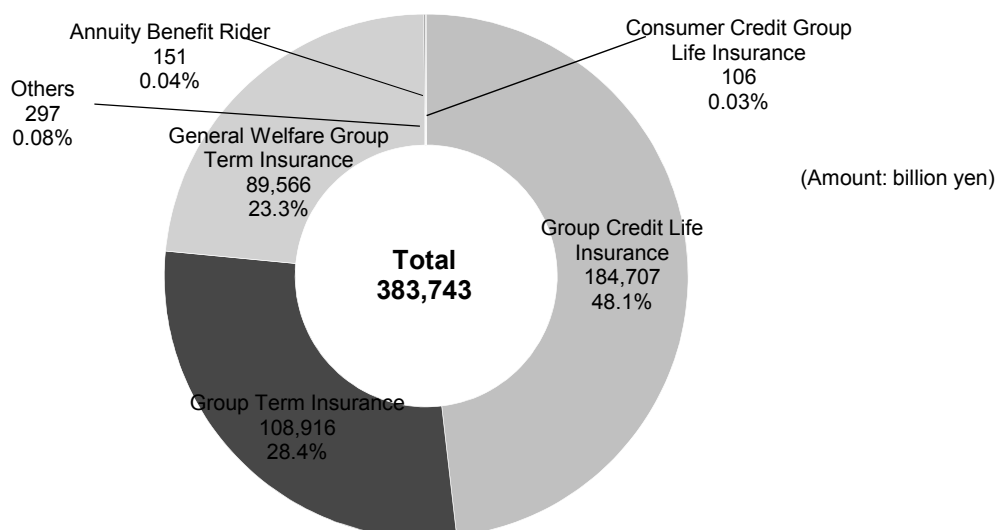
(Number: million, Amount: billion yen, Y/Y: %)

	New Policies				Policies in Force			
	Aggregated Number of Insured		Amount		Aggregated Number of Insured		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	0.70	221.4	4,479	147.3	39.34	100.4	371,288	100.3
2014	0.49	69.9	3,060	68.3	39.18	99.6	373,127	100.5
2015	0.46	94.3	3,873	126.5	38.75	98.9	375,152	100.5
2016	0.43	93.5	3,030	78.2	38.86	100.3	379,279	101.1
2017	0.62	145.0	4,939	163.0	40.18	103.4	383,743	101.2

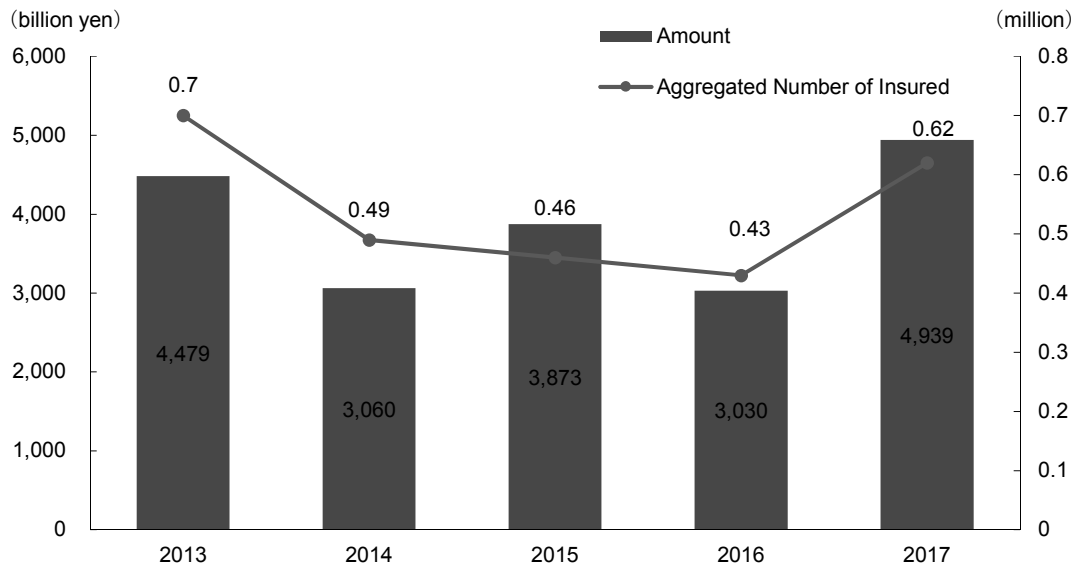
**Figure 26: Breakdown of Group Insurance in FY2017
(Amount of New Policies)**



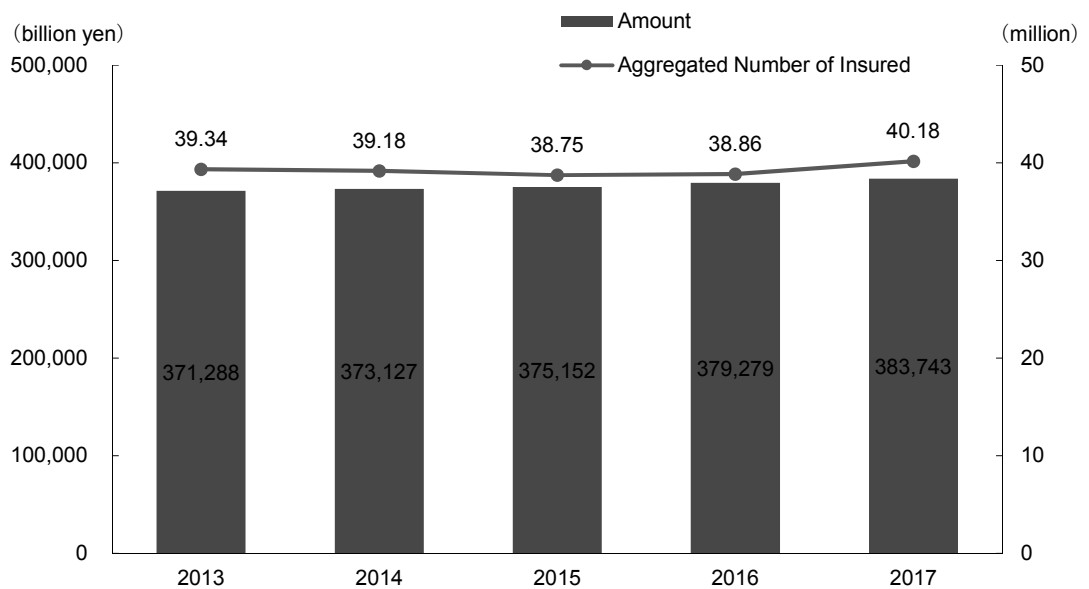
**Figure 27: Breakdown of Group Insurance in FY2017
(Amount of Policies in Force)**



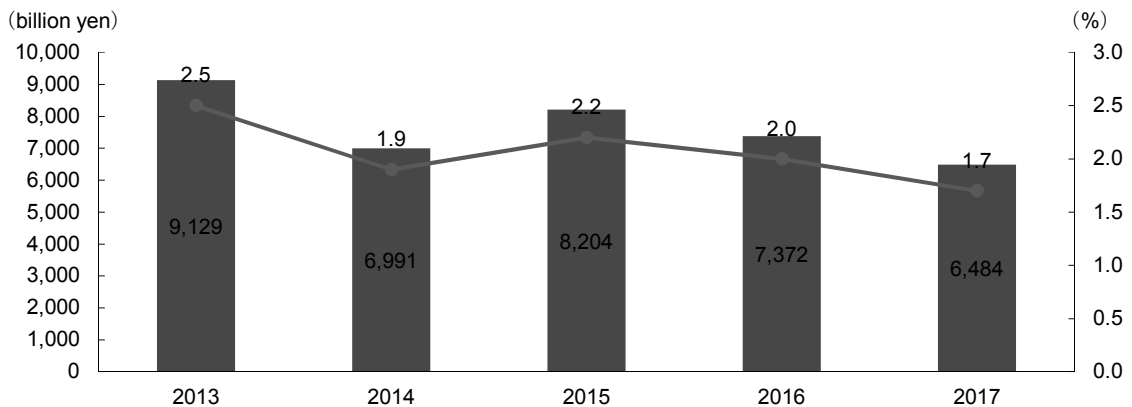
**Figure 28: Changes in Group Insurance
(Number/Amount of New Policies)**



**Figure 29: Changes in Group Insurance
(Number/Amount of Policies in Force)**



**Figure 30: Changes in Lapses and Surrenders of Group Insurance
(Amount/Ratio of Lapses and Surrenders)**



(2) Group Annuity Insurance

The amount of policies in force for group annuity insurance (the amount of policy reserves) increased from the previous year for the seventh successive year since fiscal 2011 to 34,610 billion yen, a gain six years in a row (101.5% y/y). [Figures 31 and 32]

Looking at the asset of corporate pensions of defined benefit type, which are the key products, while the assets of defined benefit corporate pensions increased in fiscal 2017 from the previous year to 15,656 billion yen (103.9% y/y). Also, the assets of employees' pension funds decreased to 955 billion yen (83.3%). [Figure 33]

Figure 31: New Policies and Policies in Force for Group Annuity Insurance

(Number: million, Amount: billion yen, Y/Y: %)

	New Policies				Policies in Force			
	Aggregated Number of Insured		Amount		Aggregated Number of Insured		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	0.05	51.3	2.5	12.8	17.54	98.1	32,742	102.9
2014	2.77	5,012.8	45.7	1,795.6	19.30	110.0	33,355	101.9
2015	0.01	0.6	10.3	22.7	18.13	93.9	33,714	101.1
2016	0.003	23.0	7.7	74.7	17.12	94.4	34,106	101.2
2017	0.001	31.9	16.4	211.7	16.52	96.5	34,610	101.5

Note: Double counting of the number of insured under coinsurance undertaken by multiple insurers has been resolved

Figure 32: Changes in Policies for Group Annuity Insurance (Amount)

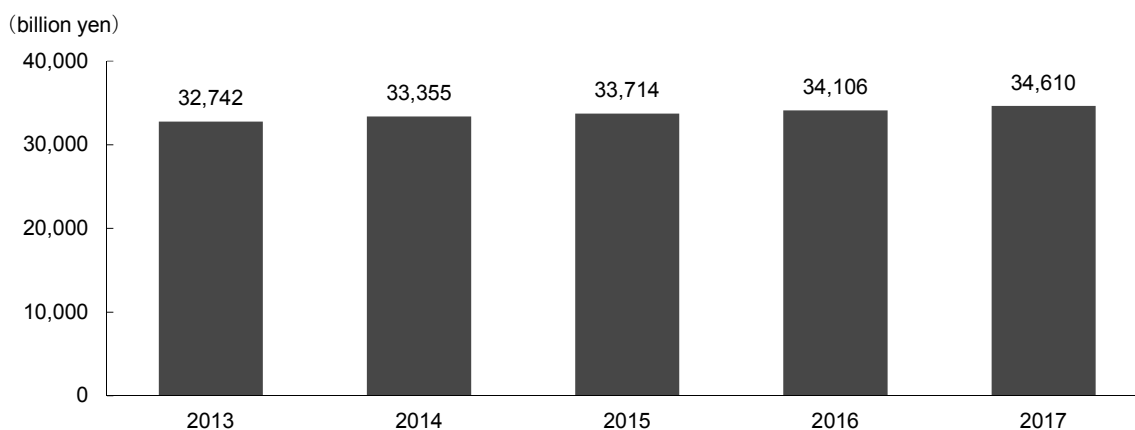
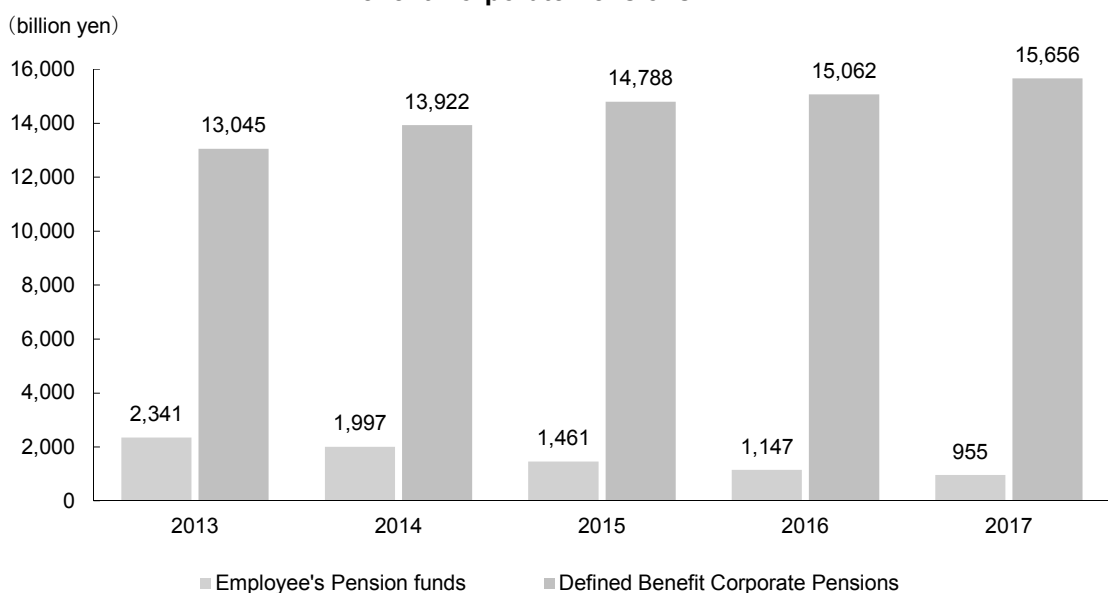


Figure 33: Changes in Asset Balance of Employees' Pension Funds and Defined Benefit Corporate Pensions



II. Profit and Loss

1. Insurance Related Profit and Loss

(1) Premium Income

The total amount of gross annual premium income was 32,442 billion yen (97.0% y/y) in Fiscal 2017. [Figure 34]

As for results by type of business, individual insurance (23,742 billion yen, 100.6% y/y), individual annuity insurance (3,607 billion yen, 83.18% y/y), group insurance (1,133 billion yen, 99.9% y/y), and group annuity insurance (2,953 billion yen, 96.6% y/y). [Figure 35]

By method of premium payments for individual insurance, monthly payment ranked top (51.1% of the total), followed by annual payment (20.8%), single-premium payment (18.9%) and monthly payment through payroll deduction (8.8%). The shares of single-premium payment and annual payment have increased from the previous year in fiscal 2017. [Figure 36]

Figure 34: Changes in Profit and Loss

	(billion yen)												
	Income						Expenses						Ordinary Profit
	Ordinary Revenues	Premium Incomes and Others	Premium Income	Investment Income	Interest and Dividened	Others	Ordinary Expenses	Insurance Benefits Paid	Provisions for Policy Reserves	Investment Expenses	Operating Expenses	Others	
2013													
2014	55,957	38,681	37,222	12,310	7,085	4,965	52,449	34,952	10,041	1,325	4,499	1,630	3,508
2015	52,303	38,962	37,748	8,291	7,111	5,048	49,537	32,454	8,361	2,473	4,706	1,541	2,765
2016	47,760	35,182	33,459	9,078	7,023	3,499	45,097	29,014	8,155	1,777	4,726	1,423	2,662
2017	47,268	33,779	32,442	9,461	7,239	4,026	44,348	28,943	6,754	2,559	4,751	1,340	2,919

Below are figures excluding Japan Post Insurance

2013	41,981	29,872	28,826	9,785	5,419	2,323	3,934	23,617	9,105	1,327	3,876	1,424	2,636
2014	45,788	32,724	31,267	10,850	5,720	2,213	42,773	25,892	10,040	1,314	3,986	1,538	3,014
2015	42,697	33,548	32,338	6,936	5,802	2,211	40,344	23,903	8,361	2,463	4,169	1,446	2,352
2016	39,101	30,141	28,424	7,710	5,797	1,250	36,717	21,463	8,155	1,617	4,166	1,314	2,383
2017	39,315	29,543	28,217	8,176	6,087	1,594	36,704	22,053	6,754	2,452	4,218	1,225	2,610

Figure 35: Changes in Premium Income by Type

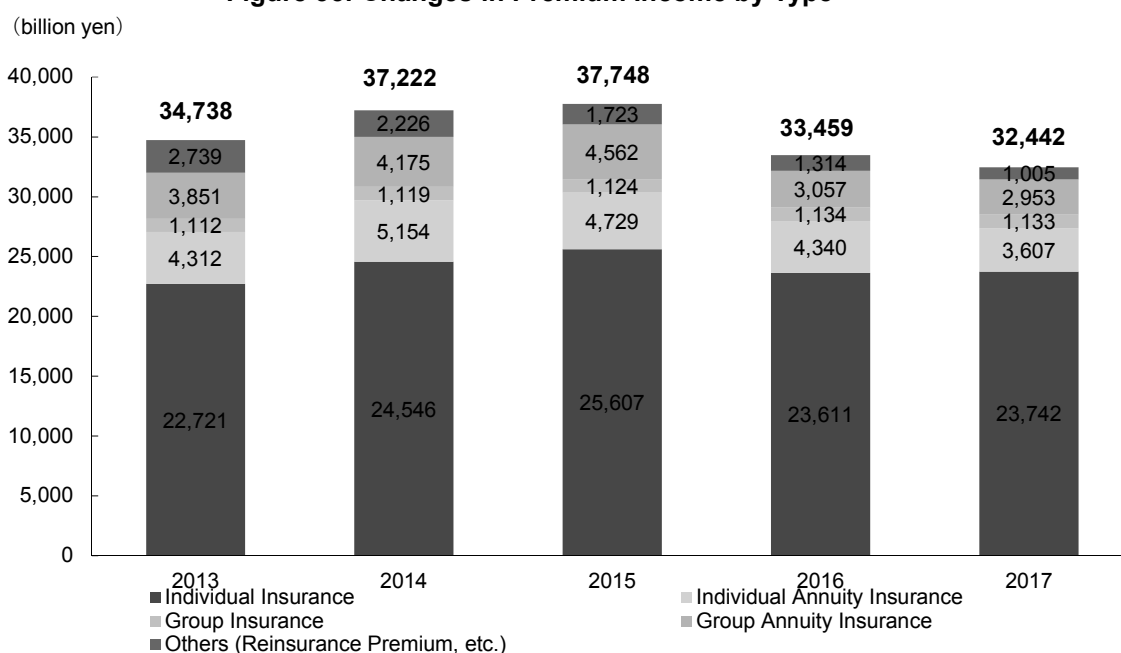
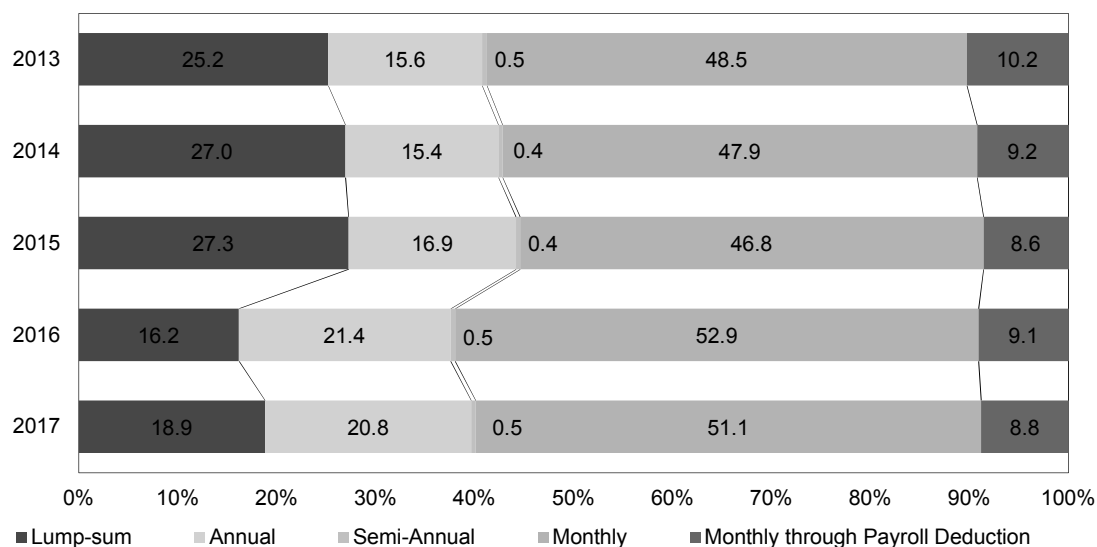


Figure 36: Changes in Composition Ratio of Premium Income for Individual Insurance by Premium Payment Methods



(2) Insurance Benefits Paid

The total amount paid by all life insurers under life insurance contracts in fiscal 2015 was 28,943 billion yen (99.8% y/y).

Of all the amount of insurance benefits paid, claims paid amounted to 10,406 billion yen (94.2% y/y), annuities paid amounted to 4,754 billion yen (98.2% y/y), benefits (other than claims paid and annuities paid) amounted to 3,862 billion yen (98.9% y/y), surrender benefits paid amounted to 6,406 billion yen (111.1% y/y), refunds to policyholders amounted to 1,434 billion yen (127.5% y/y), and reinsurance premiums¹² amounted to 2,077 billion yen (89.6% y/y).

The amount of claims paid declined for the tenth successive year since fiscal 2008 due to the decrease in the number of existing postal life insurance policies. While the amount of annuities paid had been increasing consistently until fiscal 2014, in fiscal 2017, it decreased from the previous year for the second successive year. The amount of benefits has decreased from the previous year for the second successive year. [Figure 37]

Figure 37: Changes in Insurance Benefits Paid

(billion yen)							
	Claims Paid	Annuities Paid	Benefits	Surrendered Benefits	Refunds to Policyholders	Reinsurance Premiums	Total
2013	14,307	4,499	40,539	7,999	1,136	1,780	33,778
2014	12,971	5,196	40,661	8,772	1,817	2,129	34,952
2015	12,124	4,859	40,965	7,459	1,890	2,022	32,454
2016	11,053	4,843	39,047	5,768	1,125	2,318	29,014
2017	10,406	4,754	38,625	6,406	1,434	2,077	28,943

Below are figures excluding Japan Post Insurance.

2013	4,796	4,242	40,199	7,779	1,000	1,778	23,617
2014	4,717	4,892	40,246	8,480	1,654	2,122	25,892
2015	4,547	4,518	40,473	7,080	1,697	2,011	23,903
2016	4,565	4,471	38,476	5,335	939	2,303	21,463
2017	4,781	4,359	37,938	5,861	1,199	2,056	22,053

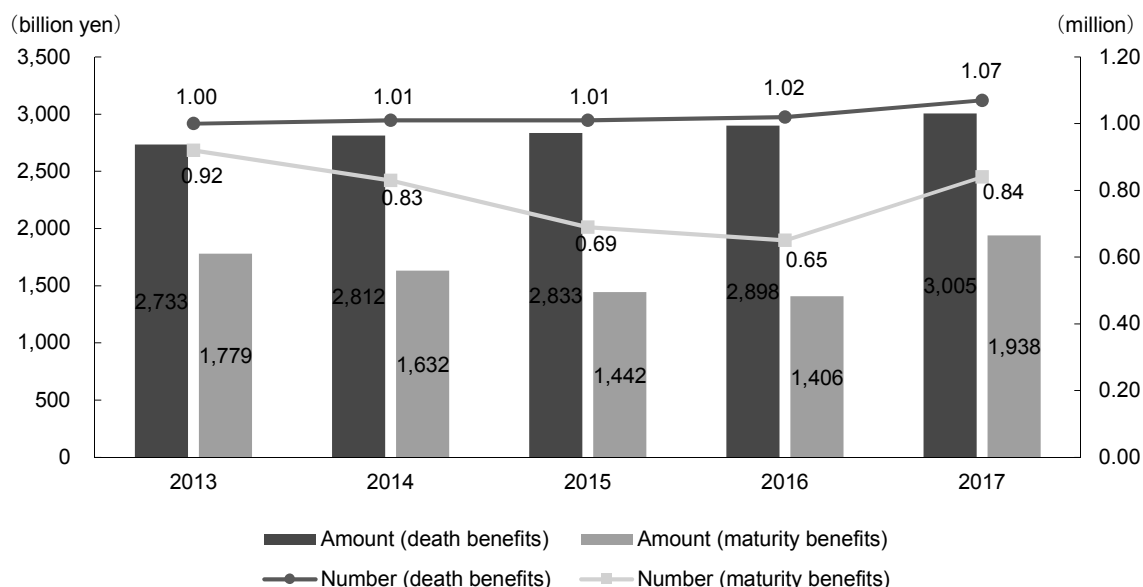
Note: Revenues and expenditures relating to the postal life insurance contracts issued by the former

¹² Premiums that life insurers pay to reinsurers. Reinsurance is an insurance contract that life insurers concludes with underwriting companies for reinsurance for the purpose of spreading risks regarding the amount of the benefit to be paid under the insurance contracts the insurer has underwritten.

Japan Post (until 2007) is reflected on the revenues and expenditures of the Japan Post Insurance, through underwriting reinsurance from the Management Organization for Postal Savings and Postal Life Insurance that succeeds the contracts. Also, amounts equivalent to the insurance benefits paid (including annuities) relating to the postal life insurance is included in the "claims paid" of the Japan Post Insurance.

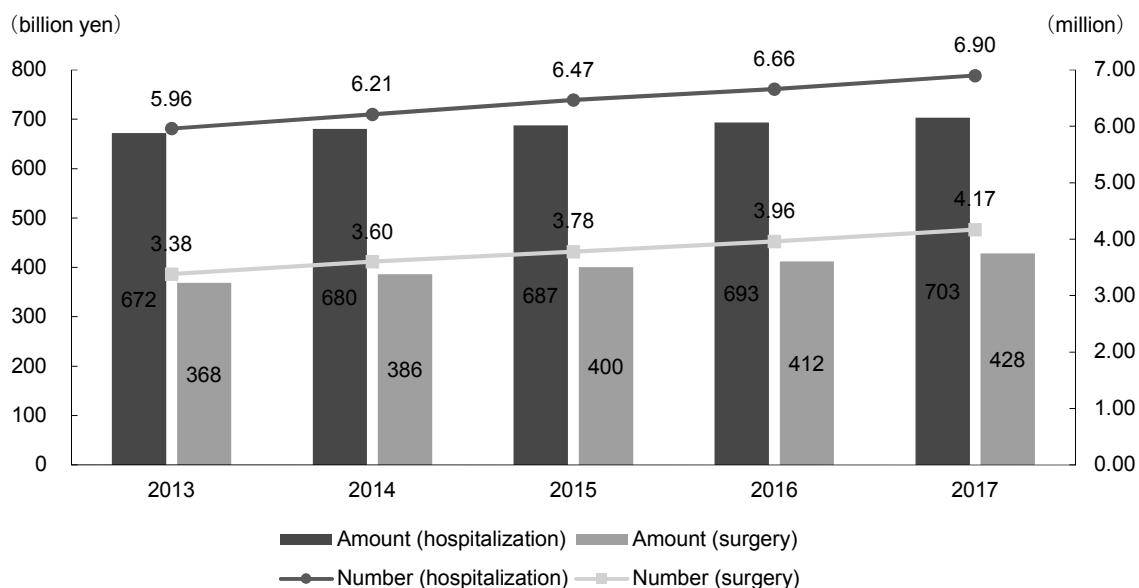
Of all the claims paid, the number and the amount of death benefits were 1.07 million (104.7% y/y) and 3,005 billion yen (103.7% y/y), and the number and the amount of matured insurance policies were 0.84 million (128.7% y/y) and 1,938 billion yen (137.8% y/y). Both death benefits and matured insurance policies increased for number and amount. [Figure 38]

Figure 38: Changes in Number and Amount of Death/Maturity Benefit Payments



Of all the benefits paid, the number and the amount of hospitalization benefits increased to 6.90 million (103.7% y/y) and 703 billion yen (101.5% y/y), and also those of surgery benefits increased to 4.17 million (105.4% y/y) and 428 billion yen (103.8% y/y). [Figure 39]

Figure 39: Changes in Number and Amount of Hospitalization and Surgery Benefits



2. Investment Income and Expenses

Investment income in fiscal 2017 was 9,461 billion yen (104.2% y/y). Of all the investment income, while interest and dividends increased from the previous year to 7,239 billion yen (103.1% y/y), and others (including profits on asset management of special accounts) also increased to 1,179 billion yen (131.4% y/y), on the other hand, gain on sales of investment securities decreased to 1,004 billion yen (93.2% y/y). In addition, Profits on asset management of special accounts themselves amounted to 786 billion yen (629 billion yen in fiscal 2016). [Figure 40]

Of all the interest and dividends, the amount of interest and dividends from securities stood at 6,182 billion yen (104.3% y/y), and that of interest from loans stood at 656 billion yen (94.0% y/y).

The amount of losses on sales of securities stood at 490 billion yen (89.1% y/y). The losses on revaluation of securities stood at 29 billion yen (41.7% y/y). [Figure 41]

The amount of the balance of foreign exchange profits minus foreign exchange losses stood at -1,076 billion yen in fiscal 2017 (111 billion yen in fiscal 2016).

The investment yield on assets in general accounts was 1.76% (1.96% in fiscal 2016). Of all type, the numbers in each column are following, namely in bonds to 1.80% (1.84% in fiscal 2016), domestic stocks to 6.63% (5.83% in fiscal 2016), foreign securities to 1.36% (2.31% in fiscal 2016), financial loans to 1.46% (1.83% in fiscal 2016), and real estate to 2.81%.(2.80% in fiscal 2016) [Figure 42]

Figure 40: Changes in Investment Income

(Amount: billion yen, Y/Y: %)

	Interest and Dividends	Securities	Loans	Rent of Real Estate	Deposits and Others	Profit on Sales and Securities	Foreign Exchange Profit	Others	Total
2014	7,085 <103.0>	5,880 <104.6>	809 <93.5>	312 <100.1>	83 <104.7>	1,032 <91.8>	1,110 <160.1>	3,082 <117.1>	12,310 <108.7>
2015	7,111 <100.4>	5,947 <101.1>	762 <94.2>	318 <102.0>	82 <100.0>	662 <64.2>	4 <0.4>	513 <16.7>	8,291 <67.4>
2016	7,023 <98.8>	5,928 <99.7>	697 <91.5>	319 <100.2>	77 <92.8>	1,077 <162.7>	79 <1,891.7>	897 <174.8>	9,078 <109.5>
2017	7,239 <103.1>	6,182 <104.3>	656 <94.0>	3,162 <99.1>	84 <110.3>	1,004 <93.2>	36 <46.4>	1,179 <131.4>	9,461 <104.2>

Below are figures excluding Japan Post Insurance

2013	5,419 <108.9>	4,439 <112.0>	592 <96.8>	312 <97.9>	74 <93.7>	1,053 <120.3>	691 <58.4>	2,621 <80.9>	9,785 <95.2>
2014	5,720 <105.5>	4,761 <107.3>	568 <95.9>	312 <100.1>	77 <104.1>	970 <92.2>	1,110 <160.5>	3,049 <116.3>	10,850 <110.9>
2015	5,802 <101.4>	4,856 <102.0>	550 <96.9>	318 <102.0>	77 <99.2>	661 <68.1>	4 <0.4>	468 <15.4>	6,936 <63.9>
2016	5,797 <99.9>	4,891 <100.7>	513 <93.3>	319 <100.2>	72 <93.8>	992 <150.1>	79 <1,891.7>	841 <179.6>	7,710 <111.2>
2017	6,087 <105.0>	5,196 <106.2>	495 <96.5>	316 <99.1>	79 <110.0>	968 <97.5>	36 <46.0>	1,084 <128.9>	8,176 <106.1>

Note 1: Other including income from monetary trusts, profit on financial derivatives and gains on assets in special accounts.

Note 2: The figures in parentheses represent year-on-year rate.

Figure 41: Changes in Investment Expenses

(Amount: billion yen, Y/Y: %)

	Interest Paid	Losses on Sales of Securities	Losses on Revaluation of Securities	Foreign Exchange Losses	Others	Total
2013	69 <113.4>	258 <79.9>	46 <21.7>	21 <74.0>	949 <85.9>	1,345 <77.6>
2014	64 <92.5>	82 <31.8>	13 <29.2>	105 <491.7>	1,059 <111.6>	1,325 <98.5>
2015	68 <106.9>	155 <189.6>	91 <665.2>	1,026 <968.1>	1,131 <106.8>	2,473 <186.6>
2016	74 <107.8>	551 <354.3>	71 <78.3>	191 <18.6>	889 <78.6>	1,777 <71.9>
2017	86 <117.1>	490 <89.1>	29 <41.7>	1,113 <582.1>	837 <94.1>	2,559 <143.9>

Below are figures excluding Japan Post Insurance.

2013	64 <112.2>	247 <81.7>	46 <21.7>	21 <75.8>	946 <86.1>	1,327 <77.8>
2014	60 <92.9>	77 <31.1>	13 <29.2>	105 <491.7>	1,057 <111.8>	1,314 <99.0>
2015	64 <107.3>	153 <199.7>	91 <665.2>	1,025 <967.7>	1,128 <106.7>	2,463 <187.4>
2016	71 <111.7>	426 <276.9>	71 <78.3>	187 <18.3>	859 <76.2>	1,617 <65.7>
2017	85 <118.7>	425 <99.7>	29 <41.7>	1,113 <592.6>	798 <92.9>	2,452 <151.6>

Note 1: Others include losses from monetary trusts, financial derivatives expenses, and losses on assets in special accounts.

Note 2: The figures in parentheses represent year-on-year rate.

Figure 42: Changes in Portfolio Yields by Type of Assets

(%)

	Bonds	Domestic Stocks	Foreign Securities	Financial Loans	Real Estate	General Account Assets
2013	1.95	5.14	4.60	2.15	2.43	2.40
2014	1.88	5.31	5.50	2.28	2.50	2.58
2015	1.75	5.17	2.24	1.70	2.62	1.92
2016	1.84	5.83	2.31	1.83	2.80	1.96
2017	1.80	6.63	1.36	1.46	2.81	1.76

Below are figures excluding Japan Post Insurance.

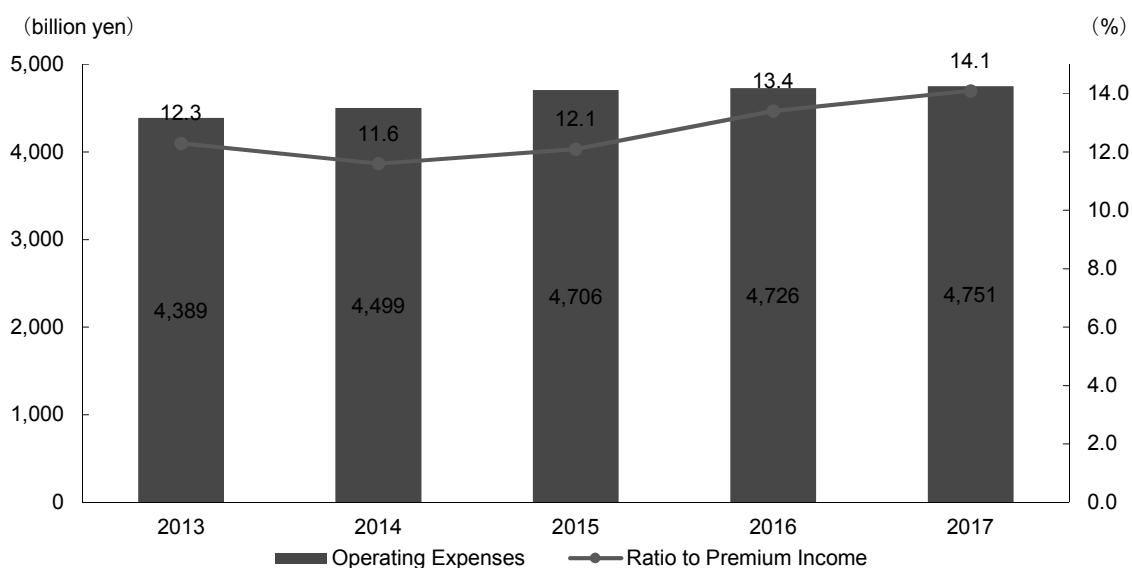
2013	2.10	5.15	4.65	2.07	2.46	2.68
2014	1.98	5.31	5.57	2.30	2.54	2.89
2015	1.81	5.17	2.24	1.50	2.67	2.02
2016	1.96	5.83	2.41	1.73	2.86	2.11
2017	1.91	6.62	1.39	1.27	2.86	1.83

Note: Yields are calculated by dividing (investment income - investment expenses + appraisal gains under Article 112 of the Insurance Business Act) by the average daily balance.

3. Operating Expenses

The total amount of operating expenses stood at 4,751 billion yen (100.5% y/y). The ratio of premium income to total operating expenses was 14.1% (up by 0.7points from the previous year). [Figure 43]

Figure 43: Changes in Operating Expenses



4. Ordinary Profits and Basic Profits

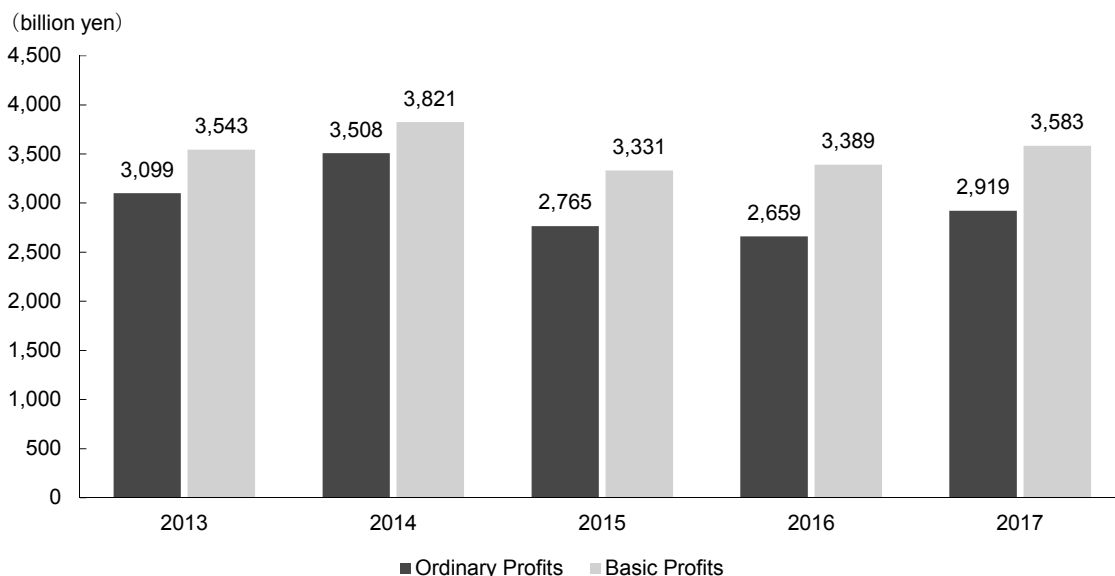
The total amount of ordinary profits increased for the first time in three years to 2,919 billion yen (109.8% y/y).

The total amount of basic profits, which represents the profitability of the life insurance companies for the year, increased from the previous year to 3,583 billion yen (105.7% y/y) for the second successive year. [Figure 44]

What is Basic Profit?

"Basic profit" is the indicator for the basic periodic profit/loss status of life insurers, comprised of income and expenditures for core insurance business (e.g., premium income, payments of insurance benefits and operating expenses) and income and expenditures for investment (mainly interest and dividends). The amount is calculated by deducting both "capital gains/losses" and "extraordinary gains/losses" (e.g., profits/losses on sales of securities) from the ordinary profits.

Figure 44: Changes in Ordinary Profits and Basic Profits



III. Investment Results

1. Total Assets

As of the end of fiscal 2017, total assets increased from the previous year for the second consecutive year to 381,275 billion yen (101.5% y/y).

By the type of items, securities accounted for 82.3% of total assets (313,746 billion yen, 101.3% y/y) followed by loans at 8.6% (32,973 billion yen, 96.8% y/y). [Figures 45 and 46]

Figure 45: Changes in Total Assets

(Amount: billion yen)

	Cash, Deposits and Savings	Call Loans	Monetary Trusts	Securities	Loans	Tangible Fixed Assets	Others	Total Assets
2013	4,416	2,669	2,459	285,031	38,099	6,319	11,589	350,586
2014	5,608	3,672	3,332	299,429	36,810	6,329	12,072	367,255
2015	7,458	1,280	3,701	300,523	34,986	6,250	12,970	367,172
2016	7,534	1,201	4,543	309,714	34,071	6,124	12,320	375,510
2017	8,029	1,594	5,590	313,746	32,973	6,092	13,247	381,275

Below are figures excluding Japan Post Insurance.

2013	2,753	2,439	1,877	215,652	27,078	6,230	7,465	263,497
2014	3,402	3,227	1,897	233,152	26,832	6,197	7,633	282,343
2015	5,602	920	2,056	236,912	26,008	6,104	8,022	285,628
2016	6,174	1,051	2,416	246,228	26,010	5,987	7,305	295,174
2017	7,135	1,329	2,775	253,614	25,345	5,992	8,249	304,442

Figure 46: Ratio to Total Assets

(%)

	Cash, Deposits and Savings	Call Loans	Monetary Trusts	Securities	Loans	Tangible Fixed Assets	Others	Total Assets
2013	1.3	0.8	0.7	81.3	10.9	1.8	3.3	100.0
2014	1.5	1.0	0.9	81.5	10.0	1.7	3.3	100.0
2015	2.0	0.3	1.0	81.8	9.5	1.7	3.5	100.0
2016	2.0	0.3	1.2	82.5	9.1	1.6	3.3	100.0
2017	2.1	0.4	1.5	82.3	8.6	1.6	3.5	100.0

Below are figures excluding Japan Post Insurance

2013	1.0	0.9	0.7	81.8	10.3	2.4	2.8	100.0
2014	1.2	1.1	0.7	82.6	9.5	2.2	2.7	100.0
2015	2.0	0.3	0.7	82.9	9.1	2.1	2.8	100.0
2016	2.1	0.4	0.8	83.4	8.8	2.0	2.5	100.0
2017	2.3	0.4	0.9	83.3	8.3	2.0	2.7	100.0

2. Securities

Since the domestic interest rate remained low throughout fiscal 2017, financial resources were increasingly allocated to foreign securities etc., because of their comparatively higher interest rates. By the type of securities (313,746 billion yen in total), Japanese government bonds ranked top with 147,365 billion yen (99.2% y/y) accounting for 47.0% of the total securities, followed by foreign securities, reaching the record high at 88,998 billion yen (104.5% y/y), corporate bonds at 26,187 billion yen (101.4% y/y), stocks at 23,182 billion yen (107.8% y/y) and local government bonds at 12,081 billion yen (93.1% y/y). [Figure 47]

As a result, the amount of bonds (total of government bonds, local government bonds, and corporate bonds) decreased for the fourth successive year (185,634 billion yen, 99.1% y/y). The amount of stocks increased for the second successive year. Among the assets, the amount of bonds accounted for 48.7%, foreign securities for 23.3%, and stocks for 6.1% of the total in fiscal 2017. [Figures 48 and 49]

Of all the foreign securities, the amount of bonds (total of government bonds, local government bonds corporate bonds, and other foreign securities) stood at 83,173 billion yen (104.7% y/y), and the amount of stocks stood at 5,824 billion yen (101.4% y/y). [Figure 49]

Figure 47: Changes in Breakdown of Securities

(Amount: billion yen, Ratio: %)

	Government Bonds		Local Government Bonds		Corporate Bonds		Stocks		Foreign Securities		Other Securities		Total
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	
2013	149,815	52.6	14,008	4.9	24,895	8.7	18,029	6.3	61,450	21.6	16,830	5.9	285,031
2014	148,761	49.7	13,868	4.6	24,855	8.3	22,697	7.6	73,280	24.5	15,965	5.3	299,429
2015	148,568	49.4	13,517	4.5	25,363	8.4	19,813	6.6	78,653	26.2	14,607	4.9	300,523
2016	148,553	48.0	12,982	4.2	25,824	8.3	21,514	6.9	85,197	27.5	15,642	5.1	309,714
2017	147,365	47.0	12,081	3.9	26,187	8.3	23,182	7.4	88,998	28.4	15,931	5.1	313,746

Below are figures excluding Japan Post Insurance.

2013	97,292	45.1	4,835	2.2	18,454	8.6	18,028	8.4	60,211	27.9	16,830	7.8	215,652
2014	100,675	43.2	4,312	1.8	18,202	7.8	22,696	9.7	71,299	30.6	15,965	6.8	233,152
2015	104,389	44.1	4,112	1.7	19,126	8.1	19,812	8.4	74,964	31.6	14,507	6.1	236,912
2016	105,821	43.0	3,755	1.5	20,125	8.2	21,455	8.7	80,845	32.8	14,225	5.8	246,228
2017	107,775	42.5	3,568	1.4	20,714	8.2	22,985	9.1	84,651	33.4	13,919	5.5	253,614

Figure 48: Changes in Balance of Bonds and Stocks.

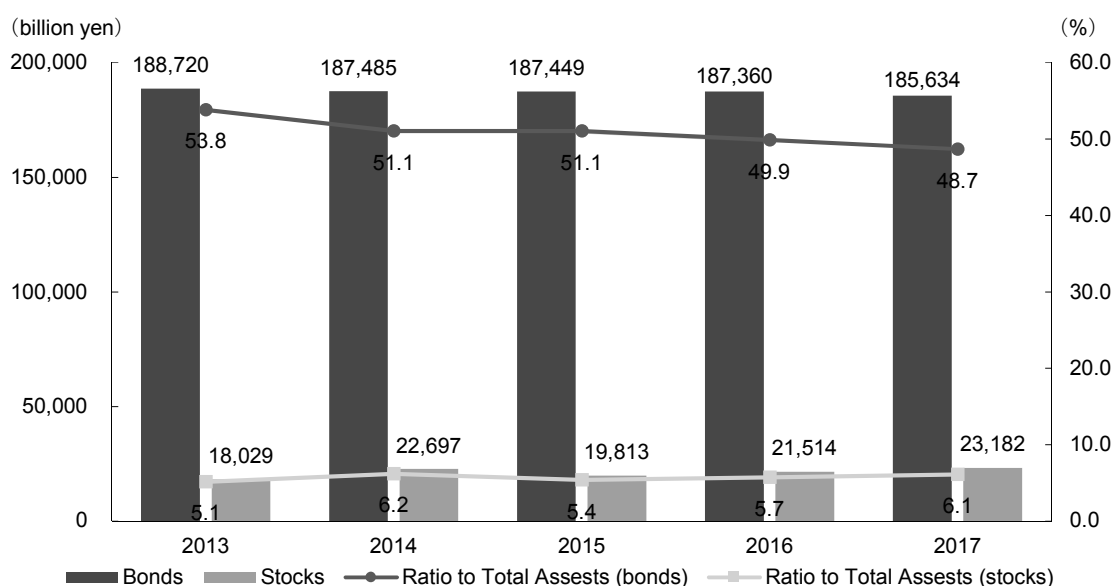
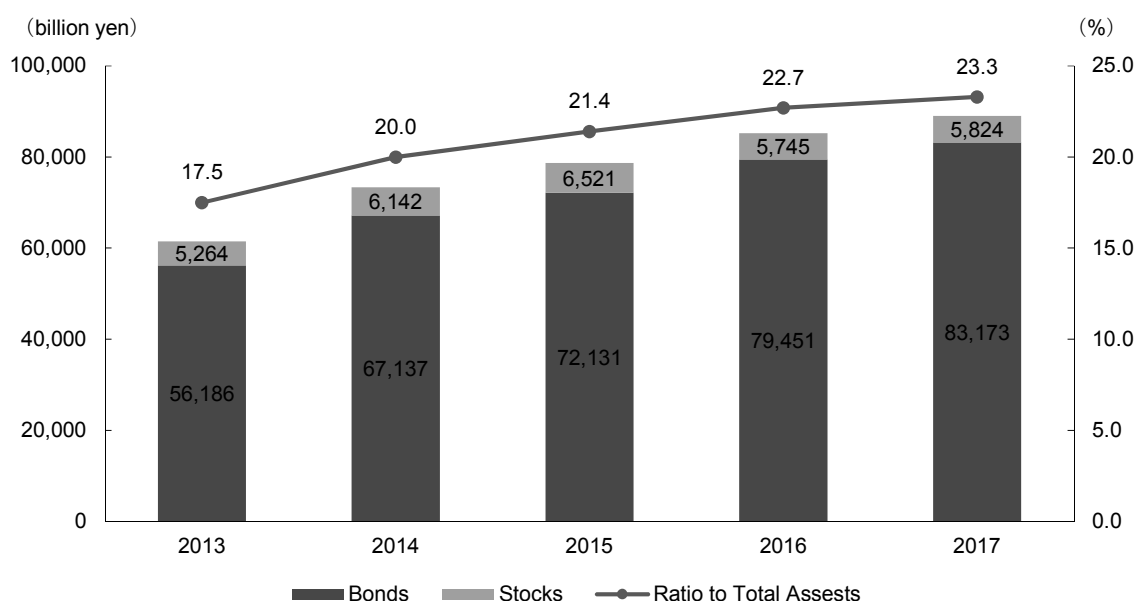


Figure 49: Changes in Balance of Foreign Securities



3. Loans

The balance of loans decreased from the previous year to 32,973 billion yen (96.8% y/y), accounting for 8.6% of the total assets (down by 0.5 points from the previous year).

Loans were the main items in the investment portfolios of life insurers from the late 1960s to early 1970s accounting for almost 70% over the total assets; however, the amount has been decreasing in the long run. Financial loans, accounting for 91.2% of total loans, decreased from the previous year to 30,838 billion yen (96.6% y/y), and policy loans also decreased from the previous year to 2,889 billion yen (98.3% y/y). [Figure 50]

As for the items of financial loans, loans to entities account for 84.6%, followed by loans to individuals for 5.6%. [Figure 51]

The amount of risk-monitored loans (total of loans to bankrupt borrowers, past due loans, loans overdue for three months or more and restructured loans) increased from the previous year to 100 billion yen (106.6% y/y). Among them, past due loans amounted to 66 billion yen (96.1% y/y) and restructured loans amounted to 28 billion yen (150.1% y/y). The ratio of risk-monitored loans to total loans was 0.3% in fiscal 2017 (0.3% in fiscal 2016). [Figure 52]

Figure 50: Changes in Breakdown of Loans

(Amount: billion yen, Ratio: %)

	Financial Loans	Policy Loans	Total Loans	Ratio to Total Assets
2013	34,964	3,134	38,099	10.9
2014	33,741	3,069	36,810	10.0
2015	31,985	3,001	34,986	9.5
2016	31,132	2,938	34,071	9.1
2017	30,083	2,889	32,973	8.6

Below are figures excluding Japan Post Insurance.

2013	23,998	3,079	27,078	10.3
2014	23,837	2,994	26,832	9.5
2015	23,102	2,905	26,008	9.1
2016	23,190	2,820	26,010	8.8
2017	22,592	2,753	25,345	8.3

Figure 51: Changes in Financial Loans to Entities and Individuals

(Amount: billion yen, Ratio: %)

	Loans to Entities				Loans to Individuals	
		Large Entities	Leading Medium-sized Entities	SMEs	Home Mortgages	Consumer Loans
2013	30,443 <93.7>	16,594 <97.1>	139 <106.6>	12,104 <87.2>	1,400 <96.5>	808 <101.7>
2014	29,437 <96.7>	16,282 <98.1>	135 <97.3>	11,040 <91.2>	1,333 <95.2>	706 <87.4>
2015	27,798 <94.4>	15,659 <96.2>	156 <115.5>	9,989 <90.5>	1,251 <93.8>	646 <91.6>
2016	26,338 <94.7>	14,849 <94.8>	129 <82.8>	9,047 <90.6>	1,142 <91.3>	587 <90.8>
2017	25,445 <96.6>	13,979 <94.1>	116 <89.4>	8,583 <94.9>	1,118 <97.9>	554 <94.4>

Below are figures excluding Japan Post Insurance.

2013	19,981 <98.5>	16,351 <96.9>	139 <106.6>	1,885 <99.8>	1,400 <96.5>	808 <101.7>
2014	20,067 <100.4>	16,027 <98.0>	135 <97.3>	1,925 <102.1>	1,333 <95.2>	706 <87.4>
2015	19,505 <97.2>	15,439 <96.3>	156 <115.5>	1,916 <99.5>	1,251 <93.8>	646 <91.6>
2016	19,067 <97.8>	14,673 <95.0>	129 <82.8>	1,951 <101.8>	1,142 <91.3>	587 <90.8>
2017	18,672 <97.9>	13,815 <94.2>	116 <89.4>	1,974 <101.2>	1,118 <97.9>	554 <94.4>

Note 1: Financial loans to entities include the loans to foreign entities in addition to the items described above.

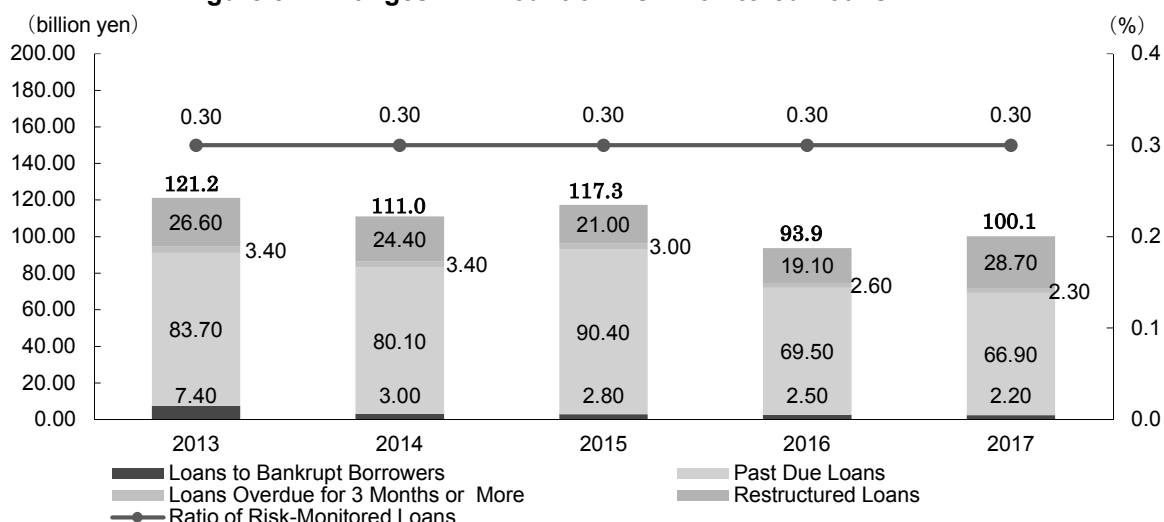
Note 2: Financial loans from Japan Post Insurance to SMEs include loans to Management Organization for Postal Savings and Postal Life Insurance.

Note 3: The figures in parentheses represent year-on-year rate.

(Classification of Scale of Entities by the Type of Business)

Type of Business	① All Types of Business Except for ② to ④		② Retail and Eating and Drinking Business		③ Service Business		④ Wholesale Business	
Large Entities	With more than 300 employees and;	Capital of 1 billion yen or more	With more than 50 employees and;	Capital of 1 billion yen or more	With more than 100 employees and;	Capital of 1 billion yen or more	With more than 100 employees and;	Capital of 1 billion yen or more
Leading Medium-Sized Entities		Capital of more than 300 million yen and less than 1 billion yen		Capital of more than 50 million yen and less than 1 billion yen		Capital of more than 50 million yen and less than 1 billion yen		Capital of more than 100 million yen and less than 1 billion yen
SMEs	With capital of 300 million yen or less or 300 or less full-time employees		With capital of 50 million yen or less or 50 or less full-time employees		With capital of 50 million yen or less or 100 or less full-time employees		With capital of 100 million yen or less or 100 or less full-time employees	

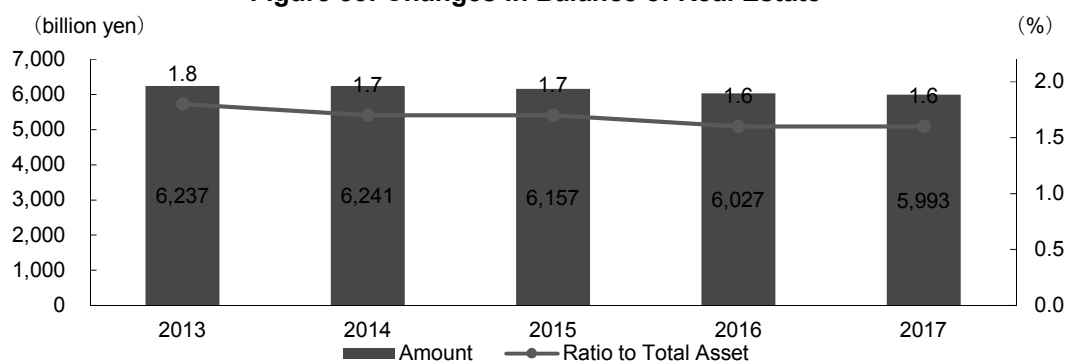
Figure 52: Changes in Amount of Risk-Monitored Loans



4. Tangible Fixed Assets (Real Estate)

Of the total amount of tangible fixed assets (6,092 billion yen), the amount of real estate, which is the total amount of land, buildings, and construction in process, was 5,993 billion yen (99.4% y/y). The total amount of tangible fixed assets accounts for 1.6% of the total assets for fiscal 2017. [Figures 45 and 53]

Figure 53: Changes in Balance of Real Estate



IV. Liabilities and Net Assets

Total liabilities stood at 357,160 billion yen (101.3% y/y), accounting for 93.7% of gross capital (the total of liabilities and net assets). By the items of liabilities, insurance reserves account for 92.6% of total liabilities. Of all the insurance reserves, policy reserves, which are reserved for future insurance claim payments, account for 98.2% of total policy reserves. Other than that, reserves for policyholder dividends account for 1.2%, which are reserved for paying dividends on insurance contracts, and reserves for outstanding claims account for 0.6%, which are reserved for unclaimed insurance payable. [Figure 54 (upper panel)]

Meanwhile, total net assets were 24,114 billion yen (105.7% y/y), accounting for 6.3% of gross capital. It decreased from the previous year due to the decrease in "total valuation, translation adjustment, and others." [Figure 54 (lower panel)]

Figure 54: Liabilities and Net Assets

(Amount: billion yen,
Ratio: %)

Breakdown of Liabilities		Amount	Ratio of Liabilities	Ratio
Insurance Reserves		330,672	92.6	86.7
	Reserves for Outstanding Claim	2,051	0.6	0.5
	Policy Reserves	324,697	90.9	85.2
	Reserves for Policyholder Dividends	3,923	1.1	1.0
Reserves for Price Fluctuations		4,768	1.3	1.3
Others		21,718	6.1	5.7
Total Liabilities		357,160	100.0	93.7

Breakdown of Net Assets		Amount	Ratio of Net Assets	Ratio
Total Foundation Funds and others or Total Capital Stocks		11,293	46.8	3.0
	Fund or Capital	2,734	11.3	0.7
	Accumulated Redeemed Foundations	2,596	10.8	0.7
	Capital Surplus	1,883	7.8	0.5
	Surplus or Retained Earnings	4,055	16.8	1.1
	Others	25	0.1	0.0
Total Valuation, Translation Adjustment, and Others		12,820	53.2	3.4
Stock Acquisition Rights		0	0.0	0.0
Total Net Assets		24,114	100.0	6.3

Total Liabilities and Net Assets		381,275	—	100.0
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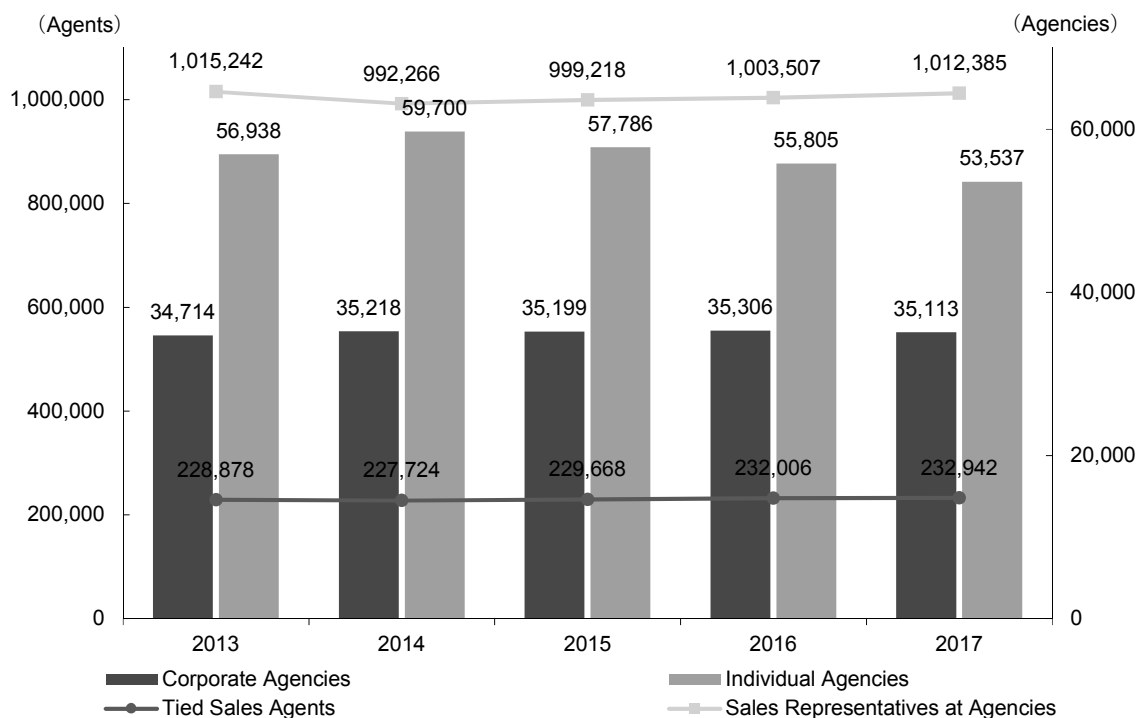
Reference

Distribution Channels and Sales Force

The distribution channels of the life insurance companies in Japan have diversified recently, including tied sales agents who belong to a sales office of a life insurance company organized within its domestic branch, sales agencies which conclude a service contract with a life insurance company, direct sales and internet sales. The solicitation of life insurance products is conducted mostly by tied sales agents, sales agencies (including corporate type and individual type) and sales representatives at agencies, who are required to be registered with the FSA as a life insurance solicitor in accordance with the Insurance Business Act.

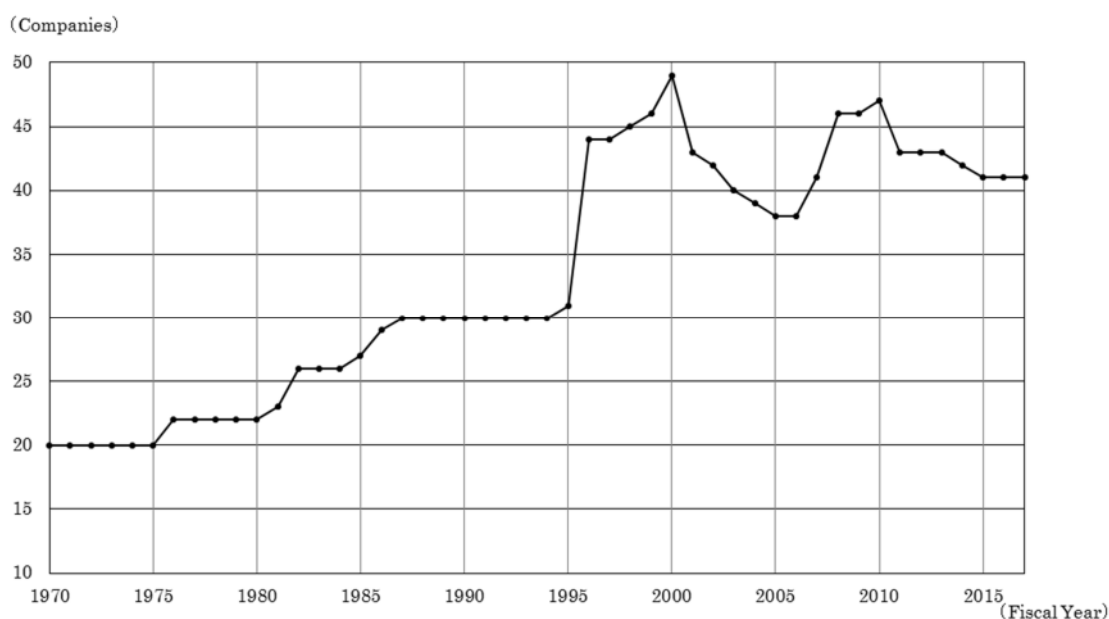
As to the number of tied sales agents, it started to increase in fiscal 2015, and in fiscal 2017 it increased for the third successive year to mark 232,942 (100.4% y/y). The number of corporate type sales agencies has remained almost unchanged, and in fiscal 2016, it amounted to 35,113 (99.5% y/y). Also, the number of individual type sale agencies decreased to 53,537 (95.9% y/y) for the third successive year. As to sales representatives at agencies, it increased to 1,012,385 (100.9% y/y) in fiscal 2017 for the third successive year. [Figure 55]

Figure 55: Number of Tied Sales Agents, Agencies and Sales Representatives at Agencies at the End of Fiscal 2017



Member Companies

Changes in the number of Member Companies



Note: Numbers are as of the end of each fiscal year.

List of Member Companies of the LIAJ (41 life insurers) as of December 2018	
AXA Life Insurance Co., Ltd.	Zurich Life Insurance Company Ltd.
AXA Direct Life Insurance Company Limited	T&D Financial Life Insurance Company
Asahi Mutual Life Insurance Co.	Tokio Marine & Nichido Life Insurance Co., Ltd.
Aflac Life Insurance Japan Ltd.	Nippon Life Insurance Co.
Allianz Life Insurance Japan Ltd.	The Neo First Life Insurance Company, Limited
SBI Life Insurance Co., Ltd.	Fukoku Mutual Life Insurance Co.
NN Life Insurance Company, Ltd.	Fukokushinrai Life Insurance Co., Ltd.
FWD Fuji Life Insurance Company, Limited	The Prudential Life Insurance Co., Ltd.
ORIX Life Insurance Corporation	The Prudential Gibraltar Financial Life Insurance Co., Ltd.
CARDIF Assurance Vie	MassMutual Life Insurance Company
Japan Post Insurance Co., Ltd.	Manulife Life Insurance Company
Crédit Agricole Life Insurance Company Japan Ltd.	Mitsui Life Insurance Company Limited
The Gibraltar Life Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Limited
Sumitomo Life Insurance Co.	Mitsui Sumitomo Primary Life Insurance Company, Limited
Sony Life Insurance Co., Ltd.	Midori Life Insurance Company
AEGON Sony Life Insurance Co., Ltd.	Meiji Yasuda Life Insurance Company
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	MetLife Insurance K.K.
The Dai-ichi Life Insurance Company, Limited	Medicare Life Insurance Co., Ltd.
The Dai-ichi Frontier Life Insurance Co., Ltd.	Lifenet Insurance Company
Daido Life Insurance Co.	Rakuten Life Insurance Co., Ltd.
Taiyo Life Insurance Company	

Part 2

The Life Insurance Association of Japan (LIAJ)

I. The LIAJ's Topics for Fiscal 2017

1. Health Promotion Support Project—Contributing to a Healthy and Spiritually Affluent Society

With the aim of realizing healthy longevity in view of the advent of a super-aged society, the LIAJ decided to implement a sport-oriented Health Promotion Support Project in September 2017. Through this initiative to promote health, we will help build a society where everyone can live securely and in good health. As part of the initiative, we compiled and published a report on the Project, summarizing the various activities undertaken within its framework.

- ✓ **Health promotion through sports**
Case collection and diffusion activities (in the form of a competition) We invited associations and businesses involved in proactive health initiatives across Japan for a competition to identify the best practices.
- ✓ **Awareness-raising activities in partnership with local actors**
We sponsored four walking events nationwide organized by local authorities or media, giving opening remarks and running a booth at the venue to promote health. In the booth, we sought to raise participants' awareness of health, measuring their bone health for free.
- ✓ **Collection and sharing of relevant cases from life insurers**
We collected and shared cases of life insurers supporting the health of their employees and community members, or engaging in health management (promoting regular exercise among their employees).

2. Enhanced Efforts for Raising Stock Value—Contributing to Dynamic Capital Markets

For the benefit of shareholders and investors, we have conducted surveys and made requests to take action to raise stock value for 44 years since FY 1974. In FY 2017, we enhanced our efforts in response to the revision of the Stewardship Code. We also worked to upgrade stewardship activities undertaken by life insurers.

- ✓ **Publication of requests made in the questionnaire survey to improve stock value**
In FY 2017, we published requests on behalf of businesses and investors from four perspectives: corporate governance, business strategy, financial strategy and dialog. The survey covered 581 public companies and 116 institutional investors.
- ✓ **Research on stewardship activities**
In order to increase the effectiveness of stewardship activities still further, LIAJ's Working Group for the Improvement of Stock Value (hereafter "WG") conducted research on stewardship activities. The companies participating in the WG shared good practices, worked together, and exchanged opinions with institutional investors and issuing corporations.

II. The LIAJ's Key Activities

1. Efforts for Infrastructure Development for the Life Insurance Business

We promote public understanding of the life insurance business while implementing a variety of measures to boost the customer-centered business operation of life insurers.

(1) Action for customer-centered business operation

1) Establishment of a Code of Conduct for life insurers

The LIAJ has established a Code of Conduct to be followed by life insurers and their officers and employees to help the life insurance business earn greater trust from society. The Code of Conduct sets forth the Principles of Action, or rules and standards for corporate business operation and the execution of operation by officers and employees, as well as Basic Actions toward that end.

2) Development and review of voluntary guidelines summarizing key considerations in business operation

The LIAJ has summarized practices and considerations for life insurers and their officers and employees as voluntary guidelines for dissemination, to help them adopt appropriate practices and provide the best services for customers at every stage of transactions, from product proposals to payment. The voluntary guidelines are subject to regular review and updating.

3) Activities as an Accredited Personal Information Protection Organization

In April 2005, the LIAJ was certified as an Accredited Personal Information Protection Organization under the Act on the Protection of Personal Information. We prepared the Personal Information Protection Guidelines to be followed by life insurers, providing necessary guidance and recommendations. We are also involved in other activities such as receiving complaints and providing information to member companies.

4) Collection of good practices from life insurers for better business management

The LIAJ conducts an annual Value-Up Questionnaire survey on actions taken by life insurers in line with the voluntary guidelines. We collect and share good practices from member companies for improving consumer services, including how they respond to suggestions and requests from consumers, and to improve their PDCA processes for better integration in their business management

5) Exchange of views on life insurance with public/private stakeholders and media, and regular visits to consumer organizations

Working with the Japan Institute of Life Insurance (JILI), the LIAJ exchanges views on life insurance with public/private stakeholders and the media, to listen to consumers' views and improve understanding of the life insurance business. In 2017, we held 127 sessions nationwide for exchanging views with consumer governmental bodies, associations and the media, thus gaining much feedback. We also regularly visit consumer organizations to gather information and additional feedback on the life insurance business and the LIAJ's activities.

6) Action for the elderly in the life insurance industry

The LIAJ shares information with its member companies and provides information to the elderly as

part of its efforts to encourage action by life insurers and promote understanding of the elderly. Such activities include: publication of a report that identifies challenges in supporting the elderly and summarizes the action taken by life insurers in consideration of the characteristics of the elderly; creation and provision of information booklets for the elderly; development of voluntary guidelines containing ideas and considerations for providing the elderly with adequate and easy-to-understand services; and recommendations to improve convenience for the elderly by using the taxpayer ID in the private sector.

(2) Active expression of views and requests

Action for development of the life insurance business

While helping private insurance to complement public insurance, the LIAJ is involved in various initiatives for the development of the life insurance business and actively expresses its views.

○ Requests concerning tax reforms

As private insurance plays an increasingly important role in complementing public insurance, it is crucial to help people secure necessary protection against a wide variety of life events. On the occasion of tax reforms in FY 2018, the LIAJ made requests to enhance the life insurance relief scheme and company pension plans.

○ Comments on international insurance supervision standards, etc.

We submitted comments on the international insurance supervision standards being drawn up by the International Association of Insurance Supervisors (IAIS) and the international accounting standards on insurance policies published by the International Accounting Standards Board (IASB) in May 2017, among others, to ensure that the characteristics of the Japanese life insurance business are adequately reflected in the standards.

○ Participation in GFIA

The LIAJ is a founding member of the Global Federation of Insurance Associations (GFIA), launched in October 2012 to enhance information exchange and communication among national insurance associations. We will contribute to the further development of the GFIA while boosting the influence of the insurance industry on international organizations including the IAIS.

(3) Efforts for Promoting Understanding of the Life Insurance Industry

1) Comment on the revision of the Official Curriculum Guidelines

In light of the need to provide education on insurance at school, we issued a comment on the Draft Official Curriculum Guidelines for Middle Schools in March 2017. The new Official Curriculum Guidelines for Middle Schools and the new Manual on the Guidelines, published on 31 March and 21 June, respectively, include private insurance and the combination of self-help, mutual help and public help in the social science curriculum as topics related to social security. We also issued a comment on the Draft Official Curriculum Guidelines for High Schools, published in February 2018, with regard to the subjects of civics and domestic science, with the aim of enhancing opportunities for insurance education. The new Official Curriculum Guidelines for High Schools were published on 31 March 2018.

2) Portal site for teachers

The LIAJ has created a portal within its website as a one-stop window to provide materials for teachers involved in insurance education. The portal site makes available teaching aids and related manuals on social security and insurance education which can be downloaded for free.

3) All-Generation Package

Working with the JILI, the LIAJ developed an All-Generation Package to meet the needs of education for all ages, to promote understanding of life insurance and life design.

4) Practical lectures for college students

We held practical lectures on insurance at universities nationwide to help improve college students' knowledge of insurance.

2. Sound System Management

We are supporting proper management by life insurers to increase consumer trust and ensure sound business development.

(1) Life insurance in support of livelihood and society

1) Providing various forms of life security with a mutual help mechanism

Life insurance provides various types of protection through a mutual aid mechanism where a large number of people pay premiums in an equitable way so that everyone may receive benefits when needed. The total amount of premiums and benefits reaches some ¥19.8 trillion a year, or ¥52 billion per day (actual figures for 2016).

2) Supporting social and economic activities with insurance premiums

The assets of life insurers total some ¥375 trillion, or ¥6.67 million per household (actual figures for 2016). Member companies consider social and public good as well as security and financial advantages when investing the insurance premiums collected from policyholders, in order to secure benefit payments while minimizing premiums.

3) Crucial role of private insurance

Amid rapid population aging and the declining birth rate, various reforms and discussions in Japan are aimed at building a sustainable social security system. Under the philosophy of “public and private insurance working in tandem to ensure life security,” the LIAJ believes that private insurance (personal and corporate insurance, etc.) based on the concept of self-help should play an important part in complementing public insurance (pensions, etc.) to build a system that supports people's livelihood.

4) Improving preparedness for disasters and epidemics

In preparation for disasters and epidemics, the LIAJ is taking action to ensure the continuity of crucial activities such as benefit payment and to fulfill its social responsibilities, including drawing up the Plan of Action against Major Earthquakes, etc. and the Plan of Action on New Strains of Influenza, etc. Individual life insurers are also working on business continuity planning (BCP) and reviewing their administration and services leveraging their experience of the Great East Japan Earthquake, as well as to enhance their customer services at normal times.

5) Disaster Area Life Insurance Inquiry System

The LIAJ introduced a Disaster Area Life Insurance Inquiry System in the aftermath of the Great

East Japan Earthquake. The system responds to inquiries from affected policyholders in areas covered by the Disaster Relief Act who experience difficulty in making insurance claims, having lost all means to identify their life insurers or life insurance policies.

(2) Support for resolving complaints and disputes

1) Impartial and fair response to consumer complaints and consultations

At the Life Insurance Consultation Center (Life Insurance Consultation Center in Tokyo and 50 prefectural offices nationwide), consultants with relevant expertise ensure an impartial and fair response to consultations and complaints. When asked to resolve a dispute, they assist early settlement, including offering their services to the life insurer involved for reconciliation.

2) Proper solution of disputes by the Arbitration Council

We established an Arbitration Council under the Life Insurance Consultation Center to resolve any complaint that remains unresolved one month after referral to the life insurer concerned for settlement. The Council is currently composed of 17 members, including seven lawyers, seven consultants for consumers and three Life Insurance Consultation Center staff. They seek to ensure that disputes are properly settled from an impartial and fair perspective, conducting voluntary questioning in all cases in principle, trying to identify facts that can lead to settlement, and making positive suggestions for reconciliation.

3) Establishment of an Arbitration Advisory Committee with external experts

The Life Insurance Consultation Center established an Arbitration Advisory Committee composed of external experts including scholars, lawyers, doctors and representatives of consumer groups. The Committee, a consultative body to the Director of the Life Insurance Consultation Center (Chairman of the LIAJ), issues recommendations as necessary to ensure fair and smooth operation of the Consultation Center and Arbitration Council. The LIAJ has created a system to reflect the views of the Committee in its own activities as well as the activities of life insurers.

4) Information on response to consultations and complaints

The LIAJ summarizes the consultations and complaints that it receives in the Consultation Center Report and the Compendium of Adjudications. We also prepare, and make available an Opinion Report (aggregate version and company-specific version) that shows the number of complaints by type of problem and summarizes selected complaints, aiming to prevent the occurrence and recurrence of complaints. Our website also publishes the number of complaints by life insurer to ensure impartiality, fairness and transparency.

5) Leveraging consumers' opinions for improving business management

The life insurance industry is seeking to leverage consumers' feedback to the LIAJ and member companies to improve business management. In order to help consumers understand the trend of complaints and actions taken by life insurers, relevant information such as the number and composition of complaints and the number of claims accepted and rejected, is published on the websites of the LIAJ and its member companies.

(3) Improvement of compliance and human resource development

1) Training programs for salesforce and agencies

Salespeople and agencies who want to deal in life insurance are legally required to register as life

insurance solicitors with the competent authorities. The LIAJ organizes a General Course Examination to verify the knowledge, competencies and skills required for the registration. We also organize a Specialized Course Examination, Advanced Course Examination and Life Insurance College Course Examination for meeting consumer needs at higher levels, as well as a Certification Examination for the Sale of Variable Life Insurance. The LIAJ is constantly enhancing the training programs through annual reviews of the textbooks.

2) Continuing training program for life insurance solicitors

We have set up a continuing training program to provide ongoing annual training for all life insurance solicitors in principle, so that they may continue solicitation activities from a consumer-focused, compliance-oriented perspective. We also enhance the continuing training program through annual follow-ups on the standard curriculum.

3) Actions to promote proper business operation

Our actions to promote proper business operation include: development of personnel for the department in charge of claims payment; operation of the life insurance interviewer system; and organization of various training sessions for the personnel of life insurers to ensure that business is conducted properly in line with laws, regulations and voluntary guidelines.

(4) Efforts to ensure soundness and fairness

1) Action to prevent life insurance fraud

Life insurance might be used fraudulently for unfair profit (known as “moral risk”). The LIAJ has established various systems to prevent such moral risk. We also cooperate with the police in its survey on life insurance policy-holding so as not to overlook criminal deaths. In an effort to prevent emergency scamming, which has developed into a serious social problem, we worked with the National Police Agency and the Financial Services Agency to create a poster for preventing consumers from falling victims to such crime, while local associations distributed awareness-raising fliers nationwide. We have also instituted the following systems to prevent the moral risk.

○ Policy Terms Registration System

In order to prevent policyholders from receiving benefits fraudulently under a series of contracts concluded in a short period with multiple life insurers, policy terms are registered with the LIAJ's Registration Center which can be checked when underwriting insurance policies and paying insurance benefits.

○ System of Inquiry at Claims Examination

Life insurers exchange policy information as necessary in response to insurance claims to help determine the amounts of benefits to be paid.

○ Life Insurers/Police Liaison Council

We hold liaison council meetings with the police to prevent the crime of fraudulent insurance claims. The 54 local associations nationwide have also established Life Insurers/Police Liaison Councils with the prefectural police departments to actively exchange information on the current status of and actions against organized crime groups, measures against the moral risk and emergency scams.

2) Response to antisocial forces

The LIAJ is committed to deterring relationships with antisocial forces, including under its Code of Conduct. We have also taken action to eliminate insurance contracts with antisocial forces and related parties, supporting the insertion into insurance policies of a clause to exclude organized crime groups, building an industry database on antisocial forces, and exchanging opinions with other associations.

3) Actions against money laundering

Money laundering means any act to disguise or conceal the source of criminal proceeds so that the funds appear to have been obtained through legitimate transactions. The LIAJ's actions against money laundering include creating a handbook and Q&A to promote understanding among life insurers, and a point-of-purchase poster to alert consumers. We also established a PT against Money Laundering in December 2017 to strengthen measures taken by member companies against money laundering.

(5) Easy-to-understand communication

1) Explanations of basic facts about life insurance on the website

The "Basic Facts about Life Insurance" webpage on the LIAJ's website explains the basic facts about life insurance that might be useful. Information on life insurance products of member companies is readily available on the "Simple Life Insurance Navigation" webpage.

2) Review and improvement of disclosure standards on business performance

Life insurers are legally required to disclose specified information on business performance. For the convenience of policyholders and investors, the LIAJ has set industry-wide disclosure standards incorporating additional items that it considers should be disclosed voluntarily. We aim to improve information disclosure through annual reviews.

3) Publication of statistical data including Life Insurance Fact Book

Aggregated information on the monthly, quarterly, mid-year and annual business performance of life insurers is available on the LIAJ's website. We also compile and publish "Trends in Life Insurance," a brief summary of key business developments, and "Life Insurance Fact Book," presenting detailed statistical data on the life insurance industry including business performance.

4) Distribution of a guidebook on financials

We distribute and post on the LIAJ's website "Disclosure of Life Insurers: A Guidebook," which provides clear explanations of life insurers' financial statements.

5) Distribution of disclosure magazines of life insurers

Disclosure magazines of life insurers are made available at the LIAJ's headquarters and local associations. Annual financial statements, as well as mid-year and quarterly information of member companies are also posted on the LIAJ's website.

3. Contributing to Society

We support activities related to health, long-term care and women's empowerment, while working to build a comfortable social environment.

(1) Initiatives under the 3-Year Plan for Social Contribution Activities (FY 2017-19)

1) Activities in support of working parents

As the long waiting list for nurseries restricts the empowerment of women, the public and private sectors need to join forces to enhance childcare services and develop an environment that allows working parents to raise their children safely. Since FY 2014, the LIAJ has been helping to build an environment that reconciles childrearing and work, by supporting initiatives to increase the quantity and quality of nursery schools or clubs for after-school activities for children.

2) Grant Scheme for Certified Care Worker Training

Certified care workers are expected to play a major role in providing long-term care in the super-aged society of the future. The LIAJ introduced a Grant Scheme for Certified Care Worker Training in 1989, when the first training institutes for certified care workers were opened. By FY 2017, the Scheme had provided scholarships for 4,799 students nationwide. Many of the graduates are now working on the frontline of care welfare, at special nursing homes, and in healthcare facilities for the elderly under long-term care.

3) Grant Scheme for Children's Nurse Training (new initiative in FY 2017)

As efforts are being made to curtail the waiting list for nurseries through quantitative improvement of childcare services, the recruitment of nursery staff has emerged as a major challenge. The Grant Scheme for Children's Nurse Training, launched in FY 2017 by the LIAJ, provided scholarships for 67 students who were highly motivated to work as children's nurses.

4) Activities in support of associations working to develop powerful elders

Life-long health promotion is crucial if we are to realize a dynamic society where people can live in good health and with peace of mind even at the end of their longer life. Since FY 2014, the LIAJ has been granting funds to private non-profit associations and groups involved in health management and improvement, support for independence, provision of reasons to live, and other activities for the benefit of the elderly.

5) Local CR activities

At the prefectural level, 54 local associations, composed mainly of the local branches of life insurers, are working to develop a sound life insurance business in the prefecture concerned. At each local association, employees of various member countries are jointly working to build a comfortable social environment by planning and implementing voluntary community relations activities that reflect the characteristics of the prefecture.

6) Activities to Promote "Family Ties" through Reading to Children

Since FY 2008, the LIAJ has been conducting Activities to Promote "Family Ties" through Reading to Children, in order to encourage stronger relationships among family members. With the theme of "Family Ties," we organized an annual competition of original picture books for three years, from FY 2008 to 2010. Since FY 2011, we have organized lecture classes to train readers and called for the

organization of reading sessions, thus helping to create the time and space for families to share.

7) LIAJ scholarship program for foreign students (Seiho Scholarship)

As Japan continues to globalize, we are granting non-repayable scholarships to help self-supporting students from Southeast and East Asia who came to study in Japan and who will lead the next generation, in recognition of the importance of international contribution and exchange. With eight students newly added in FY 2017 as recipients of the scholarships, the total number of scholarship students reached 371 since FY 1990, when the Seiho Scholarship was launched as “Scholarship Program for Self-Supporting Foreign Students.”

(2) Tackling environmental issues

Setting numerical targets to promote action on environmental issues

The life insurance industry addresses environmental issues, developing Action Guidelines on Environmental Issues for the Life Insurance Industry and an Action Plan on Low Carbon Society for the Life Insurance Industry, setting numerical targets and sharing information on efforts undertaken by life insurers. Under the Action Plan on Low Carbon Society in particular, we have set targets to be achieved by FY 2020, and those to be achieved between FY 2020 and 2030 to encourage proactive efforts. We also track annual performance to encourage member companies to take action.

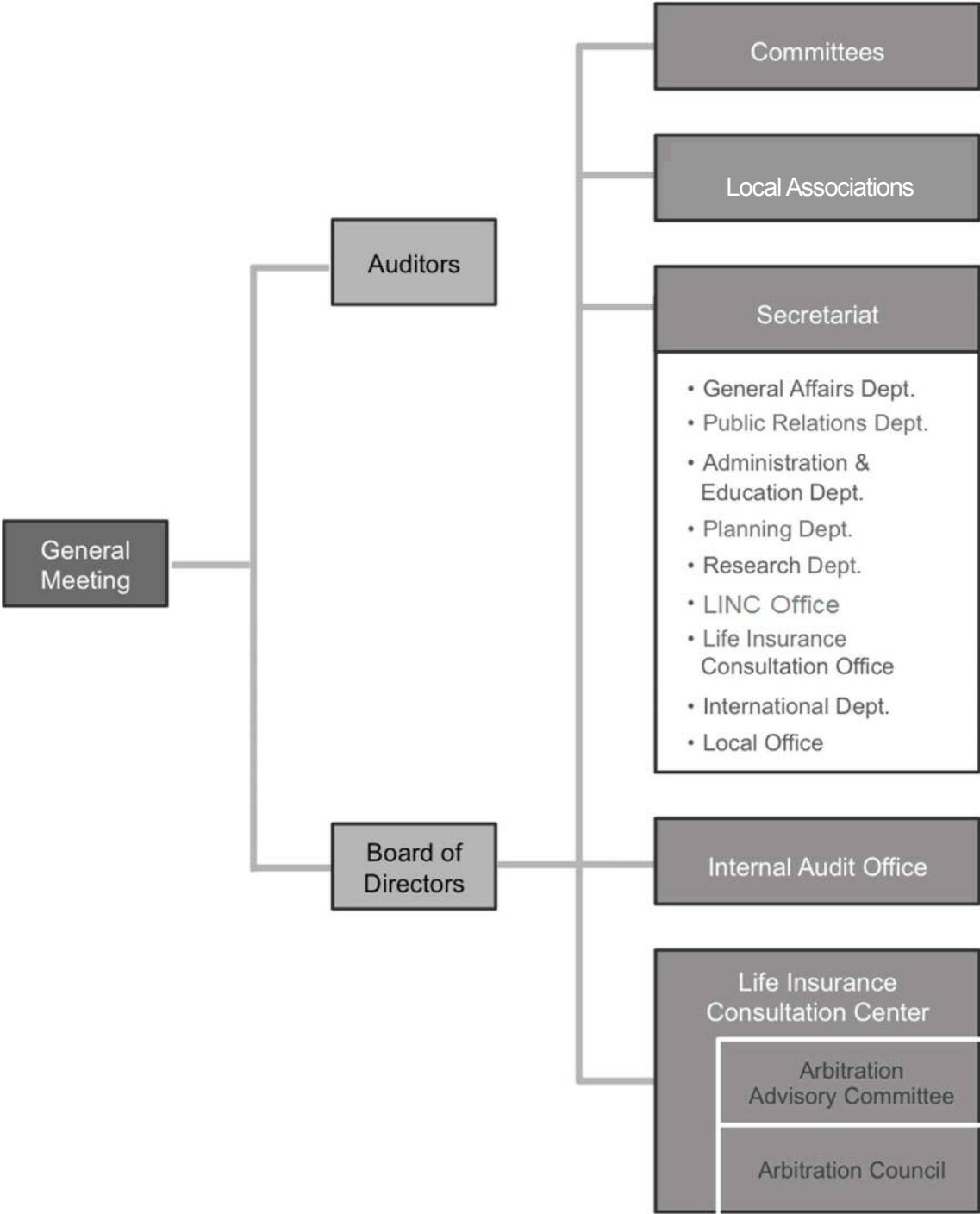
III. The LIAJ's Organization Profile

The LIAJ started as an incorporated association with formal sanction by the authorities concerned on December 7, 1908. Since then, the Association has continued to make efforts for the sound development of the life insurance industry.

Objective	
To strive for the sound development of the life insurance industry and maintain its reliability.	
Activities	
1.	Activities to provide information and promote understanding on the life insurance business
2.	Consultation services, complaint processing and dispute resolution operations regarding life insurance
3.	Activities regarding systems and measures to ensure appropriate operation of the life insurance business
4.	Activities regarding education and training for the staff of member companies
5.	Research and study activities regarding the theory and practice of life insurance
6.	Activities regarding making requests and proposals to relevant authorities, agencies and organizations
7.	Activities to fulfill social responsibilities
8.	Other activities considered necessary to achieve the goals of the LIAJ
History	
1898	The Forum of Japanese Life Insurers was founded.
1905	The Forum of Japanese Life Insurers was reorganized into the Association of Japanese Life Insurers.
1908	The Association of Japanese Life Insurers was authorized as an incorporated association.
1942	The Life Insurance Control Association was founded. The Association of Japanese Life Insurers was renamed the Life Insurance Network, and most of its operations were transferred to the Life Insurance Control Association.
1945	The Life Insurance Council of Japan was founded to take over the operations of the Control Association after it was dissolved. The Life Insurance Network was renamed The Life Insurance Association of Japan (LIAJ). All the operations of the Life Insurance Network were transferred to the LIAJ.
2014	The LIAJ made a transition from an incorporated association to a general incorporated association.
2018	The LIAJ marked the 110th anniversary since its foundation.
Membership	
All 41 life insurance companies operating in Japan (As of December 31, 2018)	
Board Members	
Representatives of member companies and full-time officers of the LIAJ (As of December 31, 2018)	
Offices	
52 offices (the headquarters in Tokyo and 51 local offices) (As of December 31, 2018)	
Number of Employees	
Approx 250 employees (As of December 31, 2018)	
Funding	
Membership fees and revenues from business activities such as examination business	

Organization Chart

(As of December 31, 2018)





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