

FACT BOOK

FACT BOOK 2006-2007

GENERAL INSURANCE IN JAPAN



THE GENERAL INSURANCE ASSOCIATION OF JAPAN

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PART I

BUSINESS RESULTS



Key Figures of the General Insurance Business for Fiscal 2006

1 The Number of General Insurance Companies

Total: **51**
 Domestic insurers: **29**
 Foreign insurers: **22**

A total of 29 domestic and 22 foreign insurers are operating.

As of February 1, 2008, a total of 51 general insurance companies were operating in Japan; a total of 29 companies were licensed as domestic insurers, including 4 foreign capital domestic insurers, while 22 companies were licensed as foreign insurers.

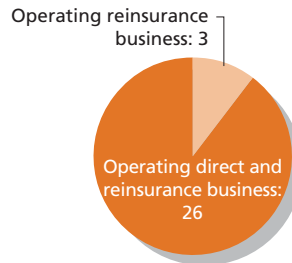
The number of people working in general insurance companies, including management, sales staff and temporary staff, was 85,453 as of April 1, 2007.

Domestic insurers: Licensed as domestic insurer

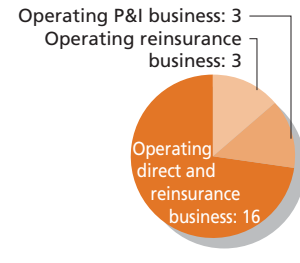
Domestic insurers with foreign capital: Licensed as domestic insurer which includes foreign capital of over 50%.

Foreign insurer: Licensed on a branch or agent basis

Domestic insurers



Foreign insurers



2 The Number of Agencies and Sales Staff of Agencies

The number of agencies
 (at the end of March 2007):
253,810

The number of sales staff
 in agencies (at the end of
 March 2007):
1,986,035

While the number of agencies decreased by about 5%, the number of sales staff increased by about 6%.

There are 253,810 general insurance agencies of domestic and foreign general insurers and 1,986,035 sales staff are engaged in the agency business.

These agencies shared 93.1% of the written direct premiums in fiscal 2006.

The number of agencies



The number of sales staff in agencies



General Insurance Agency: A General Insurance Agency is commissioned by an insurance company, and markets insurance products to customers.

3 Premiums

Direct premiums:

8,529.3 billion yen

Net premiums:

7,537.2 billion yen

Direct premiums: gross direct premiums (including the savings portion of maturity-refund type insurance premiums) – various returns other than maturity refunds (including return premiums for cancellation, no-claim returns, and return premiums resulting from the decrease of insurable risks)

Net premiums: direct premiums written + inward reinsurance net premiums – outward reinsurance net premiums – savings portion of maturity-refund type insurance premiums

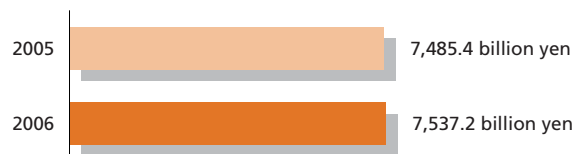
Direct premiums decreased by about 1%, while net premiums increased by about 1%.

The total of direct premiums, including the savings portion thereof, written in fiscal 2006 was 8,529.3 billion yen, down 0.7%, while the total of net premiums written was 7,537.2 billion yen, up 0.7% (The figures are the totals for GIAJ member companies.).

Direct premiums



Net premiums



4 The Amount of Claims Paid

Net claims paid:

4,337.4 billion yen

Net claims: direct claims paid + inward reinsurance net claims paid – outward reinsurance claims received

The amount of net claims paid increased by about 3%.

Net claims paid on all classes of insurance business during fiscal 2006 amounted to 4,337.4 billion yen, an increase of about 126.5 billion yen compared with the previous term due to an increase in claims for natural disasters (The figures are the totals for GIAJ member companies.).

Net claims paid



5 Assets and Investment

Total assets:

37,274.7 billion yen

Working assets:

35,170.6 billion yen

Total assets: Total assets are the total of working assets and other assets (such as amounts due from the agency business, amounts due from other domestic insurance companies for reinsurance, etc.)

Working assets: Working assets include deposits, call loans, monetary receivables bought, money trusts, securities, loans, real estate, etc.

Total assets increased by about 2%, and working assets also increased by about 2%.

The total assets increased to 37,274.7 billion yen, up 1.8%. Working assets also increased to 35,170.6 billion yen, up 2.0% (The figures are the totals for GIAJ member companies.).

Total assets



Working assets



6 Ordinary Profits and Net Profits for the Current Year

Ordinary profits:

414.7 billion yen

Net profits:

251.0 billion yen

Ordinary profit: The total of (underwriting income – expenses) + (investment income – expenses) – (other ordinary expenses)

Net profit: The total of ordinary profits including special profits or losses minus corporate income taxes, corporate resident taxes, etc.

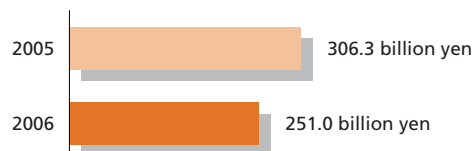
Both ordinary profits and net profits for the current year showed a decrease and amounted to 414.7 billion yen and 251.0 billion yen respectively.

Ordinary profits for fiscal 2006 decreased by 68.8 billion yen and amounted to 414.7 billion yen compared with ordinary profits of 483.6 billion yen in the previous term, due to an increase in claims for natural disasters in the said year. Net profit after tax registered 251.0 billion yen, a decrease of 55.3 billion yen from 306.3 billion yen in the previous term (The figures are the totals for GIAJ member companies.).

Ordinary profits



Net profits



7 Loss Ratio and Operating Expenses Ratio

Loss ratio:

62.0%

Operating expenses ratio:

32.2%

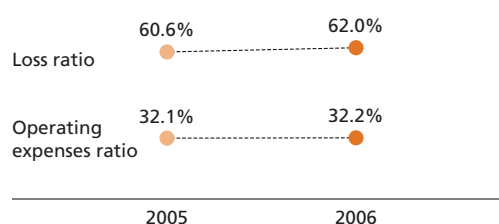
The loss ratio increased by about 1.4 percentage points, and the operating expenses ratio also increased by about 0.1 percentage point.

The loss ratio increased by 1.4 percentage points to 62.0% due to the increase in the amount of net claims paid for natural disasters. The operating expenses ratio also increased by 0.1 percentage point to 32.2% in spite of the belt-tightening efforts of member companies to achieve further rationalization of their operations (The figures are the totals for GIAJ member companies.).

Loss ratio: The ratio of claims paid plus loss adjustment expenses to net premiums written

Operating expenses ratio: The ratio of agency commission and brokerage plus operating and general administrative expenses on underwriting to net premiums written

Loss ratio / Operating expenses ratio



8 Ownership of General Insurance Policies

Fire (building): **53.5%**
(surveyed in December 2002)

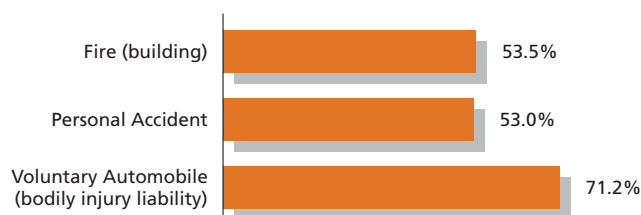
Personal Accident: **53.0%**
(surveyed in December 2002)

Voluntary Automobile
(bodily injury liability):
71.2%
(as of the end of March 2006)

Ownership of Earthquake Insurance on Dwelling Risks, which represents the ratio of the number of earthquake insurance policies to the number of fire insurance policies effected, increased to 41.7% in fiscal 2006.

Ownership of general insurance policies by line are as follows:

Ownership by line



Ownership of Earthquake Insurance on Dwelling Risks Policies

Fiscal Year	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
National Average	33.3%	34.9%	37.4%	40.3%	41.7%

Source: The Non-Life Insurance Rating Organization of Japan.

Ownership of Voluntary Automobile Insurance

Fiscal Year	2001	2002	2003	2004	2005
Number of Registered Automobiles (thousand)	76,271	76,893	77,390	78,279	78,992
Bodily Injury Liability	71.0%	70.9%	71.1%	71.0%	71.2%
Property Damage Liability	70.5%	70.4%	70.7%	70.8%	71.1%
Passengers' Personal Accident	63.8%	62.2%	61.2%	59.6%	59.0%
Physical Damage	34.6%	35.0%	35.7%	36.3%	37.3%

Source: The Non-Life Insurance Rating Organization of Japan.

II

Major Events

	Legislation / Administrative Events	Industry Events	Accidents and Disasters
2006 March		<input type="checkbox"/> "Guidelines for the Policy Overview and the Warning Information" published by the GIAJ	
April	<input type="checkbox"/> Partial revision of the "Enforcement Regulation of the Insurance Business Law" (Simplification of the FSA's examination of loading premium rates) <input type="checkbox"/> Partial revision of the "Comprehensive Guidelines for Supervision of Insurance Companies" (Stipulation of "Policy Overview" and "Warning Information" in the Guidelines) <input type="checkbox"/> Partial revision of the "Insurance Business Law" (Revision of the safety net system and the introduction of supervision of small-amount and short-term insurers)		
May	<input type="checkbox"/> Partial revision of the "Enforcement Regulation of the Insurance Business Law" (Revision related to the introduction of the Corporate Law)	<input type="checkbox"/> The Non-Life Insurance Rating Organization of Japan notified the FSA of the revision of standard premium rates for Earthquake Insurance on Dwelling Risks	
June	<input type="checkbox"/> Final report on rules on comparative information published by the FSA's Study Team on Insurance Product Sales and Solicitations		
July		<input type="checkbox"/> Electronic application system for registration of general insurance agents started	<input type="checkbox"/> Downpour in July 2006 (Kagoshima, Nagano, Shimane, etc.)
August			
September		<input type="checkbox"/> "Advisory Panel to Listen to Consumers' Voices" established in the GIAJ <input type="checkbox"/> Strengthening of functions of "General Insurance Counseling Department" of the GIAJ <input type="checkbox"/> "Self-Imposed Guideline on Payment for Insurance Claims" drawn up by the GIAJ <input type="checkbox"/> The International Union of Marine Insurance (IUMI) held in Tokyo <input type="checkbox"/> The Non-Life Insurance Rating Organization of Japan notified the FSA of the revision of standard premium rates for Earthquake Insurance on Dwelling Risks	<input type="checkbox"/> Typhoon No.13 (Fukuoka, Saga, Nagasaki, Miyazaki, etc.)

	Legislation / Administrative Events	Industry Events	Accidents and Disasters
October		<input type="checkbox"/> The Month for Automobile Theft Kickout <input type="checkbox"/> Theft Prevention Day	
November	<input type="checkbox"/> Deliberation on modernization of an insurance contract law started in a subcommittee of the Legislative Council of the Ministry of Justice	<input type="checkbox"/> Revision of the "General Insurance Buyers' Guide" <input type="checkbox"/> "Manual for Elimination of Drunken Driving" drawn up by the GIAJ <input type="checkbox"/> Publication of the "GIAJ's Report on Consumers' Voices" launched	
December		<input type="checkbox"/> Implementation of "internal investigations on fire insurance contracts, etc. to ensure appropriate underwriting" <input type="checkbox"/> "Guideline for Description of Solicitation Materials, etc." drawn up by the GIAJ <input type="checkbox"/> "Policyholders' Guide for Filing Claims with General Insurers" drawn up by the GIAJ	
2007 January			
February			
March	<input type="checkbox"/> Administrative actions taken against general insurance companies in which inappropriate non-payment of claims was found regarding 3rd sector insurance	<input type="checkbox"/> "Compliance Guideline for Solicitation" drawn up by the GIAJ <input type="checkbox"/> Holding of a meeting to promote the publicity of the "General Insurance Buyers' Guide" completed in all prefectures	<input type="checkbox"/> Notohanto Earthquake
April	<input type="checkbox"/> Introduction of a confirmation paper by which customers can confirm that their insurance products meet their needs.		
May			
June	<input type="checkbox"/> Introduction of a class action system for consumers (Enforcement of the revised Consumer Contract Law)	<input type="checkbox"/> "Guidelines for 3rd Sector Insurance Products" drawn up by the GIAJ	
July	<input type="checkbox"/> "Free Discussion on Comparison of Insurance Products" held		<input type="checkbox"/> Niigataken Chuetsu-oki Earthquake
August		<input type="checkbox"/> Results of investigation into inadvertent non-payment of claims published by the GIAJ	



Statistics

1. Income Statement

(in billions of yen & %)

Item	Fiscal 2005		Fiscal 2006	
	Amount	Growth	Amount	Growth
Ordinary Profit and Loss				
Underwriting Income	8,916.8	-2.3	8,905.3	-0.1
Net Premiums Written	7,485.4	1.0	7,537.2	0.7
Savings Portion of Maturity-refund type Insurance Premiums	1,010.3	-12.4	884.0	-12.5
Underwriting Expenses	7,753.9	-3.2	7,844.3	1.2
Net Claims Paid	4,210.9	-4.1	4,337.4	3.0
Loss Adjustment Expenses	322.5	0.1	339.0	5.1
Agency Commissions and Brokerage	1,259.5	1.3	1,266.7	0.6
Maturity Refunds to Policyholders	1,596.2	-9.3	1,485.5	-6.9
Net Provision for / Net Reversal of Outstanding Loss Reserves	141.8	-43.9	183.5	29.4
Net Provision for / Net Reversal of Underwriting Reserves	82.0	—	21.6	-73.6
Investment Income	640.8	-1.6	696.2	8.7
Interest and Dividend Income	560.7	13.6	644.3	14.9
Profits on Sales of Securities	281.0	-26.9	269.0	-4.3
Investment Expenses	111.4	-7.4	101.9	-8.6
Losses on Sales of Securities	41.9	-24.5	33.8	-19.4
Losses on Devaluation of Securities	20.0	20.1	18.6	-6.9
Operating and General Administrative Expenses	1,234.2	-2.2	1,247.0	1.0
Operating and General Administrative Expenses on Underwriting	1,142.6	-2.5	1,161.1	1.6
Other Ordinary Profits and Losses	25.5	-8.6	6.4	-75.0
Ordinary Profits	483.6	18.2	414.7	-14.2
Underwriting Profits	15.9	—	-104.7	-760.4
Special Profits and Losses Balance	-24.8	—	-51.0	—
Profits for the Current Year before Corporate Taxes	458.8	13.0	363.7	-20.7
Corporate Income Taxes and Corporate Resident Taxes	134.7	89.7	170.9	26.9
Adjustments in Corporate Income Taxes, etc.	17.8	-76.6	-58.2	-426.8
Net Profits for the Current Year	306.3	18.4	251.0	-18.0

2. Abridged Balance Sheet

<Assets>

(in billions of yen & %)

Item	Fiscal 2005		Fiscal 2006	
	Amount	Share	Amount	Share
Deposits	1,064.6	2.9	944.1	2.5
Call Loans	284.5	0.8	593.8	1.6
Receivables under Resales Agreements	20.0	0.1	65.9	0.2
Monetary Receivables Bought	884.2	2.4	1,320.3	3.6
Money Trusts	289.0	0.8	274.4	0.7
Securities	28,008.3	76.5	28,192.1	75.6
National Government Bonds	4,792.8	13.1	4,531.9	12.1
Local Government Bonds	732.1	2.0	694.8	1.9
Corporate Bonds	4,084.8	11.2	4,136.0	11.1
Stocks	12,714.6	34.7	12,886.3	34.6
Foreign Securities	4,852.4	13.2	5,078.3	13.6
Other Securities	831.7	2.3	864.8	2.3
Loans	2,723.8	7.4	2,627.5	7.1
Real Estate	1,199.0	3.3	1,152.4	3.1
Total Working Assets	34,473.5	94.2	35,170.6	94.4
Other Assets	2,136.2	5.8	2,104.1	5.6
Total Assets	36,609.7	100.0	37,274.7	100.0

(Notes) "Other Assets" is composed of 1) Cash in hand, 2) Furniture and fixtures, 3) Construction in progress, 4) Amounts due from agency business, 5) Amounts due from other domestic companies for reinsurance, 6) Customer's liability for acceptance and guarantee, 7) Deferred tax assets, and 8) Miscellaneous.

<Liabilities and Equities>

(in billions of yen & %)

Item	Fiscal 2005		Fiscal 2006	
	Amount	Share	Amount	Share
Underwriting Reserves	22,971.5	62.7	23,149.0	62.1
Outstanding Loss Reserves	2,992.6	8.2	3,139.8	8.4
Underwriting Reserves	19,978.8	54.6	20,009.3	53.7
Others	—	—	—	—
Other Liabilities	4,567.0	12.5	4,894.9	13.1
Total Liabilities	27,538.4	75.2	28,043.9	75.2
Capital	816.3	2.2	831.3	2.2
Suspense Receipts on Capital Subscriptions	—	—	—	—
Additional Paid in Capital	470.7	1.3	474.8	1.3
Earned Surplus	2,192.0	6.0	2,070.0	5.6
Profits for the Current Year	333.9	0.9	247.6	0.7
Land Revaluation Excess	-13.0	-0.0	-12.2	-0.0
Unrealized gain on Securities, Net of Income Taxes	5,736.7	15.7	6,009.8	16.1
Treasury Stock	-131.4	-0.4	-148.7	-0.4
Total Equities	9,071.3	24.8	9,230.8	24.8
Total Liabilities and Equities	36,609.7	100.0	37,274.7	100.0

(Notes) "Other Liabilities" consists of 1) Amounts due to other domestic insurance companies for reinsurance, 2) Accrued taxes, 3) Convertible bonds, 4) Reserves for bad debts and for retirement allowance, 5) Acceptance and guarantee, and 6) Miscellaneous.

3. Direct Premiums by Line

Class of Business	Fiscal 1997		Fiscal 1998		Fiscal 1999		Fiscal 2000	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	1,901,652	-0.1	1,774,099	-6.7	1,744,255	-1.7	1,583,618	-9.2
Maturity-refund type	810,960	-4.0	754,434	-7.0	722,007	-4.3	566,342	-21.6
Voluntary Automobile	3,688,850	1.1	3,572,065	-3.2	3,599,908	0.8	3,649,981	1.4
Maturity-refund type	—	—	—	—	3,023	—	13,536	347.8
Personal Accident	2,666,790	-7.8	2,295,405	-13.9	2,049,840	-10.7	1,831,264	-10.7
Maturity-refund type	2,023,671	-10.1	1,676,318	-17.2	1,430,574	-14.7	1,226,984	-14.2
Miscellaneous Casualty	776,114	-2.2	745,955	-3.9	733,633	-1.7	758,578	3.4
Maturity-refund type	46,460	-34.2	44,144	-5.0	39,739	-10.0	47,422	19.3
Burglary	26,806	7.2	28,422	6.0	27,610	-2.9	28,325	2.6
Glass	3,371	-3.3	2,984	-11.5	2,666	-10.7	2,431	-8.8
Aviation	19,619	4.4	11,992	-38.9	13,696	14.2	14,625	6.8
Windstorm & Flood	173	-9.0	190	10.0	335	76.7	329	-1.8
Guarantee	13,616	-6.8	14,242	4.6	14,432	1.3	13,422	-7.0
Credit	7,948	-0.2	9,507	19.6	14,482	52.3	20,052	38.5
Workers' Accident Compensation Liability	117,523	-8.4	103,353	-12.1	94,778	-8.3	98,371	3.8
Maturity-refund type	24,019	-39.6	19,672	-18.1	19,315	-1.8	24,530	27.0
Boiler & Turbo-set	2,819	-2.5	2,836	0.6	2,697	-4.9	2,657	-1.5
Livestock	2,938	18.4	2,824	-3.9	2,853	1.1	2,883	1.0
General Liability	308,965	4.8	304,189	-1.5	305,063	0.3	309,747	1.5
Machinery & Erection	42,468	5.5	39,798	-6.3	37,535	-5.7	37,085	-1.2
Shipowners' Liability for Passengers' Personal Accident	1,182	2.2	1,126	-4.8	1,075	-4.5	998	-7.2
Contractors' All Risks	38,769	-7.3	35,649	-8.0	35,511	-0.4	35,345	-0.5
Atomic Energy	12,152	-0.8	11,456	-5.7	11,235	-1.9	11,024	-1.9
Movables Comprehensive	124,867	1.4	118,946	-4.7	118,508	-0.4	122,380	3.3
Maturity-refund type	7,325	-22.7	3,855	-47.4	3,495	-9.3	1,931	-44.8
Miscellaneous Pecuniary Loss	52,898	-30.6	58,442	10.5	51,158	-12.5	58,904	15.1
Maturity-refund type	15,116	-29.2	20,617	36.4	16,929	-17.9	20,962	23.8
Marine and Inland Transit	309,681	-3.5	279,661	-9.7	251,504	-10.1	250,478	-0.4
Marine Hull	78,058	-15.3	68,290	-12.5	59,726	-12.5	57,035	-4.5
Marine Cargo	163,782	1.6	146,983	-10.3	127,905	-13.0	128,512	0.5
Inland Transit	67,840	0.6	64,388	-5.1	63,873	-0.8	64,931	1.7
Subtotal	9,343,087	-2.3	8,667,184	-7.2	8,379,140	-3.3	8,073,919	-3.6
Compulsory Automobile Liability	970,632	-8.7	955,582	-1.6	980,473	2.6	987,786	0.7
Grand total	10,313,719	-2.9	9,622,766	-6.7	9,359,613	-2.7	9,061,706	-3.2
Maturity-refund type	2,881,091	-9.0	2,474,896	-14.1	2,195,343	-11.3	1,854,285	-15.5

(Notes) 1. Figures include direct premiums written abroad.

2. Direct Premiums Written = Gross Direct Premiums (including the Savings Portion of Maturity-refund type Insurance return premiums resulting from the decrease of insurable risks)

(in millions of yen & %)

Fiscal 2001		Fiscal 2002		Fiscal 2003		Fiscal 2004		Fiscal 2005		Fiscal 2006	
Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
1,507,526	-4.8	1,493,409	-0.9	1,471,055	-1.5	1,463,668	-0.5	1,486,268	1.5	1,455,136	-2.1
478,285	-15.5	452,097	-5.5	390,256	-13.7	363,916	-6.7	334,870	-8.0	298,214	-10.9
3,676,513	0.7	3,605,362	-1.9	3,553,918	-1.4	3,503,607	-1.4	3,501,836	-0.1	3,518,501	0.5
14,757	9.0	12,942	-12.3	10,183	-21.3	8,180	-19.7	7,433	-9.1	6,759	-9.1
1,625,266	-11.2	1,578,112	-2.9	1,485,479	-5.9	1,478,874	-0.4	1,377,460	-6.9	1,293,711	-6.1
1,041,031	-15.2	994,982	-4.4	900,915	-9.5	864,428	-4.0	737,305	-14.7	644,512	-12.6
783,911	3.3	779,889	-0.5	776,931	-0.4	784,793	1.0	796,556	1.5	829,201	4.1
27,874	-41.2	17,958	-35.6	12,279	-31.6	8,628	-29.7	9,448	9.5	3,487	-63.1
26,288	-7.2	23,565	-10.4	20,343	-13.7	18,784	-7.7	17,875	-4.8	15,587	-12.8
2,178	-10.4	1,991	-8.6	1,838	-7.7	1,692	-7.9	1,504	-11.1	1,302	-13.2
38,463	163.0	51,358	33.5	48,103	-6.3	35,738	-25.7	32,321	-9.6	30,050	-7.0
250	-24.2	247	-1.0	252	2.1	366	45.1	411	12.3	325	-20.5
16,698	24.4	12,887	-22.8	11,026	-14.4	10,430	-5.4	10,713	2.7	11,913	11.3
25,632	27.8	31,326	22.2	30,568	-2.4	30,263	-1.0	30,102	-0.5	31,999	6.3
85,157	-13.4	79,695	-6.4	75,685	-5.0	70,090	-7.4	69,549	-0.8	63,305	-9.0
13,853	-43.5	12,687	-8.4	10,746	-15.3	6,471	-39.8	8,190	26.6	3,016	-63.2
2,602	-2.0	2,395	-8.0	2,528	5.6	2,412	-4.6	2,357	-2.3	2,360	0.1
2,672	-7.3	3,047	14.0	3,007	-1.3	3,204	6.6	3,182	-0.7	3,541	11.3
332,680	7.4	334,445	0.5	356,603	6.6	382,224	7.2	401,330	5.0	436,922	8.9
36,181	-2.4	33,734	-6.8	32,261	-4.4	32,665	1.3	34,583	5.9	35,905	3.8
830	-16.8	842	1.5	814	-3.3	759	-6.7	781	2.9	722	-7.2
35,322	-0.1	34,375	-2.7	34,450	0.2	36,404	5.7	36,993	1.6	40,607	9.8
10,318	-6.4	11,065	7.2	10,874	-1.7	10,426	-4.1	11,252	7.9	11,356	1.0
121,913	-0.4	120,005	-1.6	113,212	-5.7	107,732	-4.8	103,934	-3.5	103,073	-0.8
949	-50.8	589	-37.9	305	-48.2	155	-48.9	41	-73.2	2	-94.9
46,727	-20.7	38,912	-16.7	35,367	-9.1	41,596	17.6	39,663	-4.6	40,148	1.2
13,071	-37.6	4,682	-64.2	1,228	-73.8	2,001	62.9	1,215	-39.2	468	-61.4
250,727	0.1	251,189	0.2	258,862	3.1	269,166	4.0	284,759	5.8	303,734	6.7
63,072	10.6	57,957	-8.1	59,136	2.0	58,680	-0.8	62,747	6.9	68,359	9.0
124,143	-3.4	130,442	5.1	134,959	3.5	143,754	6.5	154,022	7.1	166,997	8.4
63,512	-2.2	62,790	-1.1	64,767	3.1	66,731	3.0	67,989	1.9	68,369	0.6
7,843,944	-2.8	7,707,962	-1.7	7,546,244	-2.1	7,500,110	-1.1	7,446,881	-0.7	7,400,330	-0.6
986,577	-0.1	1,190,710	20.7	1,201,820	0.9	1,189,010	-1.1	1,144,548	-3.7	1,128,961	-1.4
8,830,521	-2.6	8,898,672	0.8	8,748,064	-1.7	8,689,120	-0.7	8,591,430	-1.1	8,529,291	-0.7
1,561,947	-15.8	1,477,980	-5.4	1,313,633	-11.1	1,245,154	-5.2	1,089,058	-12.5	952,972	-12.5

Premiums) - Various Returns other than Maturity Refunds (including return premiums for cancellation, no-claim returns, and

4. Net Premiums by Line

(in millions of yen & %)

Class of Business	Fiscal 1997		Fiscal 1998		Fiscal 1999		Fiscal 2000		Fiscal 2001	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	1,186,054	0.9	1,117,182	-5.8	1,105,163	-1.1	1,053,735	-4.7	1,031,948	-2.1
Voluntary Automobile	3,697,444	0.8	3,575,870	-3.3	3,605,062	0.8	3,650,119	1.2	3,674,497	0.7
Personal Accident	765,795	-3.9	718,693	-6.2	705,765	-1.8	676,576	-4.1	645,609	-4.6
Miscellaneous Casualty	702,505	1.2	688,091	-2.1	676,203	-1.7	692,325	2.4	725,448	4.8
Marine and Inland Transit	287,583	-2.0	261,217	-9.2	232,122	-11.1	231,463	-0.3	231,843	0.2
Marine Hull	63,582	-13.5	55,939	-12.0	59,697	6.7	44,901	-24.8	47,810	6.5
Marine Cargo	159,574	2.4	143,440	-10.1	111,659	-22.2	124,864	11.8	123,963	-0.7
Inland Transit	64,426	0.7	61,831	-4.0	60,754	-1.7	61,684	1.5	60,059	-2.6
Subtotal	6,639,384	0.2	6,361,138	-4.2	6,324,405	-0.6	6,304,301	-0.3	6,309,424	0.1
Compulsory Automobile Liability	576,014	-4.3	553,926	-3.8	564,942	2.0	569,835	0.9	572,171	0.4
Grand total	7,215,398	-0.2	6,915,064	-4.2	6,889,347	-0.4	6,874,136	-0.2	6,881,595	0.1

(in millions of yen & %)

Class of Business	Fiscal 2002		Fiscal 2003		Fiscal 2004		Fiscal 2005		Fiscal 2006	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	1,030,541	-0.1	1,044,867	1.4	1,030,154	-1.4	1,080,722	4.9	1,085,433	0.4
Voluntary Automobile	3,612,464	-1.7	3,558,174	-1.5	3,507,923	-1.4	3,507,502	-0.0	3,525,092	0.5
Personal Accident	636,727	-1.4	631,012	-0.9	649,832	3.0	666,360	2.5	669,354	0.4
Miscellaneous Casualty	760,987	4.9	766,194	0.7	779,402	1.7	803,847	3.1	832,604	3.6
Marine and Inland Transit	233,426	0.7	241,279	3.4	252,668	4.7	270,257	7.0	288,652	6.8
Marine Hull	44,059	-7.8	44,709	1.5	44,504	-0.5	47,909	7.7	52,668	9.9
Marine Cargo	130,732	5.5	136,367	4.3	146,003	7.1	158,657	8.7	171,672	8.2
Inland Transit	58,624	-2.4	60,190	2.7	62,151	3.3	63,685	2.5	64,304	1.0
Subtotal	6,274,207	-0.6	6,241,589	-0.5	6,220,035	-0.3	6,328,735	1.7	6,401,188	1.1
Compulsory Automobile Liability	1,011,677	76.8	1,195,639	18.2	1,191,923	-0.3	1,156,706	-3.0	1,135,988	-1.8
Grand total	7,285,884	5.9	7,437,228	2.1	7,411,958	-0.3	7,485,441	1.0	7,537,176	0.7

(Note) Net Premiums Written = Direct Premiums Written + Inward Reinsurance Net Premiums – Outward Reinsurance Net Premiums – Savings Portion of Maturity-refund type Insurance Premiums

5. Direct Claims by Line

(in millions of yen & %)

Class of Business	Fiscal 1997		Fiscal 1998		Fiscal 1999		Fiscal 2000		Fiscal 2001	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	327,867	-2.6	447,610	36.5	544,388	21.6	363,808	-33.2	324,995	-10.7
Voluntary Automobile	1,989,857	1.8	1,998,688	0.4	2,083,395	4.2	2,190,257	5.1	2,114,950	-3.4
Compulsory Automobile Liability	849,607	1.7	850,247	0.1	871,249	2.5	888,159	1.9	889,619	0.2
Personal Accident	299,444	1.0	290,078	-3.1	290,553	0.2	278,235	-4.2	265,529	-4.6
Miscellaneous Casualty	354,457	5.7	365,261	3.0	379,275	3.8	388,678	2.5	431,699	11.1
Marine and Inland Transit	165,717	0.0	158,394	-4.4	147,517	-6.9	136,131	-7.7	140,505	3.2
Total	3,986,952	1.6	4,110,281	3.1	4,316,379	5.0	4,245,271	-1.6	4,167,300	-1.8

(in millions of yen & %)

Class of Business	Fiscal 2002		Fiscal 2003		Fiscal 2004		Fiscal 2005		Fiscal 2006	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	291,620	-10.3	310,507	6.5	853,409	174.8	476,474	-44.2	464,711	-2.5
Voluntary Automobile	2,042,634	-3.4	2,017,372	-1.2	2,092,717	3.7	2,079,897	-0.6	2,109,383	1.4
Compulsory Automobile Liability	904,202	1.6	915,683	1.3	879,610	-3.9	856,479	-2.6	818,613	-4.4
Personal Accident	256,288	-3.5	250,299	-2.3	243,492	-2.7	259,012	6.4	287,596	11.0
Miscellaneous Casualty	420,327	-2.6	417,692	-0.6	457,285	9.5	408,078	-10.8	437,185	7.1
Marine and Inland Transit	121,369	-13.6	143,435	18.2	129,314	-9.8	131,799	1.9	139,522	5.9
Total	4,036,443	-3.1	4,054,991	0.5	4,655,831	14.8	4,211,742	-9.5	4,257,055	1.1

PART II

MARKET INFORMATION

I

Insurance-related Laws

1 Commercial Code (1899)

The Commercial Code stipulates the following basic issues concerning the legal relations between policyholders and insurance companies:

1. Definition of an insurance contract
2. Subject matter of the insurance (insurable interest)
3. Matters related to the insured amount and insured value (underinsurance, overinsurance, and double insurance)
4. Matters related to the duties of policyholders (duty of disclosure, duty of notification, and duty of minimizing losses)

5. Matters related to the liability of insurers (claims payment and exclusion clause)
6. Matters related to the cancellation and invalidity of insurance contracts

(Note) At the general meeting of the Legislative Council of the Ministry of Justice held on September 6, 2006, the Minister of Justice consulted the council to the effect that it would be necessary to make the rule on insurance contracts between insurers and policyholders more appropriate so that the rule fits contemporary society. Accordingly, the Insurance Subcommittee was established, and discussions have now been taking place regarding the revision of the insurance-related provisions of the Commercial Code.

2 Insurance Business Law (1995)

The objective of this law, which gives due consideration to the public responsibilities of the insurance business, is to protect policyholders' interests by ensuring the sound management of insurance companies and the fairness of insurance soliciting activities.

This law is a main pillar of the Japanese insurance supervisory laws, stipulating the supervision of both insurance companies and insurance soliciting activities.

As for the supervision of insurance companies, various provisions are stipulated on the following matters: licensing requirement, legal status of insurance companies, scope of business, accounting mat-

ters, examination criteria for insurance products, measures to maintain the sound management of insurance companies, measures to protect policyholders in case of an insurance company going bankrupt, etc. The provisions of the same effect apply to foreign insurance companies operating business in Japan from the view point of ensuring equal footing with domestic companies.

With respect to the supervision of insurance soliciting activities, the law stipulates the following provisions: registration and notification of those who engage in insurance distribution, prohibition of misconducts in insurance distribution, inspection of general insurance agents, a cooling-off clause, etc.

3 Law concerning Non-Life Insurance Rating Organizations (1948)

The objective of this law is to promote the sound development of the general insurance business and to protect policyholders' interests by ensuring the appropriate business operations of non-life insurance rating organizations when calculating "ref-

erence risk premium rates" and "standard premium rates for Compulsory Automobile Liability Insurance and Earthquake Insurance on Dwelling Risks". The Non-Life Insurance Rating Organization of Japan was established based on this law.

4 Automobile Liability Security Law (1955)

This law was enacted to provide financial security to traffic accident victims. As specified in the law, no one is allowed to drive an automobile without owning a Compulsory Automobile Liability Insurance

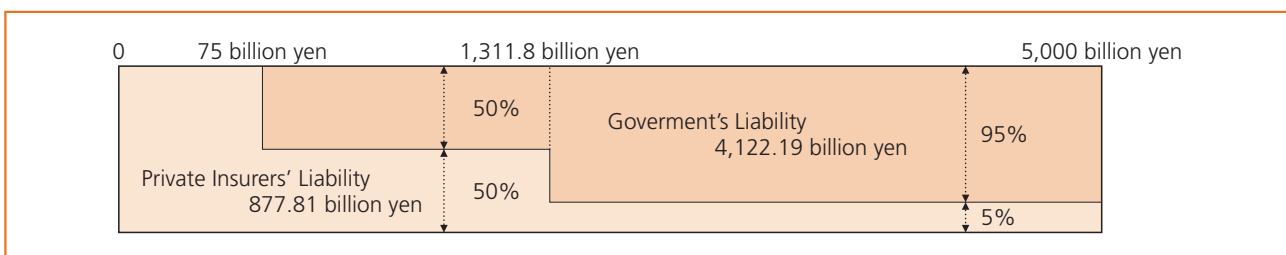
(CALI) policy. This policy only covers liability for bodily injury for traffic accident victims and not liability for property damage.

5 Law concerning Earthquake Insurance (1966)

This law was established with the objective of contributing to the stability of the life of those who have suffered as a result of earthquakes. Under this law, earthquake risks on dwelling houses and contents are covered with reinsurance support provided by the government. Since the likelihood of cata-

strophic losses on dwelling risks following an earthquake is high, the aggregate limit of indemnity is shared among all private insurers and the government, who are liable under the excess of loss reinsurance cover arranged through the Japan Earthquake Reinsurance Company as shown below:

Liability Sharing Scheme between the Government and Private Insurers



- (A) Up to 75 billion yen Private Insurers Liable for 100%
- (B) Over 75 billion yen to 1,311.8 billion yen Government Liability for 50% (618.4 billion yen)
Private Insurers Liable for 50% (618.4 billion yen)
- (C) Over 1,311.8 billion yen up to 5,000 billion yen ... Government Liable for 95% (3,503.79 billion yen)
Private Insurers Liable for 5% (184.41 billion yen)

Transition in Revisions of Earthquake Insurance on Dwelling Risks System

Effective Date	The Extent of Loss to be Indemnified	Insurable Proportion	Limit of Cover	Aggregate Limit of Indemnity per One Event
Jun. 1, 1966 (Established)	Total loss only	30% of the insured amount of fire insurance policy	Building: 0.9 million yen Contents: 0.6 million yen	300 billion yen
May 1, 1972			Building: 1.5 million yen Contents: 1.2 million yen	400 billion yen
Apr. 1, 1975			Building: 2.4 million yen Contents: 1.5 million yen	800 billion yen
Apr. 1, 1978				1,200 billion yen
July 1, 1980	Total loss Half loss	From 30% to 50% of the insured amount of fire insurance policy	Building: 10.0 million yen Contents: 5.0 million yen	1,500 billion yen
Apr. 1, 1982	Total loss Half loss Partial loss			1,800 billion yen
Apr. 1, 1991			3,100 billion yen	
Jun. 24, 1994			3,700 billion yen	
Oct. 19, 1995			4,100 billion yen	
Jan. 1, 1996			4,500 billion yen	
Apr. 1, 1997			5,000 billion yen	
Apr. 14, 1999				
Apr. 1, 2002				
Apr. 1, 2005				

6 Consumer Contract Law (2000)

Under the law, a consumer is able to cancel a contract with a business entity when misrepresentation of the business entity misleads the consumer, or where the consumer is distressed by an importunate behavior of the entity at the time of contract. This law also stipulates that such provisions in the contract shall be void where the liability of a business entity is restricted or the amount of liabilities or dam-

ages claimed by the business entity against the consumer exceeds a certain level. Following the enforcement of the revised Consumer Contract Law on June 7, 2007, a class action system for consumers has been introduced, allowing a specific consumer organization the right to file an injunction against misconducts of a business entity.

7 Law on Sales of Financial Products (2000)

Under the law, financial service providers are obliged to provide customers with information on the important matters including risk of losses caused to their products by price fluctuations and credit risk (default), etc. They are also liable for any damage or loss caused to customers by their failure to provide

their customers with information on the above important matters. In addition, financial service providers are obliged to draw up and publicize a solicitation policy, and shall be subject to administrative fines in the event of a violation of this obligation.

8 Personal Information Protection Law (2003)

The purpose of this law is to protect the rights and interests of individuals while taking consideration of the usefulness of personal information, in view of a remarkable increase in the use of personal information due to development of the advanced information and communications society. The law prescribes the duties to be observed by entities handling per-

sonal information such as: specification of the purpose of use, proper acquisition, notice of the purpose of use at the time of acquisition, security control measures, supervision of the third party vendors, restriction of provision to third parties, disclosure, correction, stoppage of the use of personal information, etc.

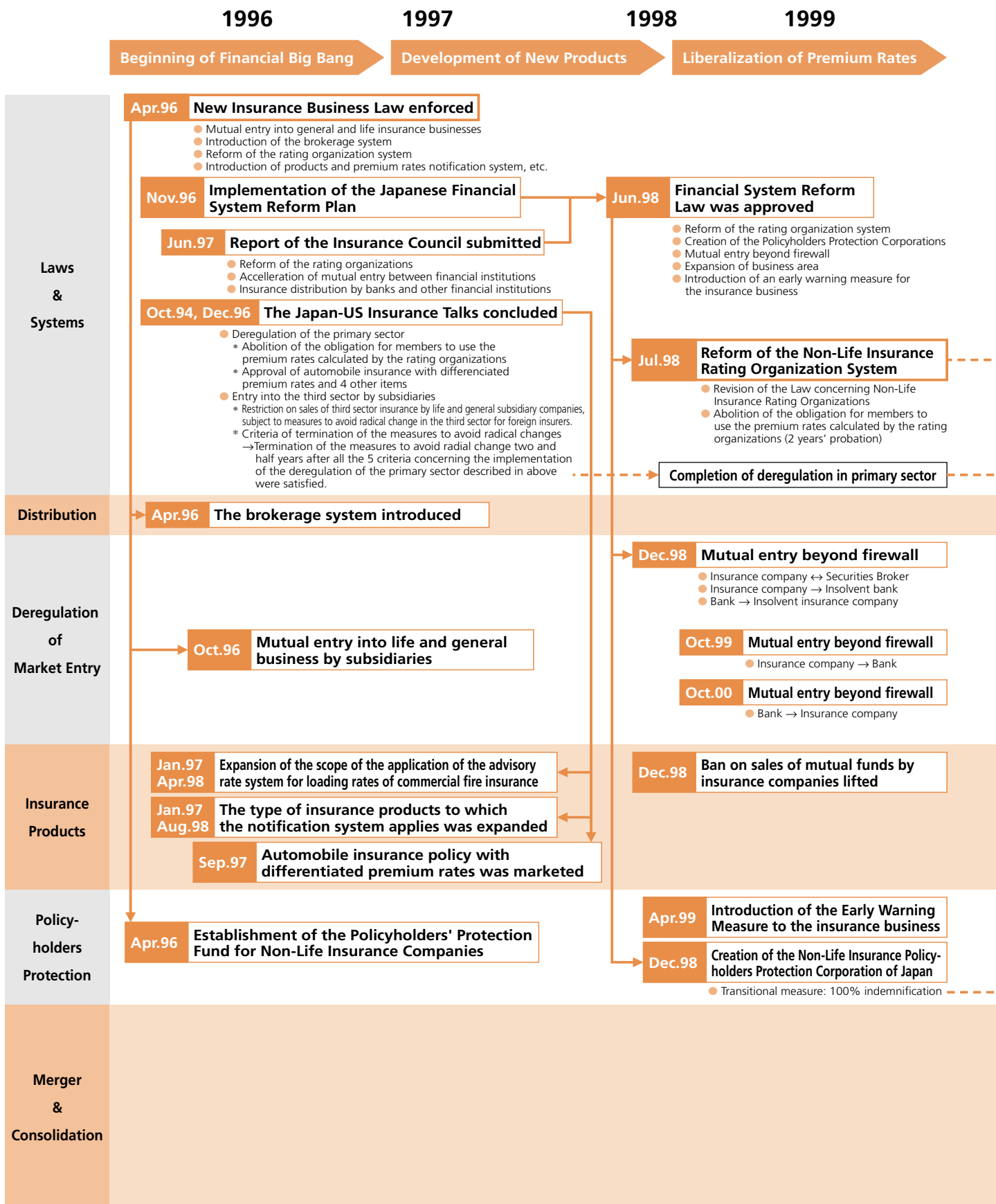
9 Financial Instruments and Exchange Law (2006)

This law aims at establishing comprehensive and cross-sectional rules for user protection and to develop an environment where users can invest with confidence, thus responding to changes surrounding the financial and capital markets. Under the law, firms dealing with financial instruments are required to comply with the following rules of conduct (rules for

sales and solicitation), which also apply to some insurance products: regulation on advertisements, obligation to deliver documents in a written format before/at the time of making a contract, various examples of prohibited conduct such as delivery of false information, prohibition of loss compensation, etc.

II

Deregulation and Liberalization of the Japanese General Insurance Market



2000

2001

2002

2007

Diversification of Insurance Products

Completion of the Financial Big Bang

Further Consolidation and Deregulation

Jun.00 The Insurance Business Law, etc. partially revised

- Permission for the distribution of certain types of insurance products by banks, etc.
- The application of the "Special Law concerning Reorganization Proceedings of Financial Institutions" to insurance companies.

Apr.06 The Insurance Business Law partially revised

- Revision of the safety net system
- Introduction of supervision of small-amount and short-term insurers

Apr.01 Consumer Contract Law enforced

Apr.05 Personal Information Protection Law fully enforced

Apr.01 Law on Sales of Financial Products enforced

Jan.03 Law on Customer Identification by Financial Institutions enforced

Jun.00 Termination of the transitional measure for obligation of using the rating organizations' rates

Apr.01 Liberalization of general insurance agency system

Apr.06 Introduction of a system for the small-amount and short-term insurance business

Jan.01 Subsidiaries of life and general insurance companies allowed to sell third sector insurance products

Dec.05 Expansion of sales of insurance products by banks

- Non-group personal general insurance other than automobile insurance, and maturity-refund type personal general insurance other than automobile insurance
- Personal Accident Insurance with Maturity Refund

Jul.01 Mutual entry of life and general insurance companies into third sector in their own right permitted

Apr.01 Ban on insurance sales by banks partially lifted

- Long-term fire insurance associated with housing loans
- Long-term income indemnity insurance and credit life insurance associated with housing loans
- Overseas Travelers' Personal Accident Insurance

Oct.02 Expansion of sales of insurance products by banks

- Personal Pension Insurance
- "Zaikai" savings (i.e. asset formation) insurance
- Residential buildings-cum-stores were added to the eligible insured property to the long-term fire insurance
- Residential buildings-cum-stores were added to the eligible insured property to the long-term income indemnity insurance and credit life insurance

Oct.01 Post offices start selling CALI for small-sized motorcycle

Apr.02 Revision of the CALI system

- Abolition of the CALI Government Reinsurance Scheme
- Establishment of the CALI Disputes Settlement Organization
- Limit of liabilities for serious permanent disability raised

May.00 The FSA ordered Daiichi Fire to suspend part of its business operations

Nov.01 Taisei Fire filed reorganization procedures

Apr.06 Revision of the safety net system

- Expansion of the insurance products to be compensated
- 100% of claims payment guaranteed for 3 months after an insurance company has gone bankrupt

Jun.00 Expansion of business activities of the Policy-holders Protection Corporation

Mar.01 Termination of the transitional measure for the Policy-holders Protection Corporation

Apr.01 Dai-Tokyo Fire and Chiyoda Fire consolidated into Aioi

Apr.01 Koa Fire and Nippon Fire consolidated into NIPPONKOA

- Apr.02 NIPPONKOA merged Taiyo Fire

Apr.01 Dowa Fire and Nissay General consolidated into Nissay Dowa General

Oct.01 Mitsui Marine and Sumitomo Marine consolidated into Mitsui Sumitomo Insurance

Jul.02 Nissan Fire and Yasuda Fire consolidated into Sampo Japan

- Dec.02 Sampo Japan merged Taisei Fire
- Apr. 02 Yasuda Fire merged Daiichi P&C

Oct.04 Tokio Marine and Nichido Fire consolidated into Millea Holdings

Apr. 05 Meiji General and Yasuda General consolidated into Meiji Yasuda General



Early Warning System and Policyholders Protection Scheme

As part of a scheme to protect policyholders' interests, the following measures have been introduced to the Japanese general insurance market: 1. Early warning systems based on the solvency margin ratio, whereby the supervisory authority can require an ailing general insurance company to improve its business operation and 2. The setting up of a policyholders protection corporation to deal with the possible insolvency of a general insurance company.

1 Early Warning Systems

On August 22, 2003, the FSA revised its administrative guidelines and introduced off-site monitoring and early warning measures in addition to the early remedial actions introduced in April 1999. An insurance company will be considered in sound condition if the solvency margin ratio is 200% or more. However, if the ratio falls below 200%, the supervisory authority shall take early remedial action on the basis of the provisions of the Insurance Business Law and its Enforcement Ordinance. Prior to the early remedial action, off-site monitoring and early warning measures will be taken when the Commissioner deems it necessary in order to improve the management of an ailing company which still maintains its solvency margin ratio at more than 200%.

A. Off-Site Monitoring

Early detection and early remedy of managerial problems are the key to rehabilitating unhealthy insurance companies. The FSA has introduced off-site monitoring in order to grasp the insurance company's management condition by collecting a continuous flow of financial statements and risk information reports from insurance companies. The collected data is stored and analyzed quickly and effectively. Giving feedback on the results of the analysis and having interviews with the management of the company, the FSA urges the insurance company to carry out remedial plans independently.

B. Early Warning Measures

Early remedial action based on solvency margin ratio is provided in paragraph 2, Article 132 of the

Insurance Business Law as a measure to secure the soundness of an insurance company's management. Even an insurance company which does not fall under the scope of early remedial action shall be required to make continuous efforts to maintain and improve the soundness of its business. To that end, the FSA will take the following preventive measures to assure an early remedy of the management.

- a. Remedial Measure for Profitability
- b. Remedial Measure for Credit Risk
- c. Remedial Measure for Stability
- d. Remedial Measure for Cash Flow

The FSA, when necessary, may issue an administrative order for business improvement according to Article 132 of the Insurance Business Law, so that the company can be guaranteed to carry out the above remedial measures.

C. Early Remedial Action

Early remedial action based on the solvency margin ratio was introduced in April 1999, as one of the key factors in the new insurance supervisory and regulatory framework.

The objective of early remedial action is to ensure the sound and proper business operation of an insurance company and the protection of policyholders by enabling the supervisory authority to urge insurance companies to maintain sound management with regard to their solvency margin ratios.

The Enforcement Ordinance requests that early remedial action be divided into 3 categories in accordance with the level of the solvency margin ratio. An

Category of the Early Warning Measures

Category	Solvency Margin Ratio	Actions
Non-category	200% and more	No action shall be taken.
Category 1	Less than 200% and 100% or more	The Financial Services Agency shall issue a business improvement administrative order to the insurance company in question. The company submits a business improvement plan to the Agency for their review and assessment. Then the Agency shall order the implementation of the plan.
Category 2	Less than 100% and 0% or more	The Financial Services Agency shall order measures among the following which the Agency considers appropriate: <ol style="list-style-type: none"> 1. Submission of plans considered as appropriate to increase the capability of paying claims, etc., and the implementation of these plans. 2. Prohibition of payment of stock dividends or Directors' bonuses, or restraints on the amount of these. 3. Prohibition on distribution of dividends or surpluses to policyholders, or restraints on the amount of these. (*) 4. Alteration of calculation method (incl. coefficients which form the basis of the calculation) of premium rates concerning insurance contracts to be newly entered into. 5. Restraint on operating expenses. 6. Prohibition of certain methods of asset investment, or restraints on the amount. 7. Reduction of business operations at part of the branch or office. 8. Closing of some of the branches or offices, excluding the main office or chief office. 9. Reduction of business operations at subsidiaries, etc. 10. Disposal of stock or equities of subsidiaries, etc. (*) 11. Reduction of existing businesses or prohibition of new businesses, such as businesses ancillary to life or non-life insurance business, businesses relating to specific securities transactions stipulated in the Securities and Exchange Law, and businesses allowed under other laws. 12. Other measures which the supervisory authority considers necessary. <p>(*) The item is not applicable to foreign insurers operating through branches and agents.</p>
Category 3	Less than 0%	The Financial Services Agency shall order partial or total suspension of business for a specified period.

outline of each category and actions are shown in the table above.

In addition to the actions mentioned above, the Enforcement Ordinance includes the following measures:

- a. If an insurance company finds that its solvency margin ratio falls to category 2 or 3, and if the insurance company promptly submits a business improvement plan that the supervisory authority judges to be appropriate to restore the company's solvency margin ratio, then the category of the order issued by the supervisory authority shall be applied to the category corresponding to the expected result of the implementation of the business improvement plan. However, if the supervisory authority does not deem the plan appropriate, the category of the order shall correspond to the decreased solvency margin ratio.
- b. Even when an insurance company falls within category 3, the supervisory authority shall be able to issue an order that includes category 2 measures, when the difference between the assets and the liability of the insurance company shows a positive amount, or when it is obviously expected to become a positive amount.
- c. Even though an insurance company does not fall within category 3, the supervisory authority shall be able to issue an order that includes category 3 measures; when the difference between the assets and the liability of the insurance company shows a negative amount or when it is obviously expected to become a negative amount.
- d. The early warning measure shall not apply to the Japan Earthquake Reinsurance Company whose insurance contracts are reinsured by the government under the Law concerning Earthquake Insurance.

Solvency Margin Ratio

In addition to the reserves to cover claims payments and payments for maturity-refunds of savings type insurance policies, etc., it is necessary for general insurance companies to maintain sufficient solvency in order to provide against risks which may exceed their usual estimates. The solvency margin ratio means the ratio of "solvency margin of general insurance companies by means of their capital, reserves, etc." to "risks which will exceed their usual estimates", as calculated below.

$$\text{Solvency Margin Ratio (\%)} = \frac{\text{Solvency Margin, i.e. the total amount of accumulations such as capital (fund), reserves, etc. prepared for risks which exceed usual estimates}}{\text{Total of risks which exceeds usual estimates} \times 1/2} \times 100$$

The solvency margin ratio is one of the indices which the supervisory authority utilizes in order to judge the management soundness of a general insurance company. It is understood that problems concerning the management soundness of a general insurance company will not arise if the ratio is 200% or more.

The detailed formula of the calculation of the solvency margin ratio is as follows:

$$\text{Solvency Margin Ratio (\%)} = \frac{\text{The sum total of Solvency Margin}}{\sqrt{(\text{General Insurance Risk} + \text{Insurance Risk related to the Third Sector})^2 + (\text{Assumed Interest Rate Risk} + \text{Asset Management Risk})^2 + \text{Business Administration Risk} + \text{Catastrophe Risk}} \times 1/2} \times 100$$

* Solvency margin is calculated as follows:

1. Total Equities
2. Reserves for Fluctuation in Value of Investment
3. Reserves for Catastrophic Risk
4. Allowance for Bad Debts
5. 90% of Latent Profit on Stock (100% of Latent Loss on Stock)
6. 85% of Latent Profit on Land (100% of Latent Loss on Land)
7. Reserves for Dividend to Policyholders of Mutual Insurance
8. Underwriting Reserves (excess amount)
9. Reserves for Loss of Commodity and Securities Transactions
10. The sum total of Deposit, Carried in Capital and Surplus.
- +) 11. The Equivalent Amount of Tax Effect of Taxable Reserves
-) 12. Differed Assets

* The risks mentioned in the denominator are defined as follows:

1. Insurance Risk
 - a. General Insurance Risk: risk of occurrence of claims which exceed underwriting reserve.
 - b. Catastrophic Risk: risk of loss caused by natural catastrophes such as earthquake, storm, flood, etc.
 - c. Insurance Risk related to the Third Sector: risk of occurrence of third sector claims which are subject to uncertainty.
2. Assumed Interest Rate Risk: risk of not being able to secure the assumed interest rate, which forms the basis of calculation for underwriting reserve.
3. Asset Management Risk: This risk means the total of the following risks:
 - a. Risk of fluctuation in value, etc.: risk of occurrence of loss caused by excessive changes in the capital value

or interest rate (evaluation based on market value).

- b. Credit Risk: risk of occurrence of loss caused by bad debts or default (evaluation based on market value).
 - c. Risk arising in a Subsidiary Company, etc.: risk of occurrence of loss caused by the failure of investment in a subsidiary company or a related company.
 - d. Derivative Transactions Risk: risk of occurrence of loss caused by transactions of futures, options and swap, etc.
 - e. Reinsurance Risk & Recovery of Reinsurance Risk.
4. Business Administration Risk: risk of occurrence of loss beyond anticipation in business administration.

2 Non-Life Insurance Policy-holders Protection Corporation

The “Non-life Insurance Policy-holders Protection Corporation of Japan” (hereafter, “the Corporation”) was established in December 1998 for the protection of general insurance policyholders by an amendment of the Insurance Business Law. Before the establishment of the Corporation, the Policyholders’ Protection Fund for Non-life Insurance Companies was introduced in April 1996. However, the fund system could not come into effect unless reliver insurance companies appeared in the event of an insurance company becoming insolvent. In order to resolve possible problems arising from this, the policyholders protection corporation system has been created.

The functions of the Corporation are to give financial aid to the reliver insurance company which takes over a failed insurance company, and to undertake the insurance contracts of a failed insurance company when reliver insurance companies do not appear. With the partial amendment of the Insurance Business Law enforced in June 2000, the scope of a Corporation’s business, and methods of its financial aid have been expanded. This includes the establishment of a subsidiary “bridge-insurance company” funded by the Corporation to take over the insurance contracts of a failed insurance company, and to provide loans to insurance companies that have to stop paying claims due to temporary cash-flow problems or provide loans to a failed insurance company that has concluded a financial aid contract with the Corporation. In addition, by the amendment of the Law concerning Special Rules for Reorganization

Procedures of Financial Institutions effective in June 2000, company reorganization procedures shall also be applicable to insurance companies, and the reorganization of failed insurance companies will proceed more smoothly.

A. Objective

The Corporation carries out its functions to protect policyholders thus ensuring the reliability of the general insurance business.

B. Membership

In accordance with the provisions of the Insurance Business Law, all the general insurance companies operating in Japan, including foreign insurers and one specific corporation (the Society of Lloyd’s), have to join the Corporation. However, professional reinsurers, etc. are excluded.

C. Types of Business Operations

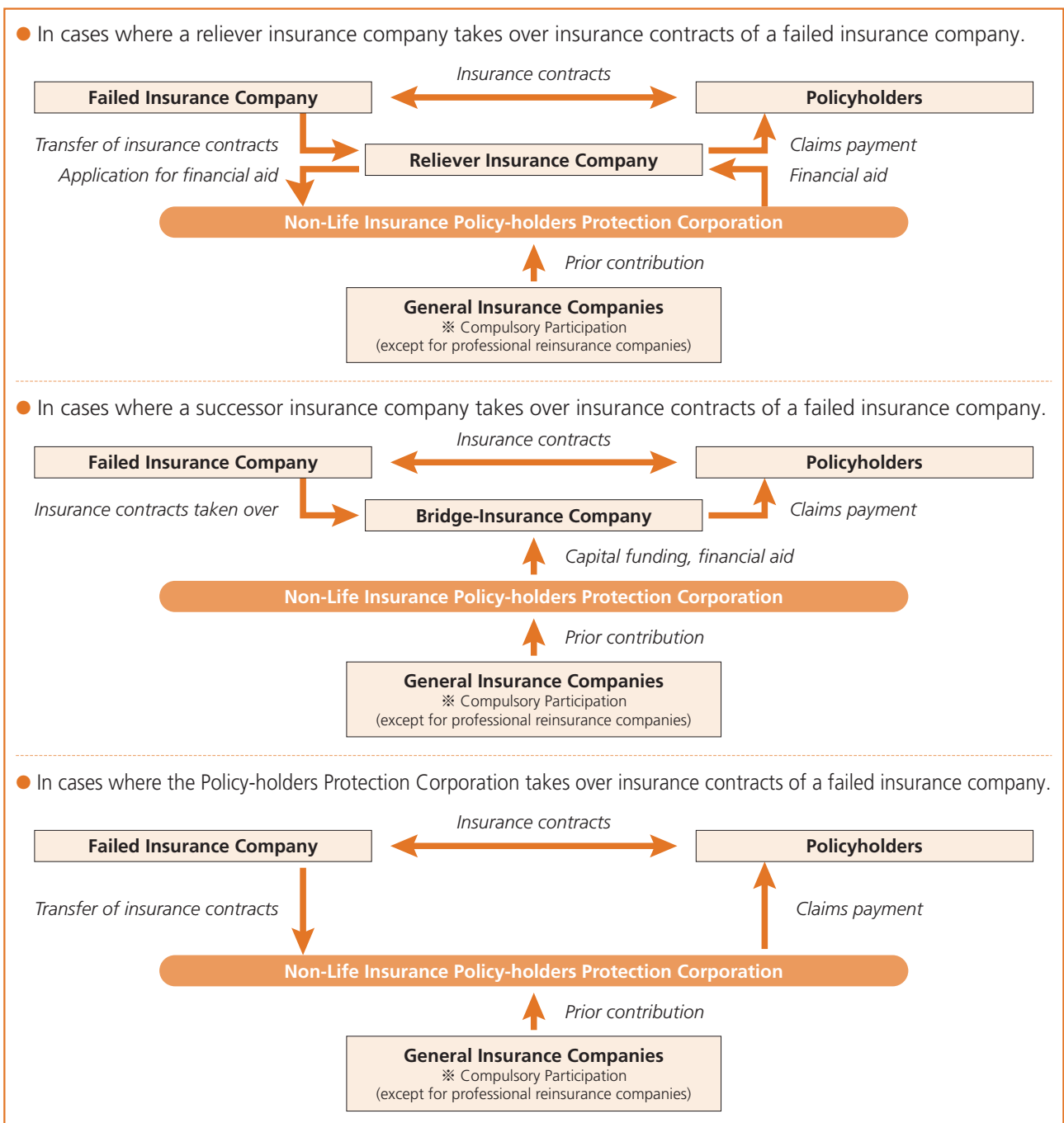
The Corporation carries out the following types of business operations:

- a. To provide financial aid to a reliver general insurance company to which the insurance contracts of an insolvent general insurance company are transferred.
- b. To undertake the insurance contracts of an insolvent general insurance company, and to administer and/or deal with the insurance contracts, when reliver general insurance companies do not appear

- c. To establish a subsidiary (“bridge-insurance company”) of the Corporation to take over the insurance contracts of an insolvent general insurance company, when reliever general insurance companies do not appear. The Corporation shall administer the business operations of the bridge-insurance company.
- d. To provide loans to the members of the Corporation in the event that they have to stop claims payment to their policyholders due to

- temporary cash-flow problems.
- e. To provide loans to certain policyholders, etc., of an insolvent general insurance company within the amount equivalent to claims incurred. This is when the general insurance company has stopped claims payment due to the issuance of an order to suspend its business operations by the supervisory authority.
- f. To become an insurance administrator.

Non-Life Insurance Policy-holders Protection Corporation System



- g. To purchase policyholders' rights on insurance claims filed with an insolvent general insurance company.
- h. To purchase the assets of an insolvent general insurance company.

(Note) When the Corporation or its subsidiary takes over the insurance contracts of an insolvent insurance company in accordance with the above-mentioned items of b. and c., and subsequently, when a reliver insurance company appears, the Corporation or its subsidiary shall transfer the insurance contracts of the insolvent insurance company to the reliver insurance company.

D. General Insurance Contracts to be Compensated

With the revision of the Insurance Business Law effective from April 1, 2006, the new compensation scheme has been implemented for general insurance contracts. An outline of the scheme is shown in the table below.

The concept of the policyholders' protection

scheme in life and general insurance has been basically the same, and 90% of underwriting reserves has formerly been guaranteed in the case of an insurance company becoming insolvent. Considering the characteristics of life and general insurance policies, the revised Insurance Business Law has provided a new type of scheme applicable to general insurance policies which are taken out by individuals.

The new scheme guarantees 100% of payment of claims which have occurred within 3 months after an insurance company has gone bankrupt. In case an insurance company goes bankrupt, individual policyholders are encouraged to replace their contracts with other insurance companies since the amount of claims payment will be reduced to 80% of underwriting reserves after that period. The new system has widened the types of policyholders who will be covered, and has provided protection for small- and medium-sized companies and condominium associations organized by the residents in addition to individual policyholders.

Eligible Contracts to be compensated by the Corporation

	Types of Insurance	Compensation Ratio	
		Claims Payment	Maturity Refunds and Return Premiums for Cancellation
General Insurance	<ul style="list-style-type: none"> • Compulsory Automobile Liability Insurance • Earthquake Insurance on Dwelling Risks 	100%	
	• Voluntary automobile insurance	100% of claims payment for 3 months after an insurance company going bankrupt (80% of claims payment after 3 months of an insurance company going bankrupt)	80%
	• Fire insurance		
	• Other types of general insurance (Note 1)		
Sickness and Personal Accident Insurance	<ul style="list-style-type: none"> • Short-term personal accident insurance (Note 2) • Overseas Travelers' Personal Accident Insurance 	90% (Note 5)	90% (Note 5)
	<ul style="list-style-type: none"> • Individual Annuity and Accident Insurance • Zaikei Savings Personal Accident Insurance (Note 3) • Defined Contribution Pension Personal Accident Insurance 		
	• Other types of sickness and personal accident insurance (Note 4)		90% (80% for maturity-refund type policies) (Note 5)

- (Notes) 1. Other types of general insurance include general liability insurance, movables comprehensive insurance, marine insurance, inland transit insurance, credit insurance, workers' accident compensation liability insurance, etc.
 2. Short-term personal accident insurance means a personal accident insurance whose policy period is less than 1 year.
 3. Zaikei means an asset formation program for workers.
 4. Other types of sickness and personal accident insurance are income indemnity insurance, medical expenses insurance, nursing care expenses insurance, etc.
 5. Percentages may change according to contract conditions.

E. Finance of the Corporation

- a. The members of the Corporation must make a contribution to the Corporation in order to sustain the policyholders' protection funds and to meet the expenses of the Corporation. The ceiling on the total funds of the Corporation shall be 50 billion yen, i.e. ten times the total annual contributions of the members.
- b. The amount of each member's annual contribution shall be decided with due regard to the amount of net premiums written and liability reserves accumulated.
- c. In order to give financial aid to a reliever insurance company, the Corporation shall be allowed to borrow money from financial institutions, subject to the approval of the supervisory authority. However, a ceiling on such borrowing has been established, i.e. the total sum of the funds accumulated and the money borrowed cannot exceed 50 billion yen.
- d. When the costs required for bankruptcy procedures exceed 50 billion yen, the Corporation shall ask the government to take necessary measures, with due regard to such conditions as the amount of funds accumulated, financial aid, etc. which has previously been provided, and the business soundness of the members of the Corporation.

IV

Distribution System

The general insurance distribution system in Japan is agency, brokerage and direct distribution by officers or employees of insurance companies.

Agents and brokers must be registered with the Prime Minister* in accordance with the Japanese Insurance Business Law (Officers and employees of insurance companies are not required to be registered in order to solicit insurance contracts.). Therefore, only registered agents and brokers, as well as staff members of insurance companies, are authorized to engage in insurance distribution.

As part of the registration process, the supervisory authority must ascertain whether there are grounds for refusing an application: for example, from applicants who have been declared bankrupt and who have not yet been rehabilitated, who have been imprisoned in the preceding three years, or whose previous registration had been revoked within

the preceding three years. Under the Insurance Business Law and its related regulations, agents and brokers are prohibited from such conduct as giving rebates or premium discounts, making false representations or failing to represent important matters regarding insurance contracts to their clients. If the registered agents or brokers violate relevant laws and regulations, the supervisory authority shall implement administrative penalties, including the revocation of the registration and the suspension of business.

In fiscal 2006, agents collected 93.1% of all general insurance premiums including domestic and foreign insurers. The remainder, 6.7% and 0.3%, was collected through direct distribution and brokerage, respectively.

(Note) Under the Insurance Business Law, the Prime Minister delegates his authority concerning the registration of agents and brokers to the Commissioner of the Financial Services Agency.

Direct Premiums by Distribution Channel

(in millions of yen & %)

	Fiscal 2005		Fiscal 2006	
	Premium	Share	Premium	Share
Agents	8,405,468	92.8%	8,584,926	93.1%
Brokers	20,543	0.2%	24,834	0.3%
Direct Distribution	631,377	7.0%	614,954	6.7%
Total	9,057,409	100.0%	9,224,734	100.0%

(Note) "Direct Distribution" includes sales through employed sales staff.

1

General Insurance Agency System

The agency is the main channel for general insurance distribution in Japan. The function of an agency is as follows:

- Consulting for insurance.
- Soliciting (suggesting plans for) and concluding insurance contracts with customers.
- Calculating insurance premiums, accepting application forms from customers and reporting contracts to the insurance company.
- Receiving insurance premiums and issuing receipts to customers.
- Keeping insurance premiums received from customers and adjusting those premiums and commissions with the insurance company.
- Delivering insurance policies to customers.
- Maintaining insurance contracts including the procedures for changing contract terms and cancellations.
- Accepting notifications of claims from customers

and reporting those claims to the insurance company, including collecting claims documents from customers.

The number of general insurance agents regis-

tered as of the end of March 2007 stood at 253,810, and the total number of sales staff engaged in agency business in domestic and foreign general insurers amounted to 1,986,035.

Number of Agency and Sales Staff

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Agency	592,126	593,872	570,919	509,619	342,191	323,139	305,836	286,576	266,753	253,810
Number of Agency Sales Staff	1,170,497	1,180,784	1,154,511	1,145,252	1,575,195	1,642,271	1,716,006	1,797,510	1,873,485	1,986,035

(Note) The above figures stand for the total of domestic and foreign insurance companies.

Number of Agents by Type of Business

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Full-time	85,544	79,126	73,353	60,264	58,557	55,438	51,283	47,436	43,467	40,892
Share (%)	(14.4)	(13.3)	(12.8)	(11.8)	(17.1)	(17.2)	(16.8)	(16.6)	(16.3)	(16.1)
Part-time	506,582	514,746	497,566	449,355	283,634	267,701	254,553	239,140	223,286	212,918
Share (%)	(85.6)	(86.7)	(87.2)	(88.2)	(82.9)	(82.8)	(83.2)	(83.4)	(83.7)	(83.9)
Corporate	135,529	132,361	128,630	127,019	124,190	121,190	119,042	116,969	117,262	115,953
Share (%)	(22.9)	(22.3)	(22.5)	(24.9)	(36.3)	(37.5)	(38.9)	(40.8)	(44.0)	(45.7)
Individual	456,597	461,511	442,289	382,600	218,001	201,949	186,794	169,607	149,491	137,857
Share (%)	(77.1)	(77.7)	(77.5)	(75.1)	(63.7)	(62.5)	(61.1)	(59.2)	(56.0)	(54.3)
Exclusive	465,402	476,860	438,950	382,152	261,597	254,255	240,952	226,947	208,597	196,880
Share (%)	(78.6)	(80.3)	(76.9)	(75.0)	(76.4)	(78.7)	(78.8)	(79.2)	(78.2)	(77.6)
Multi-representative	126,724	117,012	131,969	127,467	80,594	68,884	64,884	59,629	58,156	56,930
Share (%)	(21.4)	(19.7)	(23.1)	(25.0)	(23.6)	(21.3)	(21.2)	(20.8)	(21.8)	(22.4)

(Notes) 1. The above figures stand for the total of domestic and foreign insurance companies.

2. "Multi-representative" agents mean agents who have been commissioned to act as an agent of two or more general insurance companies.

3. Figures above are as of the end of each Fiscal Year.

The general insurance agency system was reviewed at the end of March 2001. The administrative guidelines concerning personal qualifications and agency classifications, as well as the level of agency commissions which depend upon agency classifications, were abolished. Subsequently, each general insurance company takes its own measures to promote further development of agency qualifications.

As the GIAJ regards agency education as integral to the industry's social responsibility to ensure proper sales of insurance products and the protection of pol-

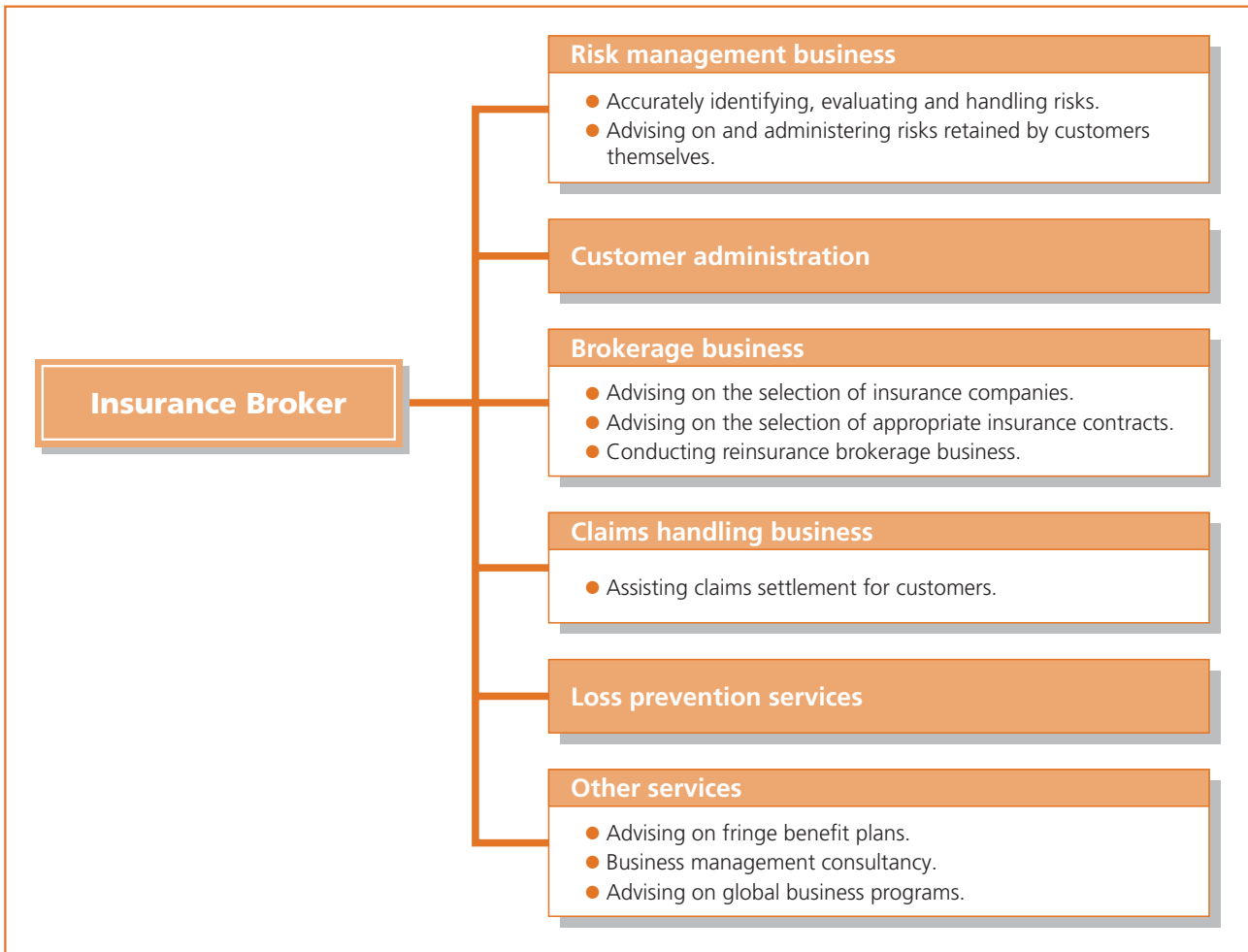
icyholders, it launched a new agency education system common to the industry in April 2001. Two kinds of examinations are available under the system; one for people who wish to be engaged in general insurance distribution so that they can better equip themselves as general insurance agents, and the other for general insurance agents who have already been engaged in distributing general insurance products. The subjects of the latter examination consist of legal compliance, laws and regulations, and taxation.

2 Insurance Brokerage System

An insurance brokerage system was introduced to the Japanese insurance market in April 1996 by the enforcement of the new Insurance Business Law.

Examples of services that insurance brokers may provide are as follows:

Example of Services provided by Insurance Brokers



Insurance brokers are not allowed to start their operations until they are registered with the Prime Minister. At the time of registration, insurance brokers must prove that they are fit to conduct insurance distribution, their ability being judged by means of an examination by the Insurance Brokers Association of Japan, based on the Comprehensive Guidelines for Supervision of Insurance Companies issued by the Financial Services Agency.

In order to clarify the roles or functions which insurance brokers take, the Insurance Business Law prohibits them from concurrently acting as general insurance agents or life insurance solicitors. In addition,

an insurance broker is legally bound to act with the utmost good faith (the so-called “duty of best advice”). Furthermore, insurance brokers differ from general insurance agents in that they are not empowered by insurance companies to conclude insurance contracts, to accept applicants’ representations, or to receive insurance premiums.

Since insurance brokers are independent from insurance companies, they are liable for loss or damage to policyholders resulting from their activities. Whereas in the case of general insurance agents, the insurance companies concerned ultimately assume, in principle, the responsibility for such losses.

Therefore, from the viewpoint of protecting policyholders, insurance brokers are legally obliged to make a cash deposit which endorses their financial means to cover their liability. The minimum cash deposit required is 40 million yen and the maximum 800 million yen.

Insurance brokers are allowed to act as interme-

diaries for the conclusion of insurance contracts on condition that they deal with the insurance products of insurance companies licensed in Japan. However, regarding reinsurance, ocean marine hull insurance, ocean marine cargo insurance, commercial aircraft insurance, etc., they are allowed to mediate for unlicensed foreign insurers directly.

3 Direct Distribution

A distribution system where officers or employees of general insurance companies distribute insurance products directly is called "Direct Distribution" and includes the following different forms.

a. Special Trainees System

To strengthen their distribution network, individual insurance companies have their own "Special Trainees System" to train their exclusive and full-time agents.

The purpose of the Special Trainees System is to give staff members selected courses to enable them to acquire knowledge of and practice in general insurance soliciting within a certain period. Although the organization of this system varies from company to company, a common stipulation is that trainees will work for the company as its exclusive agents in

the future.

b. "Chokuhan-Shain" System

Direct distribution, known as the "chokuhan-shain" or the "direct salesperson" approach, is the method where staff members of general insurance companies are engaged directly in the distribution of general insurance products.

c. Others

Direct response markets insurance products through advertisements on mass media, direct mail, telephone and the Internet. Some foreign insurers and newly established insurance companies adopt it as their distribution channel and use it to sell automobile and personal accident insurance policies.

Insurance Sales through the Internet

Insurance sales through the Internet are usually operated by either insurance companies or their agents. Irrespective of the operator, insurance sales through the Internet are categorized into the following two types.

a. Off-line transaction

Booking an insurance contract on a Web site, and then meeting a sales person from an insurance company or an agent to conclude a con-

tract, or requesting materials for insurance products on Web sites, and then returning the application form with his/her seal to the insurance company to finalize a contract.

b. On-line transaction

From application to premium payment, everything is electronically processed on the Web site. The premium payment is usually settled with a credit card.



Investment Regulation

In order to ensure the sound operation of the insurance business and to protect policyholders' interests, asset investment by insurance companies is regulated under the Insurance Business Law. The Enforcement Regulation of the Insurance Business Law stipulates the kinds of investable assets and their scope of investment as follows:

1 Scope of Investment

Paragraph 2 of Article 97 of the Insurance Business Law and Article 47 of the Enforcement Regulation provide that an insurance company should invest money received as premiums or any other assets within the following range:

- 1) Japanese securities, such as government bonds, local government bonds, bonds issued by juridical persons organized under special laws or ordinances, debentures, stocks, investment trusts, or commercial paper (CP), etc. and/or foreign securities, such as government bonds, local government bonds, stocks, beneficiary certificates, or negotiable certificates of deposit, etc. of foreign countries
- 2) real estate
- 3) monetary claims
- 4) short-term corporate bonds stipulated in Paragraph 6 of Article 98 of the Insurance Business Law
- 5) gold bullion
- 6) money loans (including call loans)
- 7) loans secured on securities
- 8) investment related to union contract stipulated in Article 667 of the Civil Code or anonymous union contract stipulated in Article 535 of the Commercial Code
- 9) bank deposits or postal savings
- 10) money trusts, monetary claims in trust, securities trust, or real estate in trust
- 11) over-the-counter trading in securities derivatives, transactions of securities index futures, securities options, or foreign market certificate futures stipulated in the Financial Instruments and

- Exchange Law
- 12) financial futures transactions stipulated in the Financial Instruments and Exchange Law
- 13) trading in derivatives stipulated in Paragraph 1 (8) of Article 98 of the Insurance Business Law
- 14) foreign exchange futures transactions
- 15) any other methods equivalent to those mentioned above.

2 Limits on Investment of Assets

Paragraph 1 of Article 97-2 of the Insurance Business Law and Article 48 of the Enforcement Regulation provide that, when an insurance company invests its assets, the ratios of the respective kinds of assets to the total assets or the assets equivalent to special accounts for maturity-refund type insurance, etc., shall not exceed those stated below.

- a. Assets other than those equivalent to special accounts for maturity-refund type insurance, etc., are as follows.
 - 1) Japanese stocks (including item 8) mentioned in the above: 30%
 - 2) real estate: 20%
 - 3) assets in foreign currency: 30%
 - 4) bonds, giving loans, and lending securities: 10%
 - 5) assets invested similar to items 1) to 10) mentioned in the above: 3%
- b. Assets equivalent to special accounts for maturity-refund type insurance, etc., are as follows:
 - 1) Japanese stocks: 30%
 - 2) assets in foreign currency: 30%

However, if approved by the Commissioner of the Financial Services Agency, the above-mentioned ratios shall not apply.

In addition, Paragraph 2 of Article 97-2 of the Insurance Business Law and Articles 48-3 of the Enforcement Regulation provide that, in investing assets of an insurance company into one and the same person/group or the "Major Shareholders"(*), the ratios of respective kinds of assets to the total assets or the assets equivalent to special accounts for maturity-refund type insurance, etc., shall not exceed those stated below.

- c. Regarding assets other than those equivalent to special accounts for maturity-refund type insurance, etc., the aggregate of the following assets shall not exceed 10% of total assets. (The following item 2) and/or 4) shall not exceed 3% of the total assets.)
 - 1) corporate bonds and stocks issued by one and the same person/group
 - 2) loans and lending securities to one and the same person/group
 - 3) deposits with one and the same person/group
 - 4) guarantee of obligation for one and the same person/group
 - 5) assets related to trading in derivatives with one and the same person/group
- d. Regarding the assets equivalent to special accounts for maturity-refund type insurance, etc., the aggregate of the same asset items as mentioned in the above c. 1) to 5) shall not

exceed 10% of the total of the special account assets.

- e. In addition, as regards assets other than those equivalent to special accounts for maturity-refund type insurance, etc., the aggregate of the following assets shall not exceed 6% of total assets. (The following item 2) and/or 4) shall not exceed 2% of total assets.)
 - 1) corporate bonds and stocks issued by the "Major Shareholders" or one and the same "Major Shareholder"
 - 2) loans and lending securities to the "Major Shareholders" or one and the same "Major Shareholder"
 - 3) deposits with the "Major Shareholders" or one and the same "Major Shareholder"
 - 4) guarantee of obligation for the "Major Shareholders" or one and the same "Major Shareholder"
 - 5) assets related to trading in derivatives with the "Major Shareholders" or one and the same "Major Shareholder"
- f. Regarding the assets equivalent to special accounts for maturity-refund type insurance, etc., the aggregate of the same asset items as mentioned in the above e. 1) to 5) shall not exceed 6% of the total of the special account assets.
 - (*) Any person or company that holds more than, in principle, 20% of the total shares of an insurance company or an insurance holding company.

VI

Underwriting Reserves

Underwriting funds for general insurance companies in Japan includes underwriting reserves, outstanding loss reserves, and price fluctuation reserves. These reserves are set aside subject to the Enforcement Regulation of the Insurance Business Law, the statement showing the basis of working out premiums and underwriting reserves, the Enforcement Regulation of the Law concerning Earthquake Insurance, Notices in the Gazette, the Comprehensive Guidelines for Supervision of Insurance Companies issued by the Financial Services Agency, and the Special Taxation Measures Law.

1 Underwriting Reserves

A. Ordinary Underwriting Reserves

For all lines of general insurance business except Earthquake Insurance on Dwelling Risks and Compulsory Automobile Liability Insurance (CALI), general insurance companies must set aside an amount of unearned premiums or the “initial year balance”, depending on which is greater, as their liability reserves.

As from fiscal 2005, regarding natural catastrophe related risks retained by general insurance com-

panies, they must set aside an amount equivalent to an estimated unearned premiums calculated based on the amount of claims and the probability of such catastrophic event quantified.

(Note) The “initial year balance” means premiums received during the fiscal year less claims paid and other expenses incurred under those contracts for which the premiums have been received in the course of the said fiscal year.

In order to ensure proper risk management of insurance companies and to facilitate their accumulation of premium reserves for future claims payment, the FSA has introduced a new rule for the accumulation of reserves for third sector insurance policies

Catastrophe Reserves

Group of Business	Accumulation Rate (A)	Accumulation Rate (B)	Ratio of Balance	Maximum Accumulation Rate	Disposition of Reserves
Marine Hull and Aviation	3.0%	3.0%	50%	250%	80%
Fire, Marine Cargo, and Inland Transit	3.8% or 2.0%	3.0%	35%	160%	50%
Automobile, Personal Accident, and Miscellaneous Casualty	3.2%	–	15%	160%	50%
Nursing Care Expenses	3.2%	–	15%	160%	50%
Surety Bonds	3.2%	–	15%	160%	50%
Atomic Energy	50%	50%	–	–	Full amount of net claims paid
Life Reinsurance	24%	–	–	24%	100%

- (Notes) 1. Accumulation Rate (A) means the minimum percentage of net premiums stipulated under a statement showing the basis of working out premiums and underwriting reserves.
 2. Accumulation Rate (B) means the maximum percentage of net premiums allowed under the Special Taxation Measures Law.
 3. Insurers are legally required to accumulate either of the percentages or more, i.e. Accumulation (A) or Accumulation (B) of net premiums as catastrophe reserves, depending on which is greater. They are allowed to accumulate an extra amount subject to notification to the FSA, but if the Ratio of Balance comes under the specified level mentioned in the table, they can accumulate an extra amount without such notification within the limit of 150%.
 4. Disposition of Reserves occurs when the loss ratio exceeds the specified level as a Group of Business, and the excess portion of the claims can be withdrawn from the catastrophe reserves.
 5. Accumulation Rate (A) of Fire, Marine Cargo, and Inland Transit Group is 3.8% for fire insurance, and 2.0% for marine cargo, inland transit, general liability, contractors' all risks, movables comprehensive, and windstorm & flood.

effective from May 1, 2006, so that insurance companies take the following measures:

1. Ensure that premium reserves are sufficiently accumulated based on a timely and accurate ex post facto examination
2. Verify whether technical reserves are sufficiently accumulated by applying stress tests
3. Disclose the results of the above tests

B. Catastrophe Reserves

Catastrophe reserves must be set aside by every class of general insurance, in accordance with the Notice in the Gazette No. 232 issued on June 8, 1998, except Earthquake Insurance on Dwelling Risks and CALI. The details of the catastrophe reserves are shown in the foregoing table.

As regards natural catastrophe related risks covered by fire insurance policies, from fiscal 2005, general insurance companies must establish a rational catastrophe reserve plan and build up their reserves until the amount reaches the estimated loss caused by a natural disaster which occurs once in 70 years (i.e. typhoon Vera in 1959).

C. Reserves for Refunds

As regards policies issued with deposit premiums of a provisional nature subject to adjustment upon expiry of the policy period, and also policies issued for a premium on condition that the whole or part of it be returnable upon expiry without loss, sums required for refunds of such premiums should be reserved at the end of every fiscal year. As regards long-term comprehensive insurance, Family Traffic Personal Accident Insurance with Maturity Refund, and other maturity-refund type (or savings type) insurance policies which are written under an agreement to receive a savings portion of premiums from a policyholder at the outset and to refund it upon maturity at a fixed rate of interest, the sum corresponding to the present value computed at compound interest should also be reserved at the end of every fiscal year.

D. Reserves for Dividends to Policyholders

For long-term comprehensive insurance, Family Traffic Personal Accident Insurance with Maturity Refund, and other maturity-refund type (or savings type) insurance policies, any balance between the sum of income arising from the investment of the savings portion of premiums combined with investment yield and the amount which has been set aside as "reserves for refunds" as explained in C. above, should be reserved to provide for future payments of dividends to policyholders.

E. Reserves for Earthquake Insurance and CALI

As Earthquake Insurance on Dwelling Risks and Compulsory Automobile Liability Insurance (CALI) have their social / public nature, and are operated under a so called "no-loss, no-profit" principle, any underwriting surplus and investment income obtained from their businesses are set aside and reserved accumulatively.

The reserves for Earthquake Insurance on Dwelling Risks under the Law concerning Earthquake Insurance should be accumulated with the amount equal to net premiums minus net business expenses plus relevant investment income. When claims occur, the amount equal to net claims paid and outstanding loss reserves shall be withdrawn from these reserves.

Reserves for CALI are composed of obligatory reserves, adjustable reserves, reserves for investment income, and reserves for loading costs. Obligatory reserves means pure premiums plus assumed interest income arising from long-term contracts minus claims paid and outstanding loss reserves. Adjustable reserves are accumulated with obligatory reserves which are carried over 5 years.

F. Underwriting Reserves for Reinsurance Contracts

As regards reinsurance premiums ceded to the following entities, general insurance companies can be exempted from establishing underwriting reserves:

- 1) licensed domestic insurers in Japan,
- 2) licensed foreign insurers in Japan,
- 3) unlicensed foreign insurers which are deemed to pose few risks to the sound management of ceding companies in terms of the condition of business or assets, etc.

② Outstanding Loss Reserves

A. Ordinary Reserves for Outstanding Losses

General insurance companies are required to establish, at the time of closing their account, outstanding loss reserves equal to the sum of outstanding claims, premiums returnable, and policyholder's dividends payable for events which have already occurred; and the said reserves should include the sum for any claim of cases still in dispute.

B. IBNR

IBNR (Incurred But Not Reported) reserves have formerly been required for automobile insurance, personal accident insurance, general liability insurance, workers' accident compensation insurance, and life reinsurance, based on a Notice in Gazette No. 234, issued on June 8, 1998. The FSA has introduced a statistical evaluation method to estimate IBNR reserves effective from May 1, 2006. Consequently, the lines of insurance products for which general

insurance companies are required to accumulate IBNR reserves have been expanded to include all lines of insurance products except for Earthquake Insurance on Dwelling Risks and Compulsory Automobile Liability Insurance. Furthermore, general insurance companies have been required to carry out screening and calculate the IBNR reserves for those long-tail insurance contracts based on a statistical evaluation method, when they are material.

③ Price Fluctuation Reserves

With regard to stocks and other assets designated under the Enforcement Regulation of the Insurance Business Law as those which may bring about losses due to price fluctuations, general insurance companies are required to lay aside the amount calculated in accordance with the Enforcement Regulation as price fluctuation reserves so that their claims paying ability can be duly ensured. This does not apply to cases where general insurance companies have obtained approval from the Commissioner of Financial Services Agency to be exempted from reserving the total or a part of the amount.

In addition, general insurance companies are only allowed to dispose of price fluctuation reserves in order to make up for a deficit when the amount of losses resulting from the trade of stocks and other assets exceeds the amount of profits accruing from such trade.



Loss Survey System

The primary function of general insurance companies is to pay claims properly and promptly in the case of accident. The general insurance companies must be prepared for appropriate, prompt and fair claims payment.

1 Claim Services Centers of the Member Companies

In order to provide immediate claims services for policyholders, member companies of the GIAJ have around 1,700 claims service offices nationwide, staffed with approximately 24,000 people who pos-

sess the skills and expertise to facilitate claims processing. To improve their expertise, individual insurance companies also conducts training courses.

2 Automobile Insurance Adjusters

Automobile insurance adjusters estimate fair and reasonable repair costs for damaged cars under the provisions of automobile physical damage and property damage liability insurance policies. Automobile insurance adjusters are divided into (a) "technical adjusters" who adjust the repair costs for damage to general kinds of vehicles and (b) "specific vehicles adjusters" who adjust the repair costs for damage to

special purpose vehicles such as mobile cranes and diggers.

All adjusters of the GIAJ's member companies are required to complete training programs and examinations set by the GIAJ to obtain any one of the above qualifications. As of April 1, 2007, 8,449 adjusters are registered with the GIAJ.

3 Property Loss Assessors

Property loss assessors estimate the appropriate amounts for loss of or damage to insured properties and also evaluate proper insurable values of properties in the fire and casualty insurance fields. There are three classes of property loss assessors graded by

their expertise. They are required to pass the examinations for their respective classes in order to be registered with the GIAJ. On July 1, 2007, the number of property loss assessors registered with the GIAJ was 2,004.



Outline of the General Insurance Association of Japan

1 History

Prior to the present Association's establishment in 1946, its origin can be traced back to 1917, when the Joint Fire Insurance Association of Japan was founded by domestic and foreign insurance companies then operating in Japan. In 1939 the Joint Association was reorganized as the Dai-Nippon Fire Insurance Association. In 1941 it was amalgamated with several marine insurance organizations, such as the Japan Marine Underwriters' Association and the Hull Insurers' Union, established in 1920 and 1927 respectively, into the former Marine and Fire Insurance Association of Japan consisting of only domestic companies as regular members. The follow-

ing year, in 1942, its name and functions were changed to the Non-Life Insurance Control Association assisting the government in the control of the industry during a chaotic economic period. Shortly after the hostilities ended, in September 1945, however, this Control Association was dissolved. The Marine and Fire Insurance Association of Japan was reestablished on January 18, 1946, by all the domestic non-life insurance companies. On May 1, 1948, it was reorganized as an incorporated body. On May 20, 2003, it changed its English name to the General Insurance Association of Japan (GIAJ) and is currently composed of 25 member companies.

2 Objective

The objective of the GIAJ is to promote the sound development and maintain the reliability of

the general insurance business in Japan.

3 Major Activities

a. Enhancement of Communication with Consumers

The GIAJ promotes consumer relations to incorporate their opinions into the industry operation and ensure the better understanding of general insurance among people.

b. Promotion of Compliance with Laws and Regulations

In addition to strengthening regulatory functions by drawing up various industry guidelines, the GIAJ also acts as a Personal Information Protection Body designated by the FSA.

c. Requests and Proposals

The GIAJ develops business infrastructure which supports the business of the member companies. The GIAJ also carries out activities to realize the general insurance industry's concerns.

d. Contribution to Safety and Security in Society and the Community

The GIAJ contributes to safety and security in peoples' daily lives through activities such as automobile theft prevention, disaster prevention, crime prevention, traffic safety promotion, and environmental protection.

e. Contribution to the Global Community

The GIAJ promotes international cooperation among overseas insurance industries and is

involved in setting up international supervisory standards and promoting deregulation.

4 Member Companies (25 companies as of February 1, 2008)

- Aioi Insurance Co., Ltd.
- Anicom Insurance, Inc.
- The Asahi Fire & Marine Insurance Co., Ltd.
- The Daido Fire & Marine Insurance Co., Ltd.
- The Fuji Fire & Marine Insurance Co., Ltd.
- The Japan Earthquake Reinsurance Co., Ltd.
- Hitachi Capital Insurance Corp.
- H.S. Insurance Co., Ltd.
- JI Accident & Fire Insurance Co., Ltd.
- The Kyoei Fire and Marine Insurance Co., Ltd.
- Meiji Yasuda General Insurance Co., Ltd.
- Mitsui Direct General Insurance Co., Ltd.
- Mitsui Sumitomo Insurance Co., Ltd.
- NIPPONKOA Insurance Co., Ltd.
- Nissay Dowa General Insurance Co., Ltd.
- The Nisshin Fire & Marine Insurance Co., Ltd.
- SAISON Automobile and Fire Insurance Co., Ltd.
- SBI Insurance Co., Ltd.
- SECOM General Insurance Co., Ltd.
- Sompo Japan Insurance Inc.
- Sonpo 24 Insurance Co., Ltd.
- Sony Assurance Inc.
- The Sumi-Sei General Insurance Co., Ltd.
- The Toa Reinsurance Co., Ltd.
- The Tokio Marine & Nichido Fire Insurance Co., Ltd.

5 Board Members (as of February 1, 2008)

Chairman

Mr. Toshiaki Egashira Mitsui Sumitomo Insurance
(President)

Vice Chairmen

Mr. Masatoshi Sato Sompo Japan (President)
Mr. Ichiro Tateyama Nissay Dowa General
(President)

Ordinary Directors

Mr. Tadashi Kodama Aioi (President)
Mr. Kazuho Oya Asahi F & M (President)
Mr. Susumu Tamura Kyoei F & M (President)
Mr. Mitsuhiro Minamisawa
JI Ac. & F (President)
Mr. Shinichiro Satake Sumi-Sei General
(President)
Mr. Yasuyuki Yoshida SECOM General (President)
Mr. Kōshin Matsuzawa SAISON A & F (President)
Mr. Shinichi Yamamoto Sony Assurance (President)

Mr. Atsushi Kumanomido Sonpo 24 (President)
Mr. Naoto Miyara Daido F & M (President)
Mr. Shuzo Sumi Tokio Marine & Nichido
(President)

Mr. Hiroshi Miyajima Nisshin F & M (President)
Mr. Makoto Hyodo NIPPONKOA (President)
Mr. Hidehiro Ishikawa Hitachi Capital (President)
Mr. Masafumi Aoyama Fuji F & M
(Deputy President)

Mr. Toshio Kitamura Mitsui Direct General
(President)
Mr. Seiji Nishi Meiji Yasuda General
(President)

Vice Chairman

Mr. Susumu Fukuda Association

Executive Director

Mr. Katsuo Handa Association

Managing Directors

Mr. Koji Yoshida Association
Mr. Takashi Shikama Association

Mr. Akihiko Mori Japan Earthquake Re. (President)
Prof. Seiichi Ochiai Chuo Law School

Ordinary Director

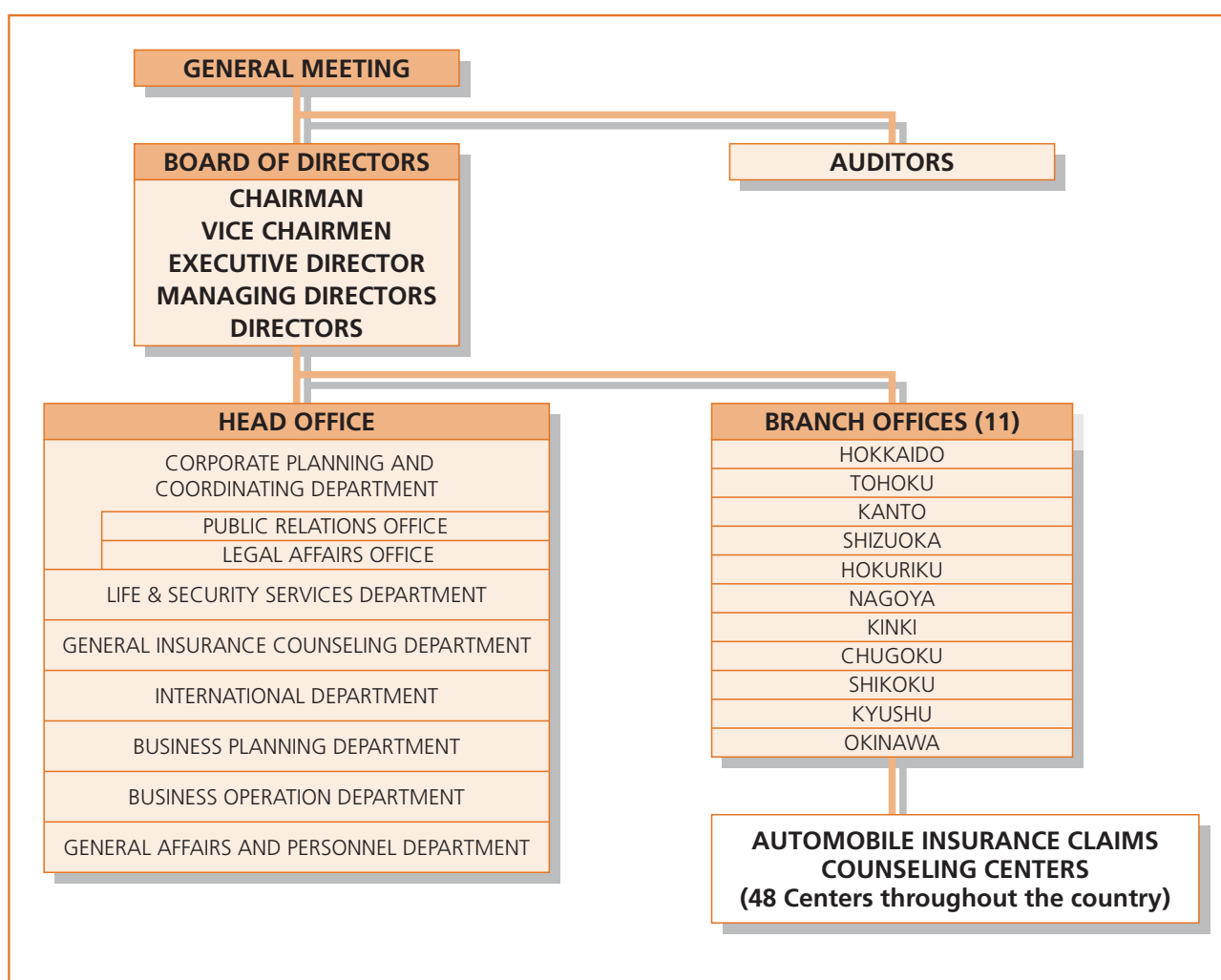
Mr. Katsuhiko Murata Association

(Abbreviation)
• F & M: Fire and Marine
• A & F: Automobile and Fire
• Ac. & F: Accident and Fire

Ordinary Auditors

Mr. Teruhiko Ohtani Toa Re. (President)

6 Organization (as of February 1, 2008)



(Note) Establishment of the "Advisory Panel to Listen to Consumers' Voices"

In September 2006, the General Insurance Association of Japan (GIAJ) newly established the "Advisory Panel to Listen to Consumers' Voices" to incorporate consumers' opinions into the industry operation. The majority of the Panel consists of representatives from consumer groups and academic experts. The Panel stands independently from the GIAJ's existing organs, such as committees and sub-committees, offering proposals to the Board Meeting following discussions on specific industry-wide issues based on consumers' suggestions and complaints.



1

Licensed Domestic Companies (29 Companies as of February 1, 2008)

○ **ACE Insurance**

Arco Tower, 1-8-1 Shimomeguro, Meguro-Ku, Tokyo 153-0064.

Tel.: +81-3-5740-0600.

URL: <http://www.ace-insurance.co.jp/>

● **Aioi Insurance Co., Ltd.**

28-1, Ebisu 1-Chome, Shibuya-Ku, Tokyo 150-8488.

Tel.: +81-3-5424-0101.

URL: <http://www.ioi-sonpo.co.jp/>

○ **Allianz Fire and Marine Insurance Japan Ltd.**

Anzen Bldg., Motoakasaka 1-6-6, Minato-Ku, Tokyo 107-0051.

Tel.: +81-3-4588-7500.

URL: <http://www.allianz.co.jp/>

● **Anicom Insurance, Inc.**

Arimino Bldg. 2F, 1-5-22, Shimo-Ochiai, Shinjuku-Ku, Tokyo 161-8546.

Tel.: +81-3-5348-3777.

URL: <http://www.anicom-sompo.co.jp/>

● **The Asahi Fire & Marine Insurance Co., Ltd.**

Sumitomofudosankanda Bldg. 7, Kandamitoshicho, Chiyoda-Ku, Tokyo 101-8655.

Tel.: +81-3-3294-2111.

URL: <http://www.asahikasai.co.jp/>

○ **AXA Non-Life Insurance Co., Ltd.**

Shibaura Ark Bldg, Shibaura 4-19-1, Minato-Ku, Tokyo 108-8638.

Tel.: +81-3-5444-2001.

URL: <http://www.axa-direct.co.jp/>

● **The Daido Fire & Marine Insurance Co., Ltd.**

Okinawa head office: 12-1, Kumoji 1-Chome, Naha, Okinawa 900-8586.

Tel.: +81-98-867-1161.

Tokyo branch office: Yamashiro Bldg. 4F, 1-1, Kanda Ogawamachi, Chiyoda-Ku, Tokyo 101-0052.

Tel.: +81-3-3295-1127.

URL: <http://www.daidokasai.co.jp/>

● **The Fuji Fire & Marine Insurance Co., Ltd.**

Osaka head office: 18-11, Minamisenba 1-Chome, Chuo-Ku, Osaka 542-8567.

Tel.: +81-6-6271-2741.

Tokyo head office: 12-18, Ginza 2-Chome, Chuo-Ku, Tokyo 104-8122.

Tel.: +81-3-3542-3911.

URL: <http://www.fujikasai.co.jp/>

● **Hitachi Capital Insurance Corp.**

2-1-4, Kojimachi, Chiyoda-Ku, Tokyo 102-0083.

Tel.: +81-3-5276-1391.

URL: <http://www.hitachi-ins.co.jp/>

● **H.S. Insurance Co., Ltd.**

Shinjuku Kokusai Building Shinkan 6-6-3, Nishishinjuku, Shinjuku-Ku, Tokyo 160-0023

Tel.: +81-3-5339-0800.

URL: <http://www.hs-sonpo.co.jp/>

● **Japan Earthquake Reinsurance Co., Ltd.**

The Kobuna-cho Fuji Plaza 4F, 8-1 Nihonbashi Kobuna-cho, Chuo-Ku, Tokyo 103-0024.

Tel.: +81-3-3664-6098.

URL: <http://www.nihonjishin.co.jp/>

- **JI Accident & Fire Insurance Co., Ltd.**
AI Bldg., 20-5, Ichibancho, Chiyoda-Ku, Tokyo 102-0082.
Tel.: +81-3-3237-2111.
URL: <http://www.jihoken.co.jp/>

- **The Kyoei Fire & Marine Insurance Co., Ltd.**
18-6, Shimbashi 1-Chome, Minato-Ku, Tokyo 105-8604.
Tel.: +81-3-3504-0131.
URL: <http://www.kyoeikasai.co.jp/>

- **Meiji Yasuda General Insurance Co., Ltd.**
11-1, Kanda Tsukasamachi 2-Chome, Chiyoda-Ku, Tokyo 101-0048.
Tel.: +81-3-3257-3111.
URL: <http://meijiyasuda-sonpo.co.jp/>

- **Mitsui Direct General Insurance Co., Ltd.**
1-5-3, Koraku Bunkyou-Ku, Tokyo 112-0004.
Tel.: +81-3-5804-7711.
URL: <http://www.mitsui-direct.co.jp/>

- **Mitsui Sumitomo Insurance Co., Ltd.**
27-2, Shinkawa 2-Chome, Chuo-Ku, Tokyo 104-8252.
Tel.: +81-3-3297-1111.
URL: <http://www.ms-ins.com/>

- **NIPPONKOA Insurance Co., Ltd.**
7-3, 3-Chome, Kasumigaseki, Chiyoda-Ku, Tokyo 100-8965.
Tel.: +81-3-3593-3111.
URL: <http://www.nipponkoa.co.jp/>

- **Nissay Dowa General Insurance Co., Ltd.**
Osaka head office: 15-10, Nishi-Tenma 4-Chome, Kita-Ku, Osaka 530-8555.
Tel.: +81-6-6363-1121.
Tokyo head office: St. Luke's Tower, 8-1, Akashi-cho, Chuo-Ku, Tokyo 104-8556.
Tel.: +81-3-3542-5511.
URL: <http://www.nissaydowa.co.jp/>

- **Nisshin Fire & Marine Insurance Co., Ltd.**
3, Kanda-Surugadai 2-Chome, Chiyoda-Ku, Tokyo 101-8329.
Tel.: +81-3-5282-5534.
URL: <http://www.nisshinfire.co.jp/>

- **SAISON Automobile and Fire Insurance Co., Ltd.**
Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-Chome, Toshima-Ku, Tokyo 170-6068.
Tel.: +81-3-3988-2711.
URL: <http://www.ins-saison.co.jp/>

- **SBI Insurance Co., Ltd.**
Izumi Garden Tower 18F, 1-6-1, Roppongi, Minato-Ku, Tokyo 106-6018.
Tel.: +81-3-6229-0060.
URL: <http://www.sbissonpo.co.jp/>

- **SECOM General Insurance Co., Ltd.**
6-2, Hirakawa-cho 2-Chome, Chiyoda-Ku, Tokyo 102-8645. Tel.: +81-3-5216-6111.
URL: <http://www.secom-sonpo.co.jp/>

- **Sompo Japan Insurance Inc.**
26-1, Nishi-Shinjuku 1-Chome, Shinjuku-Ku, Tokyo 160-8338.
Tel.: +81-3-3349-3111.
URL: <http://www.sompo-japan.co.jp/>

- **Sonpo 24 Insurance Co., Ltd.**
Sunshine 60 Bldg. 44F, 1-1, Higashi-Ikebukuro 3-Chome, Toshima-Ku, Tokyo 170-6044.
Tel.: +81-3-5957-0111.
URL: <http://www.sonpo24.co.jp/>

- **Sony Assurance Inc.**
Aroma Square 11F, 5-37-1 Kamata, Ota-Ku, Tokyo 144-8721. Tel.: +81-3-5744-0300.
URL: <http://www.sonysonpo.co.jp/>

- **The Sumi-Sei General Insurance Co., Ltd.**
Sumitomo Life Yotsuya Bldg., 8-2 Honshio-Cho, Shinjuku-Ku, Tokyo 160-0003.
Tel.: +81-3-5360-6001.
URL: <http://www.sumisei-sonpo.co.jp/>

- **The Taisei Reinsurance Co., Ltd.**
18-8, Ginza 1-Chome, Chuo-Ku, Tokyo 104-0061.
Tel.: +81-3-3562-1684.
URL: <http://www.taiseire.co.jp/>
- **The Toa Reinsurance Co., Ltd.**
6, Kanda-Surugadai 3-Chome, Chiyoda-Ku, Tokyo 101-8703.
Tel.: +81-3-3253-3171.
URL: <http://www.toare.co.jp/>

- **Tokio Marine & Nichido Fire Insurance Co., Ltd.**
2-1, Marunouchi 1-Chome, Chiyoda-Ku, Tokyo 100-8050.
Tel.: +81-3-3212-6211.
URL: <http://www.tokiomarine-nichido.co.jp/>

(● represents the GIAJ member companies.)

2 Licensed Foreign Companies (22 Companies as of February 1, 2008)

- **AIU Insurance Company (U.S.A.)**
AIG Tokyo Bldg., 1-3, Marunouchi 1-Chome, Chiyoda-Ku, Tokyo 100-8234.
Tel.: +81-3-3216-6611.
URL: <http://www.aiu.co.jp/>
- **American Home Assurance Company (U.S.A.)**
AIG Tower 21F, 2-4, Kinshi 1-Chome, Sumida-Ku, Tokyo 130-8562.
Tel.: +81-3-5619-3200.
URL: <http://www.americanhome.co.jp/>
- **Assicurazioni Generali S.p.A. (Italy)**
ARK Mori Bldg. West 30F, 12-32, Akasaka 1-Chome, Minato-Ku, Tokyo 107-6030.
Tel.: +81-3-5562-8691.
URL: <http://www.generalico.jp/>
- **Assuranceforeningen GARD - gjensidig (Norway)**
Tokyo Sakurada Bldg. 8F, 1-3, Nishi-Shinbashi 1-Chome, Minato-Ku, Tokyo 105-0003.
Tel.: +81-3-3503-9291.
- **Atradius Credit Insurance NV (Netherlands)**
Shiroyama Trust Tower 30F, 4-3-1, Toranomom, Minato-Ku, Tokyo 105-6030.
Tel.: +81-3-5776-7300.
URL: <http://www.atradius.jp/>
- **The Britannia Steam Ship Insurance Association Ltd. (U.K.)**
3-5-1 Shiba, Minato-Ku, Tokyo 105-0014.
Tel.: +81-3-3769-6791.
- **CARDIF-Assurances Risques Divers (France)**
Shibuya Infoss Tower 9F, 20-1 Sakuragaoka-cho, Shibuya-Ku, Tokyo 150-0031.
Tel.: +81-3-6415-6340
- **Compagnie Francaise D'assurance Pour Le Commerce Exterieur (Coface Japan / France)**
Toranomom Kotohira Tower 5F, 1-2-8, Toranomom, Minato-Ku, Tokyo 105-0001.
Tel.: +81-3-5521-2180.
- **Eagle Star Insurance Company Ltd. (U.K.)**
32F Shinjuku Nomura Bldg. 1-26-2 Nishi-Shinjuku, Shinjuku-Ku, Tokyo 163-0532.
Tel.: +81-3-5322-2902.
- **EULER HERMES Kreditversicherungs-AG (Germany)**
Kyobashi Nisshoku Bldg. 7F, 8-7, Kyobashi 1-Chome, Chuo-Ku, Tokyo 104-0031.
Tel.: +81-3-3538-5403.
URL: <http://www.eulerhermes.co.jp/>

- **Federal Insurance Company (U.S.A.)**
3F Toranomom YHK Bldg. 2-3-20, Toranomom Minato-Ku, Tokyo 105-0001.
Tel.: +81-3-3519-8130.
URL: <http://www.chubbjapan.co.jp/>

 - **Financial Security Assurance Inc. (U.S.A.)**
Meiji Seimei Kan 5F, 2-1-1 Marunouchi, Chiyoda-Ku, Tokyo 100-0005.
Tel.: +81-3-5288-6230.
URL: <http://www.fsa.com/jp/>

 - **HDI-Gerling Industrie Versicherung AG (Germany)**
Sanbancho KS Bldg. 7F, 2 Banchi, Sanbancho, Chiyoda-Ku, Tokyo 102-0075.
Tel.: +81-3-5214-1361.
URL: <http://www.hdi-gerling.jp/>

 - **Genworth Mortgage Insurance Corporation (U.S.A.)**
ATT New Tower 8F, 2-11-7 Akasaka, Minato-Ku, Tokyo 107-0052.
Tel.: +81-3-5573-8450.
URL: <http://www.genworth.jp/jp/index.html>

 - **Hyundai Marine & Fire Insurance Company, Ltd. (Korea)**
Yamato Seimei Bldg., 11F, 1-7, Uchisaiwaicho 1-Chome, Chiyoda-Ku, Tokyo 100-0011.
Tel.: +81-3-5511-6565.
URL: <http://www.hdinsurance.co.jp/>

 - **The New India Assurance Company Ltd. (India)**
Room No. 901, Marunouchi Mitsui Bldg., 2-2, Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-0005.
Tel.: +81-3-3214-4711.
URL: <http://www.newindia.co.jp/>

 - **RGA Reinsurance Company (U.S.A.)**
Midtown Tower 41F, 9-7-1 Akasaka, Minato-Ku, Tokyo 107-6241.
Tel.: +81-3-3479-7191.
URL: <http://www.rgare.com/index.asp>

 - **The Society of Lloyd's (U.K.) [Lloyd's Japan Inc.]**
Otemachi Financial Center 17F, 5-4, Otemachi 1-Chome, Chiyoda-Ku, Tokyo 100-0004.
Tel.: +81-3-3215-5291.

 - **Swiss Reinsurance Company (Switzerland)**
Otemachi First Square West Tower 9F, 5-1, Otemachi 1-Chome, Chiyoda-Ku, Tokyo 100-0004.
Tel.: +81-3-3272-2877.
URL: <http://www.swissre.com/>

 - **Transatlantic Reinsurance Company (U.S.A.)**
New Yurakucho Bldg., 3F, 12-1, Yurakucho 1-Chome, Chiyoda-Ku, Tokyo 100-0006.
Tel.: +81-3-3212-6041.
URL: <http://www.transre.com/>

 - **The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd. (Bermuda)**
Suzuyo Hamamatsu-cho Bldg. 8F, 2-1-16, Kaigan, Minato-Ku, Tokyo 105-0022.
Tel.: +81-3-5442-6110.
URL: <http://www.ukpandi.com>
URL: <http://www.ukpandi.jp/>

 - **Zurich Insurance Company (Switzerland)**
Shinanomachi Rengakan, 35 Shinanomachi, Shinjuku-Ku, Tokyo 160-8585.
Tel.: +81-3-5361-2580.
URL: <http://www.zurich.co.jp/>
- (The above companies are not the GIAJ members.)

3

General Insurance Organizations (as of February 1, 2008)

- **Non-Life Insurance Rating Organization of Japan (established in 2002)**

9, Kanda Nishikicho 1-Chome, Chiyoda-Ku, Tokyo 101-0054.

Tel: +81-3-3233-4771.

URL: <http://www.nliro.or.jp/>

- **Japan Atomic Energy Insurance Pool (established in 1960)**

Non-Life Insurance Bldg., Annex, 7, Kanda Awajicho 2-Chome, Chiyoda-Ku, Tokyo 101-0063.

Tel: +81-3-3255-1231.

- **The Non-Life Insurance Institute of Japan (established in 1933)**

Non-Life Insurance Bldg., 9, Kanda Awajicho 2-Chome, Chiyoda-Ku, Tokyo 101-8335.

Tel: +81-3-3255-5511.

URL: <http://www.sonposoken.or.jp/english>

- **The Foreign Non-Life Insurance Association of Japan (established in 1947)**

Toranomon Suzuki Bldg. 7F, 3-20-4 Toranomon, Minato-Ku, Tokyo 105-0001.

Tel: +81-3-5425-7850.

URL: <http://www.fnlia.gr.jp/>

- **Non-Life Insurance Policyholders Protection Corporation of Japan (established in 1998)**

Non-Life Insurance Bldg., 9, Kanda Awajicho 2-Chome, Chiyoda-Ku, Tokyo 101-8335.

Tel: +81-3-3255-1635.

URL: <http://www.sonpohogo.or.jp/>

- **Independent Insurance Agents of Japan, Inc. (established in 1948)**

321 New Yurakucho Bldg. 1-12-1 Yurakucho, Chiyoda-Ku, Tokyo 100-0006.

Tel: +81-3-3201-2745.

URL: <http://www.nihondaikyo.or.jp/>



Statistics —Catastrophe Loss, etc.—

1. Major Catastrophe Losses (Since 1945) Major Windstorms and Floods

Windstorm and Flood	Date of Occurrence	Number of Casualties and Properties Damaged		
		Dead/Missing	Buildings damaged	Buildings flooded
Makurazaki Typhoon	Sep. 1945	3,756	89,839	273,888
Catherine Typhoon	Sep. 1947	1,930	9,298	384,743
Typhoon Ion	Sep. 1948	838	18,017	120,035
Typhoon Jane	Sep. 1950	508	56,131	166,605
Typhoon Ruth	Oct. 1951	943	221,118	138,273
Downpour (accompanying weather front)	Jun. 1953	1,013	34,655	454,643
Nanki Downpour	Jul. 1953	1,124	10,889	86,479
Typhoon No. 13	Sep. 1953	478	86,398	495,875
Toyamaru Typhoon	Sep. 1954	1,761	207,542	103,533
Isahaya Downpour	Jul. 1957	992	6,811	72,565
Kanogawa Typhoon	Sep. 1958	1,269	16,743	521,715
Isewan Typhoon	Sep. 1959	5,098	833,965	363,611
2nd Muroto Typhoon	Sep. 1961	202	499,444	384,120
Typhoon No. 17 and accompanying weather front	Sep. 1976	169	11,193	442,317
Typhoon No. 20	Oct. 1979	111	7,523	37,450
Downpour, July 1982	Jul. 1982	345	851	52,165
Typhoon No. 10 and accompanying weather front	Aug. 1982	95	5,312	113,902
Typhoon No. 18 and accompanying weather front	Sep. 1982	38	651	136,308
Downpour, July 1983	Jul. 1983	117	3,669	17,141
Typhoon No. 10	Aug. 1986	21	2,683	105,072
Typhoon No. 19	Sep. 1991	62	170,447	22,965
Downpour, August 1993	Aug. 1993	79	824	21,987
Typhoon No. 18 and accompanying weather front	Sep. 1999	36	47,150	23,218
Hailstorm May 2000	May 2000	0	24,691	43
Downpour, September 2000	Sep. 2000	10	312	71,291
Typhoon No. 14 and accompanying weather front	Sep. 2000	11	609	70,017
Typhoon No. 16	Aug. 2004	18	8,627	46,581
Typhoon No. 18	Sep. 2004	47	57,466	10,026
Typhoon No. 22	Oct. 2004	8	5,553	7,843
Typhoon No. 23	Oct. 2004	99	19,235	54,850
Downpour	Jul. 2005	5	17	2,956
Typhoon No. 14 and accompanying weather front	Sep. 2005	29	7,452	21,160
Heavy snow 2006	Dec. 2005	151	4,705	113

Major Earthquakes, etc.

Name of Earthquake, etc.	Date of Occurrence	M	Number of Casualties and Properties Damaged						
			Dead/Missing	Houses totally destroyed	Houses half damaged	Houses partially damaged	Houses drifted away destroyed	Houses flooded	Houses burned down
Nankai	Dec. 21, 1946	8.0	1,330	11,591	23,487	—	1,451	—	2,598
Fukui	Jun. 28, 1948	7.1	3,769	36,184	11,816	—	—	—	3,851
Tokachi-oki (Off Tokachi)	Mar. 4, 1952	8.2	33	815	1,324	—	91	—	—
Tsunami from Chili Earthquake	May 23, 1960	9.5	142	1,500	2,000	—	—	—	—
Miyagiken Hokubu (Northern Miyagi Prefecture)	Apr. 30, 1962	6.5	3	340	1,114	—	—	—	—
Niigata	Jun. 16, 1964	7.5	26	1,960	6,640	—	—	15,297	—
Tokachi-oki (Off Tokachi)	May 16, 1968	7.9	52	673	3,004	—	—	529	—
Izuhanto-oki (Off Izu Peninsula)	May 9, 1974	6.9	30	134	240	—	—	—	5
Izuoshima Kinkai (Sea Near Izuoshima)	Jan. 14, 1978	7.0	25	96	616	—	—	—	—
Miyagiken-oki (Off Miyagi Prefecture)	Jun. 12, 1978	7.4	28	1,183	5,574	—	—	—	—
Center of the Sea of Japan	May 26, 1983	7.7	104	934	2,115	3,258	52	—	—
Miyakejima Volcanic Eruption	Oct. 3, 1983	—	—	340	—	—	—	—	—
Naganoken Seibu (Western Nagano Prefecture)	Sep. 14, 1984	6.8	29	14	73	565	—	—	—
Chibaken Toho-oki (Off Eastern Chiba Prefecture)	Dec. 17, 1987	6.7	2	16	—	70,000	—	—	—
Mt. Unzen Volcanic Eruption	Jun. 3, 1991	—	44	271 by pyroclastic flow 1,117 by debris flow 11 by cinders					
Kushiro-oki (Off Kushiro)	Jan. 15, 1993	7.5	2	—	—	—	—	—	—
Hokkaido Nansei-oki (Off Southwest Hokkaido)	Jul. 12, 1993	7.8	230	—	—	—	—	—	—
Hokkaido Toho-oki (Off Eastern Hokkaido)	Oct. 4, 1994	8.2	10	61	348	—	—	—	—
Sanriku Haruka-oki (Far-off Sanriku coast)	Dec. 28, 1994	7.6	3	72	429	—	—	—	—
Southern Hyogo Prefecture (Great Hanshin-Awaji)	Jan. 17, 1995	7.3	6,437	104,906	144,274	—	more than 6,000 by fire total/half loss		
Mt. Usu Volcanic Eruption	Mar. 31, 2000	—	—	119	355	376	—	—	—
Miyakejima Volcanic Eruption	Jul. 8, 2000	—	—	11	5	12	—	—	—
Tottoriken Seibu (Western Tottori Prefecture)	Oct. 6, 2000	7.3	—	435	3,101	—	—	—	—
Geiyo	Mar. 24, 2001	6.7	2	70	774	—	—	—	—
Miyagiken-oki	May 26, 2003	7.1	—	2	21	—	—	—	—
Miyagiken-Hokubu	Jul. 26, 2003	6.4	—	1,276	3,809	—	—	—	—
Tokachi-oki	Sep. 26, 2003	8.0	2	116	368	—	—	—	—
Niigataken-Chuetsu	Oct. 23, 2004	6.8	65	3,185	13,792	—	—	—	—
Fukuokaken Seiho-oki	Mar. 20, 2005	7.0	1	133	244	—	—	—	—
Miyagiken-oki	Aug. 16, 2005	7.2	—	1	—	—	—	—	—
Notohanto	Mar. 25, 2007	6.9	1	638	1,563	13,556	—	—	—
Niigataken Chuetsu-oki	Jul. 16, 2007	6.8	11	1,001	3,267	34,318	—	—	—

(Note) "M" indicates the magnitude of the earthquake on the Japanese scale.

2. Claims Paid for Natural Disasters

Claims Paid for Typhoons or Windstorms

(in billions of yen)

	Name of Disaster	Place	Date	Claims Paid (incl. estimates)			
				Fire and Miscellaneous	Automobile	Marine	Total
1	Typhoon No. 19	Nationwide	Sep. 26-28, 1991	522.5	26.9	18.5	567.9
2	Typhoon No. 18	Nationwide	Sep. 4-8, 2004	356.4	25.9	5.1	387.4
3	Typhoon No. 18	Kumamoto, Yamaguchi, Fukuoka, etc.	Sep. 21-25, 1999	284.7	21.2	8.8	314.7
4	Typhoon No. 7	Kinki	Sep. 22, 1998	151.4	6.1	2.4	160.0
5	Typhoon No. 23	Western Japan	Oct. 20, 2004	111.3	17.9	8.9	138.0
6	Typhoon No. 13	Fukuoka, Saga, Nagasaki, Miyazaki, etc.	Sep. 15-20, 2006	116.1	14.7	1.2	132.0
7	Typhoon No. 16	Nationwide	Aug. 30-31, 2004	103.7	13.8	3.5	121.0
8	Downpour, Sep. 2000	Aichi, etc.	Sep. 10-12, 2000	44.7	54.5	3.9	103.0
9	Typhoon No. 13	Kyushu, Shikoku, and Chugoku	Sep. 3, 1993	93.3	3.5	1.0	97.7
10	Hailstorm	Chiba and Ibaraki	May 24, 2000	37.2	30.3	2.5	70.0

Claims Paid under Earthquake Insurance on Dwelling Risks

(in millions of yen)

	Name of Earthquake	Place	Date	Claims Paid
1	Great Hanshin-Awaji	Southern Hyogo Prefecture	Jan. 17, 1995	78,347.0
2	Geiyo	Chugoku and Shikoku	Mar. 24, 2001	16,934.7
3	Fukuokaken Seiho-oki	Off Western Fukuoka Prefecture	Mar. 20, 2005	16,716.2
4	Niigataken Chuetsu	Niigata Prefecture	Oct. 23, 2004	14,774.8
5	Niigataken Chuetsu-oki	Niigata Prefecture	Jul. 16, 2007	7,798.0
6	Fukuokaken Seiho-oki	Off Western Fukuoka Prefecture	Apr. 20, 2005	6,147.8
7	Tokachi-oki	Off Hokkaido	Sep. 26, 2003	5,969.1
8	Tottoriken Seibu	Western Tottori Prefecture	Oct. 6, 2000	2,868.5
9	Notohanto	Noto Peninsula	Mar. 25, 2007	2,535.0
10	Miyagiken Hokubu	Northern Miyagi Prefecture	Jul. 26, 2003	2,171.8
11	Miyagiken-oki	Off Miyagi	May 26, 2003	1,915.4
12	Miyagiken-oki	Off Miyagi	Aug. 16, 2005	1,499.4
13	Hokkaido Toho-oki	Off Eastern Hokkaido	Oct. 4, 1994	1,333.1
14	Mt. Unzen Volcanic Eruption	Eastern Nagasaki Prefecture	Jun. 3, 1991	1,288.0

(Source) Statistical materials by the Japan Earthquake Reinsurance Co., Ltd, excluding data of 5. Niigataken Chuetsu-oki Earthquake and 7. Notohanto Earthquake which was published by the GIAJ.

3. High-Amount Court Awards Victims of Traffic Accidents

Court Awards (in millions of yen)	Name of Court	Date of Judgement	Date of Accident	Victim's Sex/Age	Victim's Occupation	Casualty
382.8	Nagoya District Court	May 17, 2005	May 18, 1998	M/29	Office Worker	Permanent Disability
359.8	Tokyo District Court	Jun. 29, 2004	Apr. 24, 1997	M/25	Graduate School Student	- do. -
336.8	Chiba District Court	Jul. 20, 2005	Aug. 18, 2000	M/17	Senior High School Student	- do. -
335.3	Tokyo District Court	Dec. 21, 2004	Apr. 29, 1998	M/32	Bank Clerk	- do. -
327.8	Osaka District Court	Sep. 27, 2005	Feb. 17, 1999	M/42	Office Worker	- do. -
324.0	Osaka District Court	Mar. 25, 2005	Nov. 7, 1999	M/42	Foundation Staff Member	- do. -
322.5	Ichinomiya Branch Office Nagoya District Court	Mar. 30, 2004	Oct. 7, 1998	M/25	Part-time Employee	- do. -
316.4	Tokyo District Court	Oct. 27, 2005	Sep. 15, 1999	M/25	Newsperson	- do. -
312.0	Tokyo District Court	Aug. 28, 2003	Aug. 12, 1997	F/21	Office Worker	- do. -
303.8	Hiroshima District Court	Sep. 20, 2005	Sep. 28, 2001	M/43	Motorboat Racer	- do. -
302.8	Fukuyama Branch Office Hiroshima District Court	May 26, 2004	Jul. 23, 1999	^(*1) M/38	Office Worker	- do. -
297.4	Tokyo District Court	Mar. 30, 1995	Jul. 18, 1984	M/40	Company Director	- do. -
296.9	Hachioji Branch Office Tokyo District Court	Nov. 28, 2000	Aug. 3, 1995	M/20	Technical College Student	- do. -
292.4	Osaka District Court	Apr. 18, 2003	Jan. 26, 1999	M/17	Senior High School Student	- do. -
285.9	Tokyo District Court	May 31, 2004	May 31, 2000	F/43	Housewife with a job	- do. -
284.3	Okazaki Branch Office Nagoya District Court	May 7, 2004	Mar. 1, 1999	F/18	Senior High School Student	- do. -
275.8	Kyoto District Court	Nov. 1, 2004	Mar. 8, 2000	F/22	Office Worker	- do. -
273.6	Tokyo District Court	Mar. 17, 2005	Nov. 21, 2000	M/28	Office Worker	- do. -
272.4	Takasaki Branch Office Maebashi District Court	Sep. 17, 2004	Nov. 2, 1999	M/19	University Student	- do. -
270.9	Sendai District Court	May 25, 2005	Feb. 21, 2000	M/16	Senior High School Student	- do. -

(*1) When the victim's condition was deemed fixed .

(Note) "Court Awards" indicates the total sum of damages awarded to the victim, including lawyer's and legal expenses and any deductibles for contributory negligence.

Property Damage from Traffic Accidents

Court Awards (in millions of yen)	Name of Court	Date of Judgement	Date of Accident	Damaged Property
261.4	Kobe District Court	Jul. 19, 1994	May 29, 1985	Freight (Draperies and Clothes)
135.8	Tokyo District Court	Jul. 17, 1996	Feb. 23, 1991	Pachinko Parlor
120.4	Fukuoka District Court	Jul. 18, 1980	Mar. 1, 1975	Train, Railway and Residence
113.5	Chiba District Court	Oct. 26, 1998	Sep. 14, 1992	Train
61.2	Okayama District Court	Jun. 27, 2000	Sep. 26, 1996	Freight
33.9	Nagoya District Court	Jan. 16, 2004	Mar. 9, 2001	Large Truck and Freight
31.6	Tokyo District Court	Dec. 25, 2001	Nov. 5, 1999	Four-story Building
30.5	Tokyo District Court	Aug. 28, 2001	May 16, 1999	Surf Shop
28.6	Tokyo District Court	Dec. 25, 2002	Mar. 28, 2001	Freight
28.0	Takamatsu District Court	Aug. 14, 1997	Oct. 5, 1994	Three Large Trucks and Freight
26.3	Nagoya District Court	Sep. 16, 1994	Mar. 20, 1991	Sightseeing Bus
23.9	Nagoya District Court	Oct. 28, 1992	Apr. 23, 1991	Trailer and Freight
20.8	Tokyo District Court	Nov. 14, 1995	Feb. 22, 1994	Sightseeing Bus
20.6	Tokyo District Court	Jun. 24, 1993	Jul. 11, 1979	Two Trucks and Freight
19.7	Fukuoka District Court	Jun. 28, 2000	Oct. 8, 1997	Trailer and Freight
19.3	Ashikaga Branch Office Utsunomiya District Court	Jan. 29, 1999	Sep. 3, 1996	Large Truck and Freight
17.4	Osaka District Court	Feb. 4, 1999	Oct. 4, 1994	Large Trailer and Freight
17.0	Osaka District Court	Apr. 25, 1997	Apr. 1, 1993	Large Truck and Freight
16.7	Hiroshima District Court	Sep. 17, 1997	Feb. 23, 1996	- do. -
16.5	Yokohama District Court	May 24, 1994	May 9, 1992	Beauty Shop-cum-Residential House

(Note) "Court Awards" indicates the total sum of damages awarded to the victim, including lawyer's and legal expenses and any deductibles for contributory negligence.

4. Direct Premiums of Foreign General Insurers

(in millions of yen and %)

Class of Business	Fiscal 1996		Fiscal 1997		Fiscal 1998		Fiscal 1999	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	32,537	-12.7	33,285	2.3	32,203	-3.3	30,643	-4.8
Voluntary Automobile	73,450	-19.0	76,207	3.8	84,506	10.9	98,352	16.4
Personal Accident	130,536	-8.0	133,999	2.7	129,490	-3.4	129,608	0.1
Miscellaneous Casualty	29,675	-7.4	31,150	5.0	34,749	11.6	40,323	16.0
Marine and Inland Transit	8,213	-6.3	8,671	5.6	7,686	-11.4	7,103	-7.6
Compulsory Automobile Liability	7,360	-21.5	7,056	-4.1	6,972	-1.2	7,050	1.1
Total	281,771	-12.0	290,368	3.1	295,606	1.8	313,079	5.9

Class of Business	Fiscal 2000		Fiscal 2001		Fiscal 2002		Fiscal 2003	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	30,290	-1.2	30,560	0.9	33,133	8.4	39,662	19.7
Voluntary Automobile	104,013	5.8	110,405	6.1	113,364	2.7	114,728	1.2
Personal Accident	136,204	5.1	144,959	6.4	153,093	5.6	152,073	-0.7
Miscellaneous Casualty	43,977	9.1	40,023	-9.0	41,162	2.8	39,426	-4.2
Marine and Inland Transit	7,358	3.6	6,830	-7.2	7,470	9.4	7,284	-2.5
Compulsory Automobile Liability	6,578	-6.7	6,541	-0.6	7,786	19.0	7,534	-3.2
Total	328,420	4.9	339,318	3.3	356,008	4.9	360,707	1.3

Class of Business	Fiscal 2004		Fiscal 2005		Fiscal 2006	
	Amount	Growth	Amount	Growth	Amount	Growth
Fire	42,638	7.5	46,973	10.2	48,885	4.1
Voluntary Automobile	115,903	1.0	117,084	1.0	116,107	-0.8
Personal Accident	151,870	-0.1	169,763	11.8	168,475	-0.8
Miscellaneous Casualty	37,768	-4.2	41,624	10.2	57,554	38.3
Marine and Inland Transit	7,371	1.2	7,814	6.0	8,547	9.4
Compulsory Automobile Liability	6,976	-7.4	6,272	-10.1	5,943	-5.3
Total	362,526	0.5	389,529	7.4	405,511	4.1

(Note) The figures above do not include those of foreign-capitalized general insurers and foreign general insurers which are not members of the Foreign Non-Life Insurance Association of Japan.

5. Japanese Insurers' Offices Abroad (as of April 1 each year)

Number of Japanese Insurers Conducting Foreign Business Through Overseas Offices (Note 1)

Type of Office	1997	1998	1999
Subsidiaries (Note 2)	15	15	15
Direct Insurance Subsidiaries with 50% or more Japanese Capital (Note 3)	15	15	14
Branches of Direct Insurance Subsidiaries	7	7	7
Agents of Direct Insurance Subsidiaries	6	6	5
Number of Insurance Companies Operating in Any One of the Above 3 Categories.	15	15	14
Overseas Branches	4	4	4
Overseas Agents	12	12	12
Sub-total	13	13	13
Number of Insurance Companies Operating in Any One of the Above Categories Abroad	16	16	16

Number of Countries / Regions (Note 4)

Type of Office	1997	1998	1999
Subsidiaries (Note 2)	24	25	25
Direct Insurance Subsidiaries with 50% or more Japanese Capital (Note 3)	13	13	14
Branches of Direct Insurance Subsidiaries	8	9	9
Agents of Direct Insurance Subsidiaries	10	10	11
Number of Insurance Companies Operating in Any One of the Above 3 Categories.	25	25	26
Overseas Branches	4	4	5
Overseas Agents	19	19	19
Sub-total	21	21	21
Number of Regions Where Insurance Companies Operating in Any One of the Above Categories Abroad	46	45	47

Number of Japanese Insurers' Offices Abroad

Type of Office	1997	1998	1999
Subsidiaries (Note 2)	109	112	113
Reinsurance Subsidiaries and Direct Insurance Subsidiaries with less than 50% Japanese Capital	50	50	50
Direct Insurance Subsidiaries with 50% or more Japanese Capital (Note 3)	59	62	63
Branches of Direct Insurance Subsidiaries	17	19	24
Agents of Direct Insurance Subsidiaries	31	31	30
Sub-total	157	162	167
Overseas Branches	4	4	5
Overseas Agents	69	68	66
Sub-total	73	72	71
Grand total	230	234	238

Liaison Offices

	1997	1998	1999
Number of Japanese Insurers with Liaison Offices	16	16	16
Number of Countries / Regions	40	41	42
Number of Cities	71	75	77
Number of Offices	268	266	254

- (Notes)
1. Figures represent the number of Japanese insurers conducting foreign business by type of overseas offices, and include cases where a Japanese insurer conducts its business through both overseas subsidiaries and branches/agents of its home country head office in the same region.
 2. "Subsidiaries" means companies operating insurance and/or reinsurance business only, and thus excludes asset investment, loss survey operations, etc.
 3. Figures include cases where Japanese insurers have gained substantial control of a subsidiary by such means as taking over directorship without owning the majority of shares.
 4. Figures represent the number of countries or regions where Japanese insurers conduct foreign business through overseas offices.

2000	2001	2002	2003	2004	2005	2006	2007
15	13	12	11	11	9	10	10
14	12	11	10	10	8	9	9
7	7	6	6	6	6	6	6
5	4	5	5	6	5	5	5
14	12	11	10	10	8	9	9
5	5	3	3	3	3	3	3
11	10	8	7	7	6	6	6
12	10	8	7	7	6	6	6
16	14	12	11	11	9	10	10

2000	2001	2002	2003	2004	2005	2006	2007
23	25	25	24	24	24	22	23
20	20	15	15	16	13	16	17
9	9	16	11	9	9	11	13
11	11	14	12	12	12	12	13
28	28	27	26	26	25	28	30
14	6	5	6	6	7	7	7
18	18	17	17	15	15	14	14
22	22	21	22	20	20	19	19
48	50	46	47	49	44	45	45

2000	2001	2002	2003	2004	2005	2006	2007
118	117	113	93	93	90	93	97
50	50	51	42	40	39	39	38
68	67	62	51	53	51	54	59
24	24	65	34	31	30	49	50
29	29	30	25	25	25	24	24
171	170	208	152	148	145	166	171
17	7	6	7	9	10	9	9
63	62	53	51	45	40	38	38
80	69	59	58	54	50	47	47
251	239	267	210	202	195	213	218

2000	2001	2002	2003	2004	2005	2006	2007
16	14	12	11	11	10	10	10
43	44	46	46	46	42	43	43
79	82	81	82	81	77	78	77
246	224	193	178	178	171	175	172

6. Direct Premiums Written Abroad by Japanese General Insurers

(in millions of yen and %)

Class of Business	Fiscal 1997		Fiscal 1998		Fiscal 1999		Fiscal 2000		Fiscal 2001	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	20,710	29.2	14,459	-30.2	11,720	-18.9	13,211	12.7	13,883	5.1
Automobile	17,261	30.0	12,745	-26.2	10,925	-30.6	11,502	5.3	12,573	9.3
Marine Hull	213	-5.8	177	-16.9	114	-35.6	101	-11.4	134	32.7
Marine Cargo	9,007	-5.5	8,451	-6.2	7,232	-14.4	8,142	12.6	5,665	-30.4
Others	30,682	17.2	26,276	-14.4	21,030	-20.0	25,797	22.7	30,942	19.9
Total	77,873	19.3	62,107	-20.2	51,023	-17.8	58,753	15.2	63,198	7.6

Class of Business	Fiscal 2002		Fiscal 2003		Fiscal 2004		Fiscal 2005		Fiscal 2006	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
Fire	14,983	7.9	17,665	17.9	17,953	1.6	20,427	13.8	26,484	29.7
Automobile	13,030	3.6	15,028	15.3	15,350	2.1	16,170	5.3	18,495	14.4
Marine Hull	33	-75.4	17	-48.5	15	-11.8	12	-19.3	32	166.7
Marine Cargo	5,896	4.1	7,402	25.5	8,891	20.1	10,029	12.8	11,975	19.4
Others	29,933	-3.3	31,149	4.1	26,792	-14.0	28,035	4.6	31,018	10.6
Total	63,875	1.1	71,261	11.6	69,001	-3.2	74,673	8.2	88,003	17.9

7. International Reinsurance Business

Outward Reinsurance Balance

(in billions of yen)

Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Premiums (paid)	250.8	238.0	227.4	213.9	251.6	264.1	255.7	244.1	248.4	290.7
Claims (received)	130.3	172.6	189.1	135.6	114.4	114.1	123.5	242.1	162.7	118.2
Balance	-120.5	-65.5	-38.3	-78.3	-137.2	-150.0	-132.2	-2.0	-85.7	-172.5

(Note) Claims (received) exclude reinsurance commission in fiscal 1999.

Inward Reinsurance Balance

(in billions of yen)

Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Premiums (received)	190.3	181.4	170.9	164.3	202.5	250.4	225.1	195.4	212.7	240.8
Claims (paid)	201.5	200.8	138.4	178.8	236.4	244.3	279.4	212.6	227.3	225.8
Balance	-11.2	-19.4	32.5	-14.5	-33.9	6.1	-54.3	-17.2	-14.6	15.0

(Note) Claims (paid) exclude reinsurance commission in fiscal 1999.

8. International Comparison of General Insurance Premium Volume (2005)

Country (Region)	Gross Direct Premiums			Gross Direct Premiums GDP		Per Capita Premiums	
	(in millions of yen)	Rank	Share (%)	(%)	Rank	(yen)	Rank
U. S. A.	70,100,114	1	43.10	5.01	1	237,685	2
Germany	11,987,982	2	7.37	3.73	7	142,073	10
U. K.	11,271,454	3	6.93	3.55	8	146,946	8
Japan	11,259,581	4	6.92	2.22	35	88,533	20
France	7,634,826	5	4.69	3.13	11	122,528	15
Italy	5,315,211	6	3.27	2.73	24	91,187	19
Canada	4,958,347	7	3.05	3.92	6	154,249	7
Spain	3,893,132	8	2.39	3.09	13	93,943	18
Netherlands	3,266,100	9	2.01	4.67	3	199,994	3
Australia	2,721,843	10	1.67	3.09	12	134,770	13
South Korea	2,697,761	11	1.66	2.98	16	55,501	25
China	2,300,573	12	1.41	0.92	74	1,770	78
Switzerland	2,053,143	13	1.26	4.99	2	277,818	1
Russia	1,861,382	14	1.14	2.15	39	13,049	45
Belgium	1,721,258	15	1.06	2.79	22	111,663	16
Brazil	1,500,822	16	0.92	1.68	53	8,076	58
Taiwan	1,142,166	17	0.70	2.93	18	50,001	26
Austria	1,127,269	18	0.69	3.28	9	139,755	12
Ireland	1,097,810	19	0.67	2.90	19	158,763	5
Sweden	990,616	20	0.61	2.50	26	110,531	17
Other Countries	13,738,362	—	8.48	—	—	—	—
Total/Average	162,639,752	—	100.00	3.18	—	24,530	—

- (Notes)
1. Figures are compiled by the GIAJ based on the "Sigma No.5/2006" by Swiss Re.
 2. The exchange rate used (US\$1=112.01 yen) is the average exchange rate for 2005.
 3. The figures for Japan include those of the "Zenkkyoren", the National Mutual Insurance Federation of Agricultural Cooperatives.
 4. Gross Direct Premiums include all premiums written by domestic and foreign companies within the country.
 5. Total (average) figures are those total (average) figures of 88 countries with general and life premium volumes in excess of USD 280 million in 2005.

– To preserve our irreplaceable environment and ensure safety –

The General Insurance Association of Japan has obtained the ISO 14001 Certificate.

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