

## Country Analysis Report -2007

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p><b>Japan</b> <b>2007</b></p>	<p>In the fiscal 2007, which in Japan ends in March 2008, the premium income for the Engineering Insurances decreased by 0.8% from 75,839 million yen to 75,232 million yen.</p> <p>MB premium in 2007 decreased by 3.4%, EAR premium decreased by -0.4% and CAR premium, which includes civil engineering completed risks (CECR), showed an increase of 0.2%.</p> <p>MB premium continues to decline due to the transfer of existing business to property insurance. EAR premium slightly decreased, however follows the development of private capital investment and new projects. CAR premium continues to grow due to increased investment in new building construction, while civil engineering works is declining.</p> <p>NB There is no breakdown of statistical data in Japan regarding building works and civil engineering works in CAR premium.</p>	<p>In 2007, where there was a lesser number of large losses than in 2006, overall claims decreased by 12.3%.</p>	<p>Loss ratios of all lines improved compared with the previous year. The total loss ratio was 47.0%, which is considered to be a profitable level.</p>	<p>The Japanese economy was supported by export notwithstanding the shrinking of the global economy. The Gross Domestic Product stayed at 0.6% (nominal) in 2007 and is expected to be stable in 2008.</p> <p>CAR/EAR premium is expected to remain stable because of “a steady demand of buildings or investments for plant &amp; equipment in the private sector” and “a downward trend in the public sector”.</p> <p>As for MB premium, we still expect that the existing business would continue to move to the property insurance, though private plant &amp; equipment investment is estimated to increase as in 2008.</p> <p>Although the loss ratio is considered to be at a profitable level, the rate level is still considered to be soft in the whole of the engineering lines.</p>