

IMIA Country Analysis 2012

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>Japan</p>	<p>In the fiscal year 2012 which ended in March 2013, the premium income for the Engineering Insurances in Japan increased by 3.7% from 68,101 million yen to 70,638 million yen.</p> <p>MB premium in 2012 decreased by 2.1% due to the transfer of existing businesses to property insurances.</p> <p>EAR premium increased by 1.1%.</p> <p>CAR premium increased by 7.4% due to the increase of public and housing construction.</p> <p>Note : CAR includes Civil Engineering Completed Risks (CECR)</p>	<p>In the fiscal year 2012, the claims amount for the Engineering Insurances in Japan increased by 61.1% from 33,871 million yen to 54,581 million yen.</p> <p>The main reason of this increase is that incurred loss on the heavy earthquake on 11th March 2011 was paid in this fiscal year.</p>	<p>In the fiscal year 2012, the loss ratio of Engineering Insurances in Japan was 77.2%, increasing from 44.5% of the previous year for the reason mentioned under Claims Development.</p> <p>While the loss ratio of EAR improved from 52.5% to 45.7%, the loss ratio of MB & CAR worsened.</p>	<p>Due to the reconstructions in Iwate, Miyagi and Fukushima prefecture where had serious damages by the Great East Earthquake Japan (11 Mar, 2011) and the "last minute demand" before the increase in the national sales tax, we anticipate increases in the private residential investment.</p> <p>On the other hand, we anticipate flat to few increase in commercial investments. The recent governmental support on credit ease will push business performance and commercial investment, however, the increase in the material procurement cost will offset the increase in the investment.</p> <p>The concentration of the constructions especially in the area where damaged by the earthquake, the cost for materials and labor are increasing. This increase affects the revenues of construction companies.</p> <p>Since nuclear power plants are stopping due to the governmental decisions, the number of mega solar power plant construction projects rapidly increasing. Also, we anticipate the increase in new coal fire or GTCC power plant construction projects by IPPs since the increase in LNG import decreases the profit of electric power companies in Japan.</p>