

National Report 2017 -Japan-

1. Gross Written Premium Development

In the fiscal year 2016 ended 31st March 2017 Gross Written Premium in Japan in respect of Engineering Insurance increased by 6.1% year-on-year to 84,779 million Japanese Yen.

Trend of each Line of Business is ; -

- MB increased by 3.5%
- EAR increased by 18.7% due mainly to the increase of renewable energy power plants (photovoltaic, wind and biomass) as well as replacement of aged thermal power equipment.
- CAR increased by 2.4%.

2. Gross Paid Claim Development

In the fiscal year 2016 ended 31st March 2017 Gross Paid Claim in Japan in respect of Engineering Insurance increased by 21.6% year-on-year to 60,656 million Japanese Yen. The main reason for this increase is because some large payments for the Great East Japan Earthquake that took place in March 2011 were made in the fiscal year 2016.

3. Gross Written Paid Loss Ratio

In the fiscal year 2016 ended 31st March 2017 Gross Written Paid Loss Ratio in Japan in respect of Engineering Insurance reached at 71.5%, worsened 9.1% year-on-year. The main reason is as stated in the above 2.

4. Business Outlook

Since 2012 renewable energy markets have been growing following the Great East Japan Earthquake in March 2011 which gave rise to many questions over nuclear energy system. Many renewable energy projects were approved and have started. This trend in energy industry has been boosting the growth of Engineering Insurance market in Japan.

Japan Government expects that capital investment in 2017 into building, machinery & equipment and infrastructure will increase by 4.7% compared with that of 2016, which in turn will make it possible for Engineering Insurance to grow. Government also aims to expand export of infrastructure business to overseas.

On the other hand the increase of construction projects and the recovery of economy come to bring the rise of material procurement costs and of labor costs, and result in the shortage of labor power.

We therefore have to take care of the influence by them.

Key issues in relation to Engineering Insurance in Japan for coming two to three years will be as below : -

1. Additional hike in national consumption tax from 8% to 10% scheduled for November 2019.
2. Increase of large-scale infrastructure construction projects, especially the renewal of urban infrastructure.
3. Increase of construction projects related to Tokyo Olympics and Paralympics in 2020.
4. Renewable energy market (photovoltaic, wind and biomass)
5. Civil construction for linear-motor express railway between Tokyo and Nagoya, which is planned to start operation in 2027.