

National Report 2020 -Japan-

1. Gross Written Premium Development

Unit : Million Japanese Yen

	2017		2018		2019	
	Premium	Growth	Premium	Growth	Premium	Growth
MB	15,193	-2.0%	14,887	-2.0%	14,361	-3.5%
EAR	20,758	4.1%	20,712	-0.2%	21,814	5.3%
CAR	46,261	0.0%	47,484	2.6%	50,302	5.9%
TOTAL	82,212	-0.6%	83,083	-1.0%	86,477	4.1%

Note : "CAR" includes Civil Engineering Completed Risks (CECR).

"MB" includes Machinery LOP and Boiler.

In the fiscal year 2019 ended 31st March 2020, Gross Written Premium in Japan in respect of Engineering Insurance increased by 4.1% year-on-year.

Trend of each Line of Business is ; -

- MB decreased by 3.5%
- EAR increased by 5.3%.
- CAR increased by 5.9%.

2. Gross Paid Claim Development

Unit : Million Japanese Yen

	2017		2018		2019	
	Claims	Growth	Claims	Growth	Claims	Growth
MB	8,576	-28.8%	8,823	2.9%	9,385	6.3%
EAR	9,896	-19.9%	8,236	-16.8%	8,089	-1.8%
CAR	13,056	-64.7%	19,677	50.7%	26,944	36.9%
TOTAL	31,528	-48.6%	36,737	16.5%	44,418	20.9%

Note : "CAR" includes Civil Engineering Completed Risks (CECR).

"MB" includes Machinery LOP and Boiler.

In the fiscal year 2019 ended 31st March 2020, Gross Paid Claim in Japan in respect of Engineering Insurance increased by 20.9% year-on-year.

Trend of each Line of Business is ; -

- MB increased by 6.3%
- EAR decreased by 1.8%.
- CAR increased by 20.9%.

The supposed main reason for the significant increase in CAR is losses due to numbers of natural disasters, especially two destructive typhoons and widespread floods in autumn 2019.

3. Gross Written Paid Loss Ratio

	2017	2018	2019
MB	56.5%	59.3%	65.4%
EAR	47.7%	39.8%	37.1%
CAR	28.2%	41.4%	53.6%
TOTAL	38.4%	44.2%	51.4%

In the fiscal year 2019 ended 31st March 2020, Gross Written Paid Loss Ratio in Japan in respect of Engineering Insurance is 51.4%, increased by 7.2% from the previous year.

The supposed main reason is as stated in 2 above.

4. Business Outlook

In 2019, Japan GDP growth rate is -0.1% from 2018 on fiscal year basis, which is revised down due to the impact of COVID-19 infection increase. As the number of infected cases is increasing again recently, Japanese Government announced that the outlook of GDP growth in 2020 will be -4.7% from 2019, but it can be said that economic situation is still unstable in 2020.

As for construction market, investment for construction project has been increasing continuously, but a lot of construction work were forced to be interrupted due to spread of COVID-19 from April. Nowadays the suspended operation has gradually resumed but it takes more time to come back to the situation before COVID-19.

The key issues which effect the construction projects and consequently the Engineering Insurance for the coming few years are as below;

1. Increase of large-scale Infrastructure projects such as roads, bridges, water supply pipes and sewer pipes need to be repaired or renewed within 50 years.
2. Continuous increase of renewable energy construction projects such as photovoltaic, wind power and biomass .
3. Civil Construction project related to countermeasures against increasing natural disaster such as torrential downpours, typhoons and earthquake, which is considered as urgent necessity.
4. Ongoing civil construction for linear-motor (maglev) express railway between Tokyo and Nagoya, which is planned to start operation in 2027.