



JAPAN REPORT

Presented by

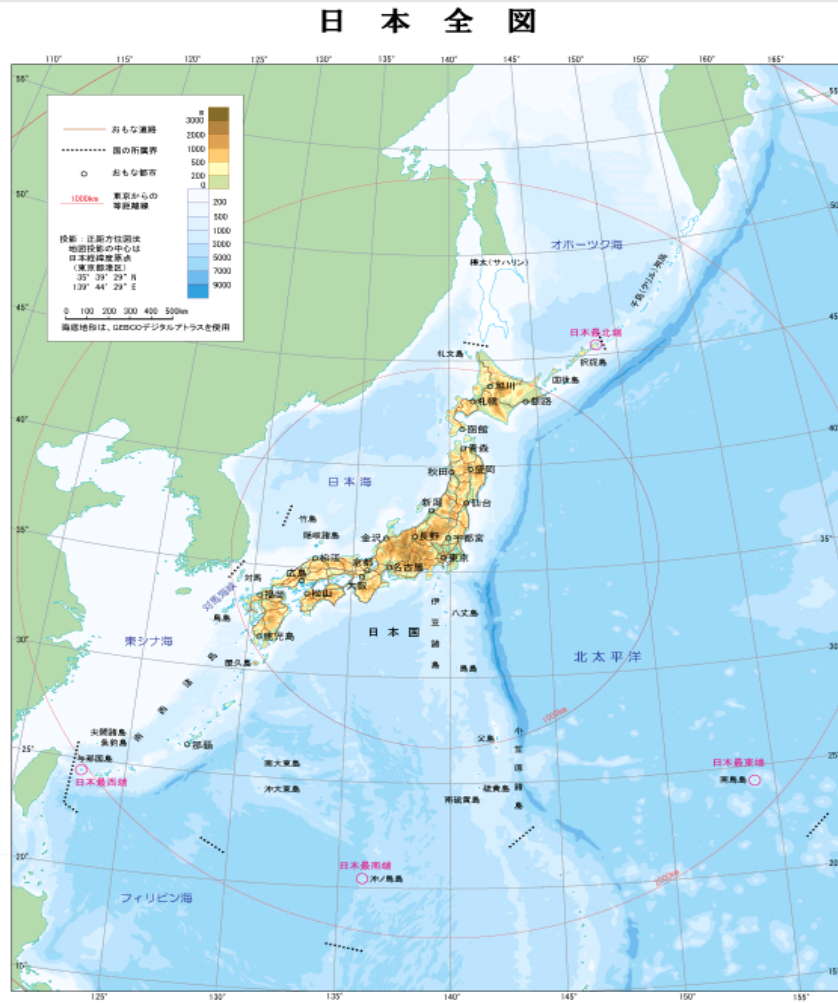
Kiyoshi “Aji” Ajioka

Tokio Marine & Nichido Fire Insurance

19th September 2011

44th IMIA Meeting, Amsterdam, The Netherlands

Country Profile



この地図は、1/3,000,000日本とその周辺(平成22年修正)を使用して作成しました。

国土交通省国土地理院

Population

128,056,026 (10th)

Capital

Tokyo

Area

377,914 square km (60th)

GDP

JPY 479 trillion (3rd)
(US\$ 5,987.5 bil.)

Insurance Market (Non-Life)

General Insurance Companies (Oct, 2010)

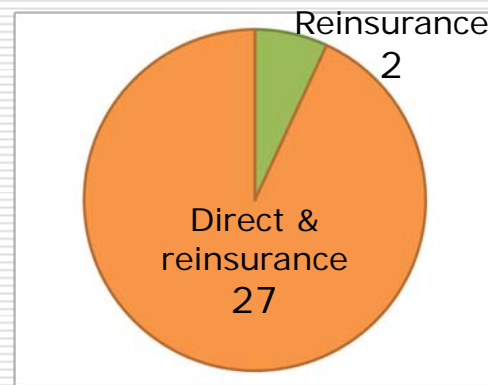
Total : **51**

Domestic Insurers : **29**

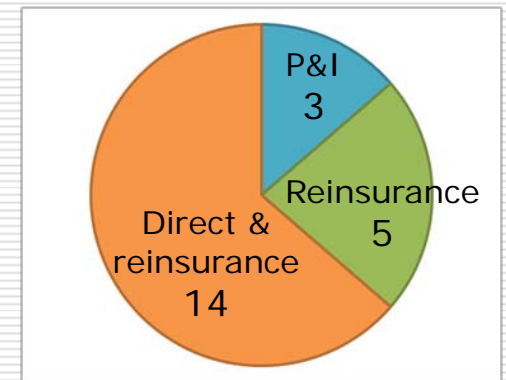
Foreign Insurers : **22**

Staff : **93,182**

Domestic Insurers



Foreign Insurers

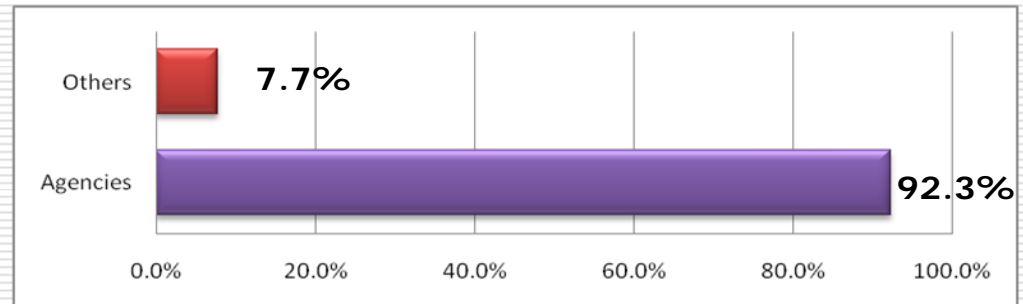


Agencies (Mar, 2010)

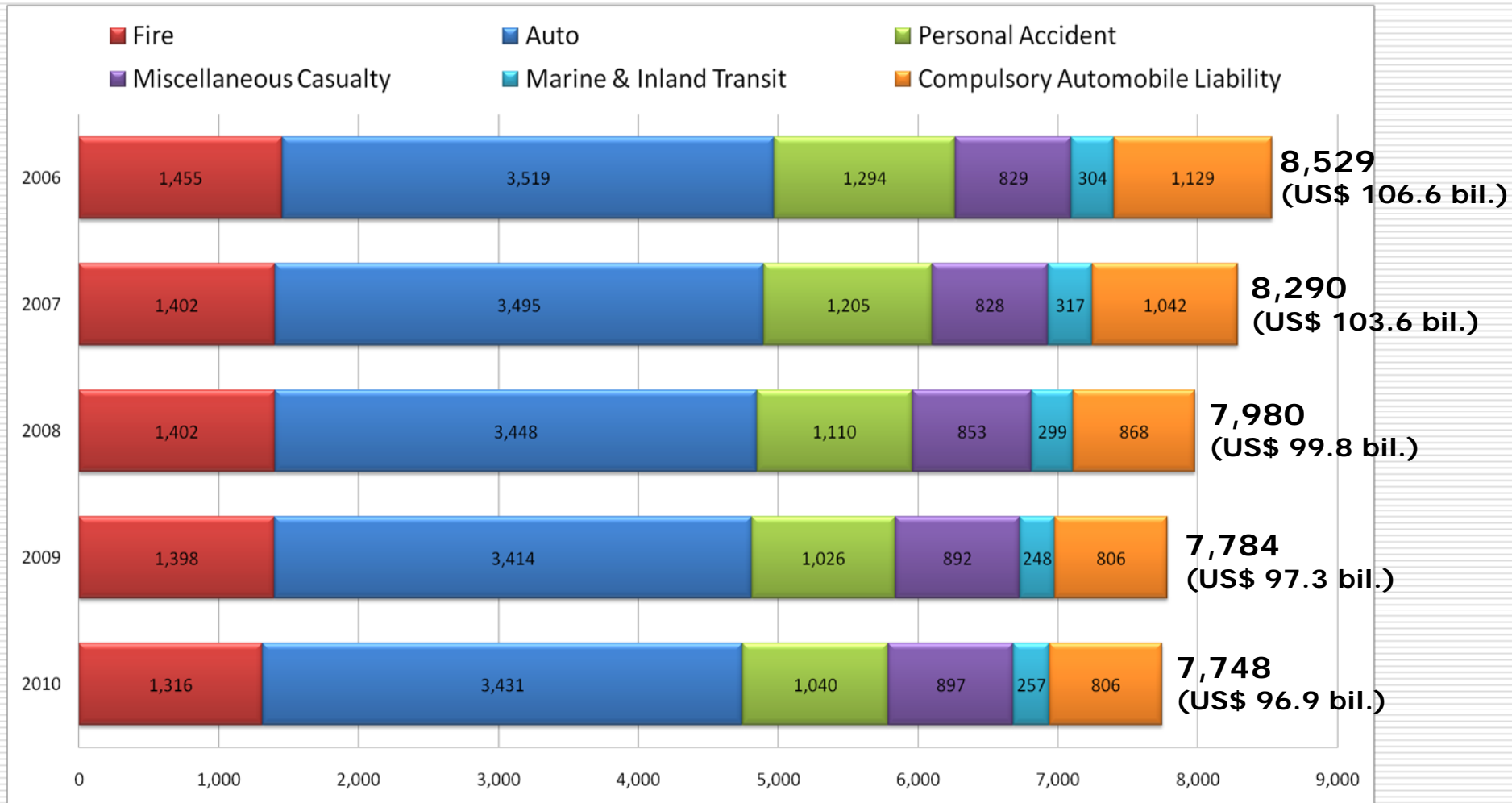
Agencies : **207,903**

Sales Staff : **2,160,029**

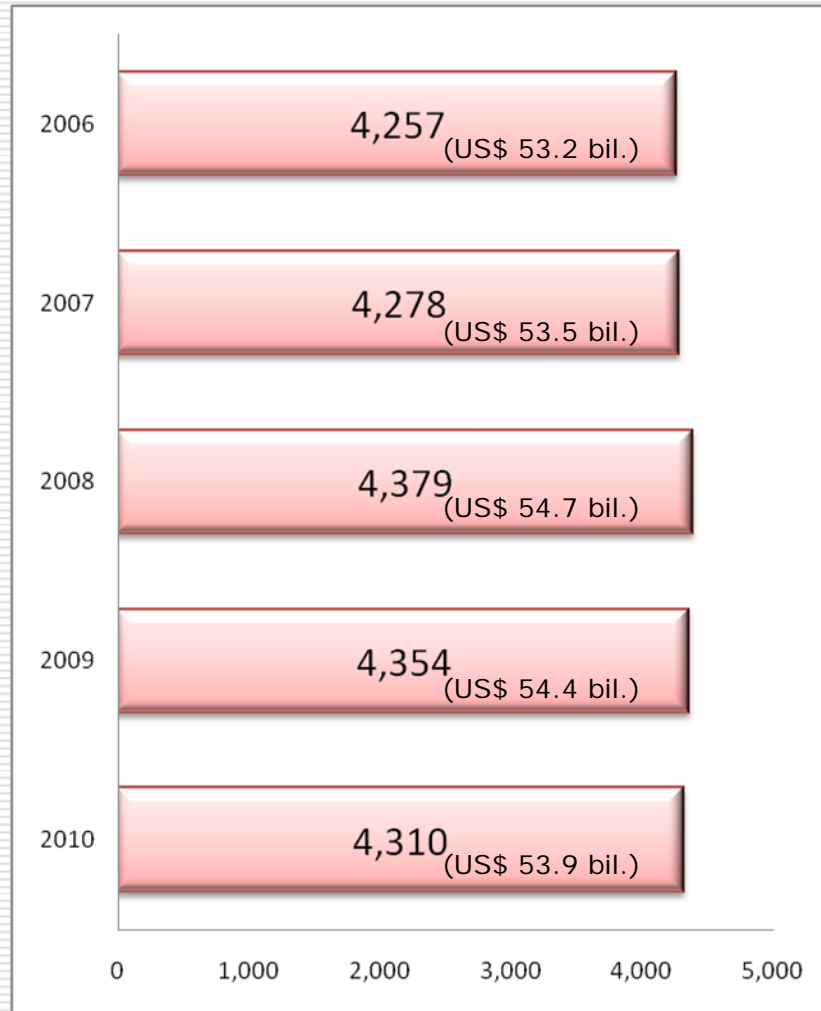
Written Direct Premium



Premium (Gross Direct Premium - Billion Yen)



Claims (Gross Direct Loss - Billion Yen)



Loss Ratio

Gross Direct Loss / Gross Direct Premium

2006 : 49.9%

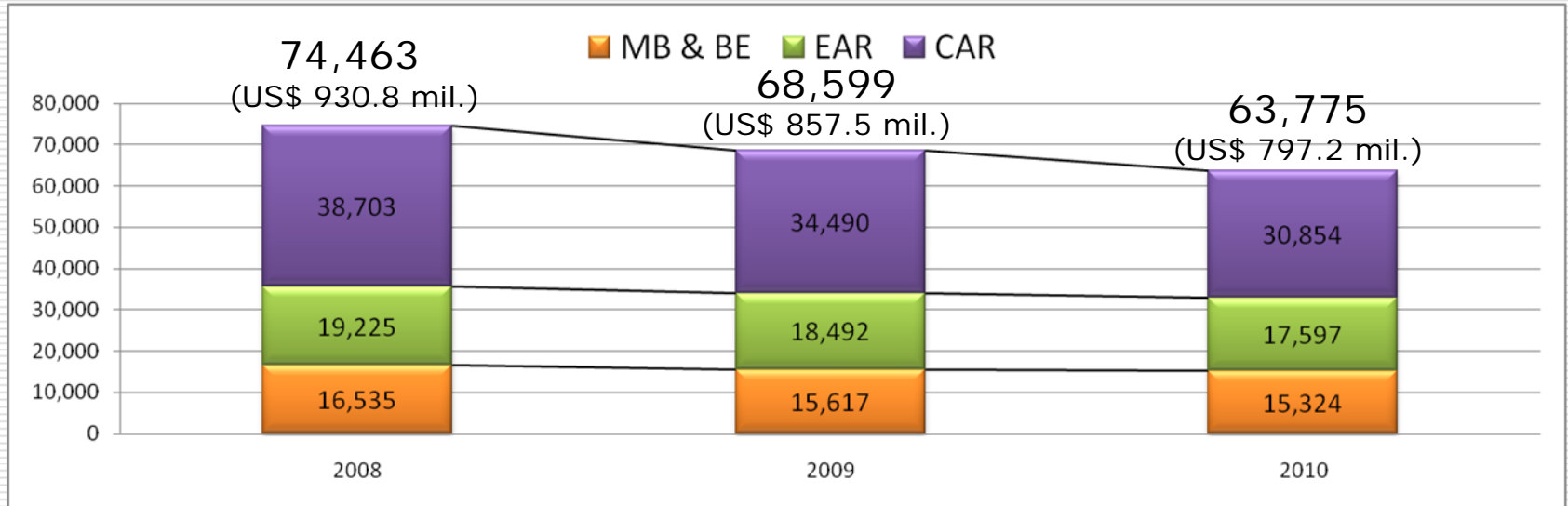
2007 : 51.6%

2008 : 54.9%

2009 : 55.9%

2010 : 55.6%

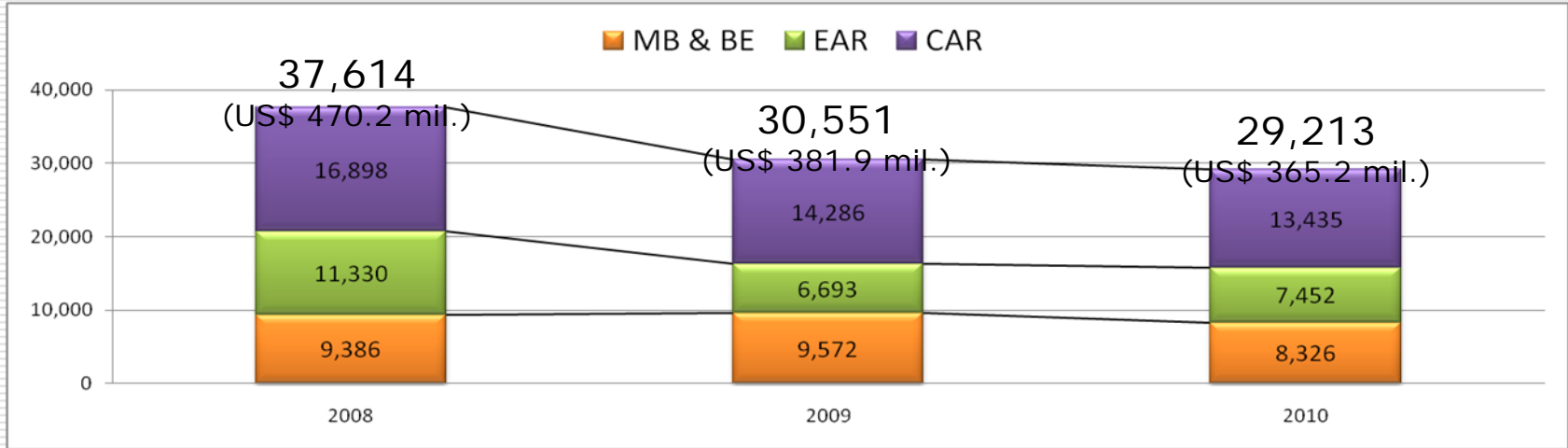
Engineering Ins. – Premium (Million Yen)



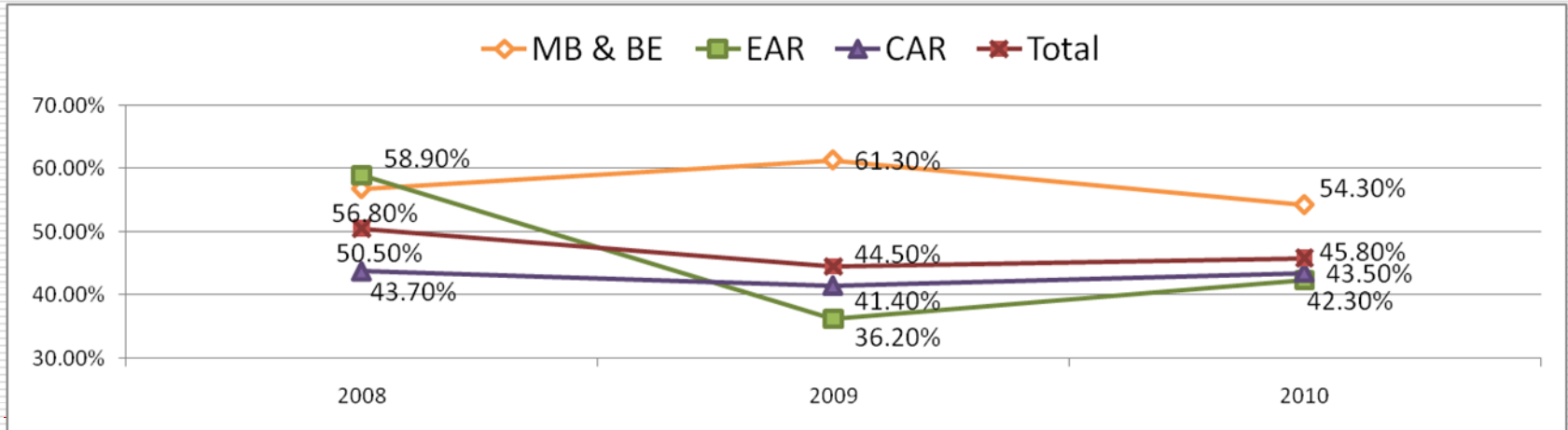
- ☑ MB & BE : Transfer of existing businesses to property insurance
- ☑ EAR : Reduction of investment in plant & equipment
- ☑ CAR : Reduction of public and housing construction

Note : CAR includes Civil Engineering Completed Risks (CECR)

Engineering Ins. – Claims (Million Yen)



Loss Ratio



Engineering Ins. – Outlook

☑ EAR & CAR

Influence of "3.11 Earthquake"

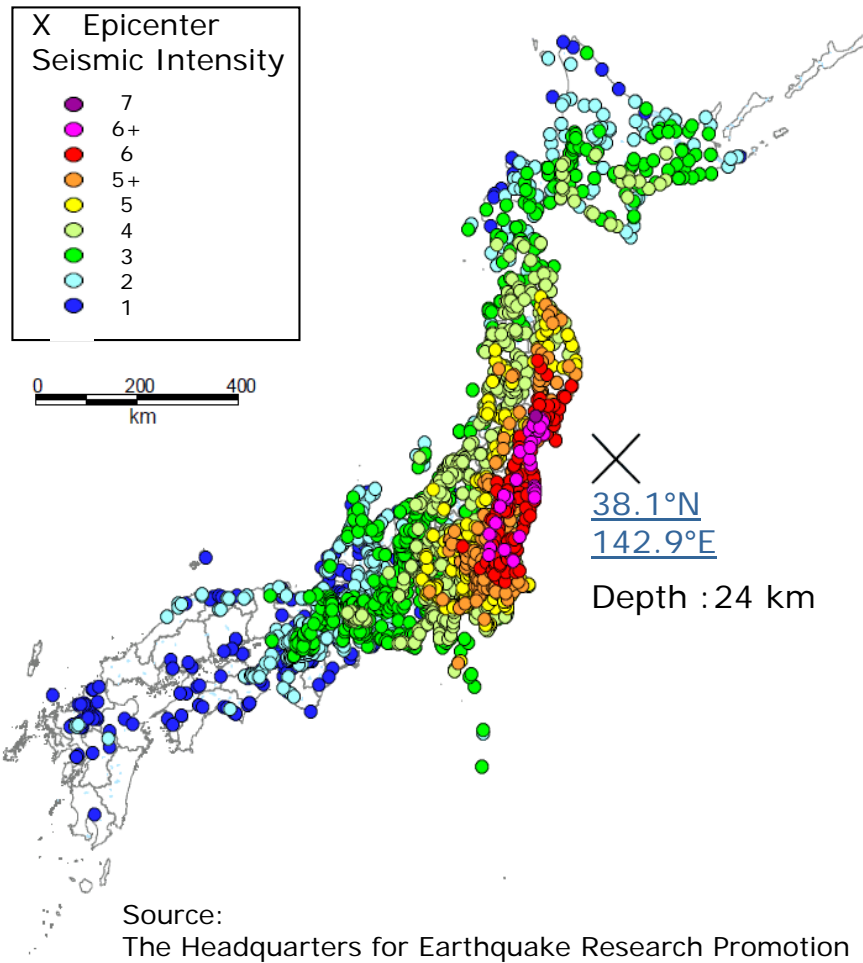
Government plans to spend JPY 19 trillion (US\$ 237.5 bil.) * for rehabilitation in five years.

* Not all properties will not be necessarily insured.

☑ MB & BE

Continued decrease is expected due to transfer of existing businesses to property insurance covers

3.11 Earthquake - Overview



- ☑ 14:46 (JST) on March 11, 2011
- ☑ Magnitude : 9.0 (Mw)
- ☑ Estimated Economic Losses
JPY 16.9 Trillion (US\$ 211 bil.)
- ☑ Casualties:
 - ☐ Death : 15,719
 - ☐ Missing: 4,616
 - ☐ Injured: 5,718
- ☑ Damages to Buildings
(majority caused by Tsunami)
 - ☐ Total Collapse : 113,924
 - ☐ Partial Collapse: 150,544

3.11 Earthquake - Insured Losses

☑ Very limited Insured Losses compared to Economic Losses

☑ Major Reasons:

- ❑ "Damage to buildings is not so severe whereas the seismic intensities were high and the disaster areas were extended to extremely large."
(Building Research Institute, Incorporated Administrative Agency, Japan)
- ❑ Earthquake and Tsunami Risks are excluded from the standard policy forms in Japan.

Class of Business	Claims Paid / Estimated Losses by Insurance Companies (Gross)	Claims Paid / Estimated Losses by Insurance Companies (Net of Reinsurance)
(a) Dwelling Earthquake Insurance	JPY 1,105.7 bil. (US\$ 13.8 bil.) (Claims Paid as of August 3, 2011)	JPY 495.4 bil. (US\$ 6.2 bil.) (Note 1)
(b) Earthquake Insurance Other Than Above	JPY 600.0 bil. (US\$ 7.5 bil.) (Note 2)	JPY 200.0 bil. (US\$ 2.5 bil.) (Note 2)

Sources:

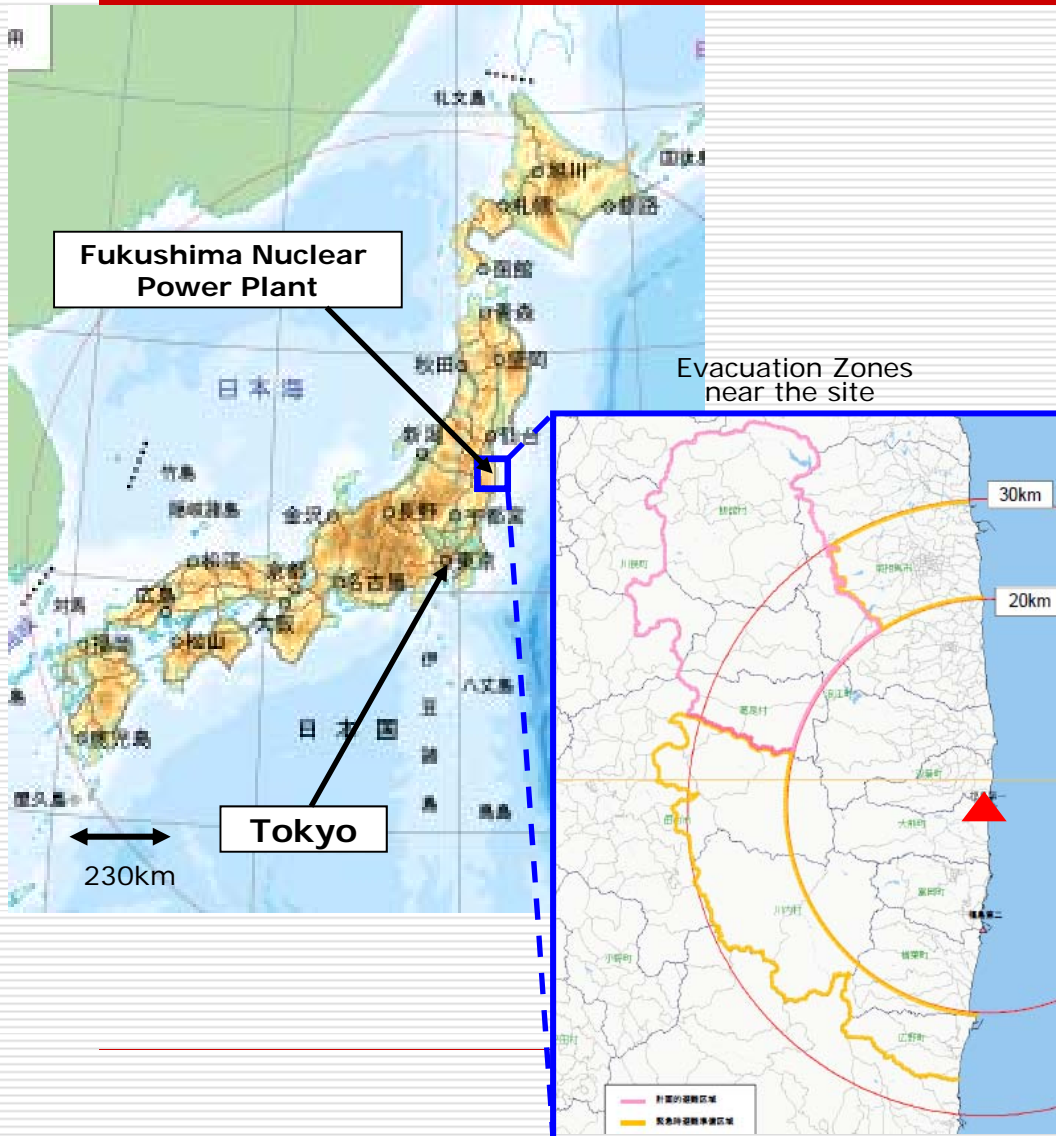
(a) The General Insurance Association of Japan, http://www.sonpo.or.jp/news/information/2011/1108_02.html, accessed on August 22, 2011.

(b) Financial Services Agency of Japan, <http://www.fsa.go.jp/news/23/hoken/20110719-3/01.pdf>, accessed on August 22, 2011.

Note 1: Dwelling Earthquake Insurance is ceded to Japan Earthquake Reinsurance, then the majority is retroceded to Japanese Government.

Note 2: These figures cover the estimated losses of five major insurance companies in Japan.

3.11 Earthquake - Fukushima



- ☑ Tokyo and other major cities are not close to the Power Plant.
 - ❑ Tokyo - Fukushima Power Plant approx. 230 km (144 miles)
 - ❑ cf. Amsterdam – Brussels approx. 170 km (106 miles)
 - London – Lehavre approx. 170 km (106 miles)

- ☑ Limited Effects of Radioactivity
 - ❑ "Continuous monitoring around these airports confirms that radiation levels are well within safe limits from a health perspective."
(International Civil Aviation Organization)
 - ❑ "WHO is not advising general restrictions of travel to Japan"
(World Health Organization)

3.11 Earthquake - Some Implications

- What the past mega-earthquake experience tells us
 - "The affected areas are slightly smaller in economic size than that of the Great Hanshin-Awaji Earthquake (1995)."
(Government of Japan, August 2011)
 - "Negative effects in the quake-hit area as well as nationwide were temporary with production levels showing a sharp recovery after dropping in the aftermath of the Great Hanshin-Awaji Earthquake."
(Government of Japan, August 2011)

- Rapid reconstruction of the affected area leads to
 - new CAR/EAR businesses both in household and corporate sectors
 - increased investments in new, renewable energies
(i.e. photovoltaic, wind, and geothermal power generation)