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Changes in Aging and Population Projections

Unit: thousand (population of elderly 65+, 65-74, 75+)

Source: Up to 2000: Ministry of Internal Affairs and Communications, "Population Census of Japan"
Trends in Life Expectancy at Birth and Average Life Expectancy at the Age of 65

Source: Ministry of Health, Labour and Welfare, "Life Table (Complete Life Table)"
"Abridged Life Table" for 2001 and 2002
Trends in Number of Births and Total Fertility Rate

Trends in Social Security Benefits

Decline of Birth Rate Continues

• The latest population study report shows Japan’s birth rate hit another all-time low in 2004 for the fourth consecutive year.

• If the trend continues, it will have a significant impact on the nation's social security system.
## Japanese Actuaries in Public Sector

### Number of Fellows by Type of Business (FY04)

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>457</td>
<td>41.5%</td>
</tr>
<tr>
<td>General Insurance</td>
<td>169</td>
<td>15.3%</td>
</tr>
<tr>
<td>Trust Banks</td>
<td>178</td>
<td>16.2%</td>
</tr>
<tr>
<td>Banks</td>
<td>11</td>
<td>1.0%</td>
</tr>
<tr>
<td>Government</td>
<td>17</td>
<td>1.5%</td>
</tr>
<tr>
<td>Others</td>
<td>269</td>
<td>24.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1109</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
Market Trend of Life Insurance Industry

• Sales of traditional death benefit products has been stagnant.
• Consumer preference shifts toward annuity products and so-called “third area” products.
• Life insurance companies are now facing new type of risks: longevity risk, long term rate guarantee of new risk products, guaranteed benefits of variable annuity products, etc.
The IAJ’s Contribution

• Study of risks in variable annuity products with minimum guarantee features was submitted to FSA.
• FSA set up a working-team, which includes actuaries, to investigate various issues regarding “third area” products, such as reserving rules.
• The Japanese Society of Certified Pension Actuaries is tackling with issues in the corporate pension area.