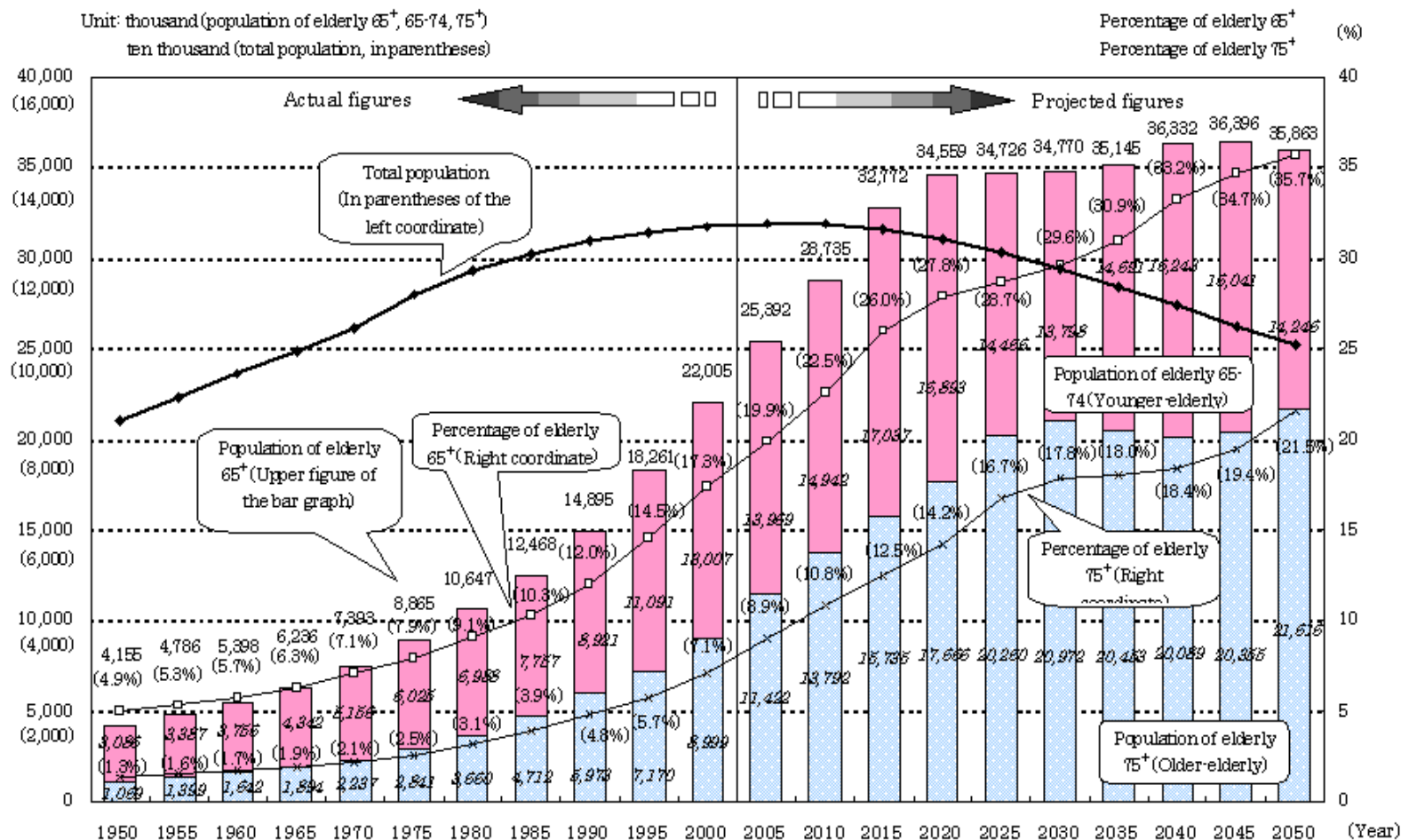


Presidents' Forum, IAA Rome
June 13, 2005

Katsumi Hikasa
President

The Institute of Actuaries of Japan

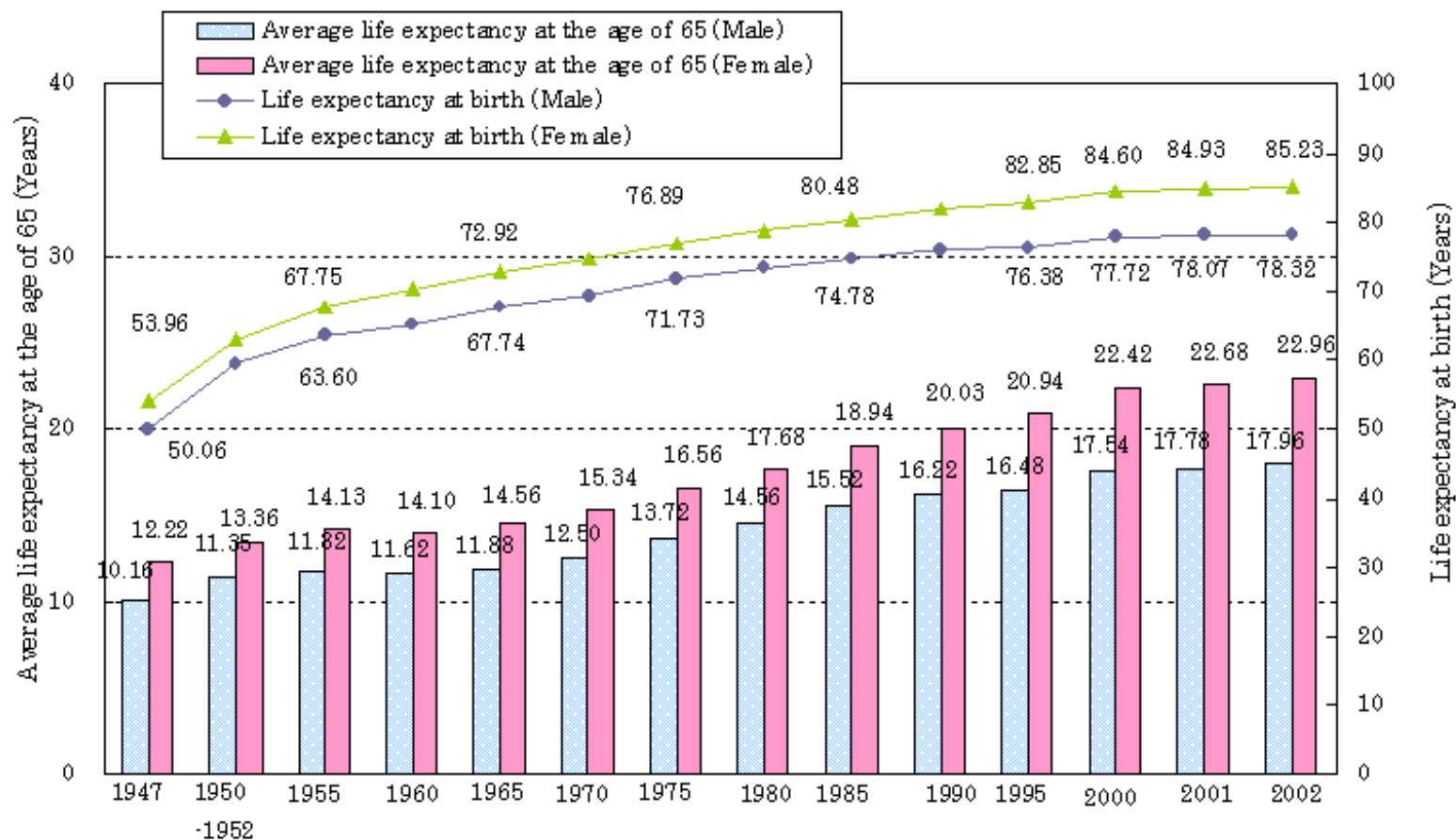
Changes in Aging and Population Projections



Source: Up to 2000: Ministry of Internal Affairs and Communications, "Population Census of Japan"

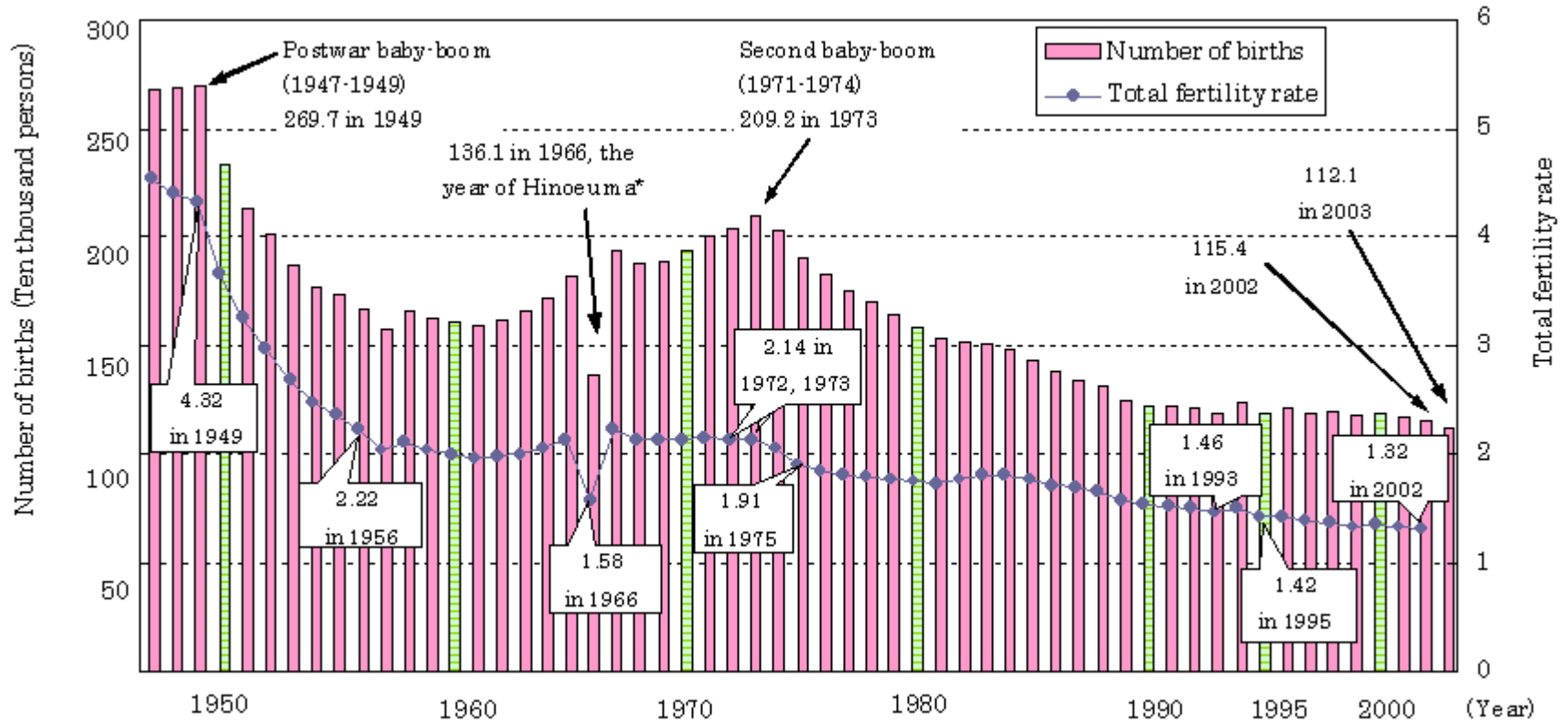
After 2005: National Institute of Population and Social Security Research, "Population Projections for Japan," January 2002

Trends in Life Expectancy at Birth and Average Life Expectancy at the Age of 65



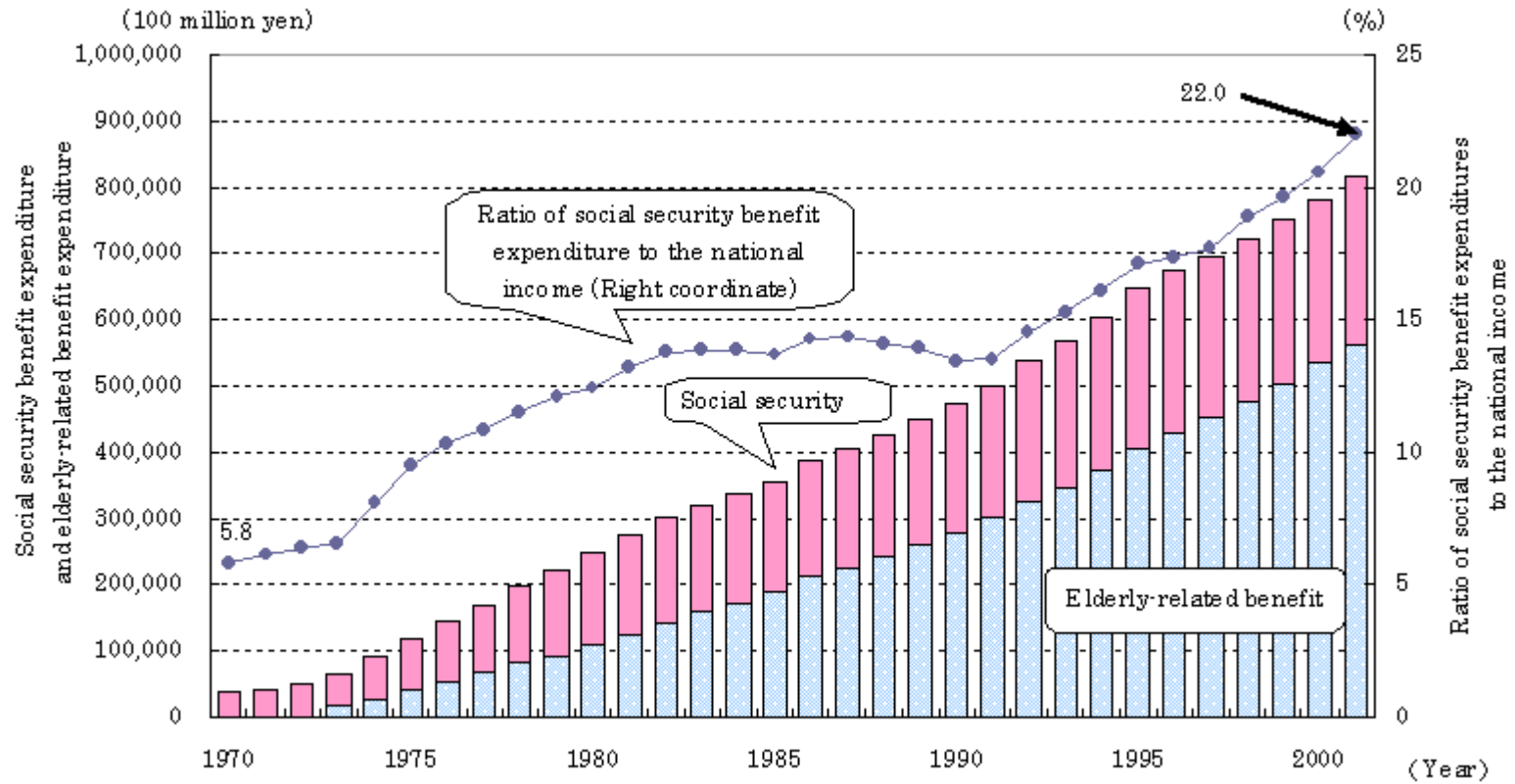
Source: Ministry of Health, Labour and Welfare, "Life Table (Complete Life Table)" "Abridged Life Table" for 2001 and 2002

Trends in Number of Births and Total Fertility Rate



Source: Ministry of Health, Labour and Welfare, "Vital Statistics"

Trends in Social Security Benefits



Source: National Institute of Population and Social Security Research, "Social Security Benefit Expenditure"

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)

Life Insurance	457 (41.5%)
General Insurance	169 (15.3%)
Trust Banks	178 (16.2%)
Banks	11 (1.0%)
Government	17 (1.5%)
Others	269 (24.4%)
Total	1109 (100.0%)

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.