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Demographic Change in Japan

- its Challenges for Financial Service Providers -

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Allianz 
アリアンツ生命保険

Topics

- 1** Short Introduction of Allianz
- 2** Demographic Changes in Japan
- 3** Challenges and Opportunities for Financial Service Providers

Allianz is a Leading Global Financial Service Provider

1890	The Year founded in Germany
70	The Countries providing our services
181,207	Our Employees worldwide <small>as of June 30, 2008</small>
80,000,000	Our Customers in the world
€mn 1,061,149	Total Assets of Allianz Group in FY2007

Source: Annual report 2007, released on March 20, 2008

Life Insurance Market in Japan

World's 'Model' function regarding challenges and opportunities

- Japan is undergoing fundamental change:
 - demographics
 - social systems
 - investment behavior

- World's third largest life insurance market

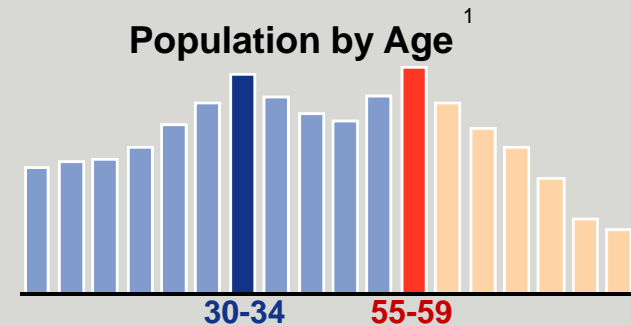
- Demographic development in Japan is 'ahead' of Europe and the U.S.

Key to success is the capability to serve clients with a wide range of product solutions for their specific needs.

Three Major Changes in Japan

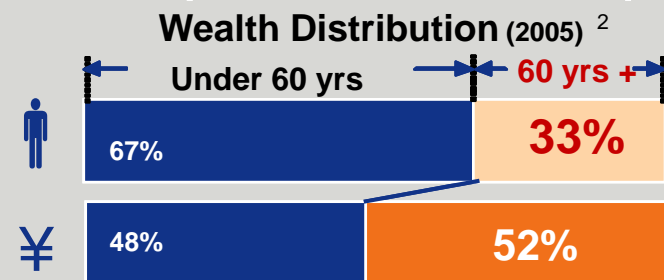
- **Population ‘twin peaks’**

The population pyramid shows notable twin-peaks due to baby boomer generation and its children.



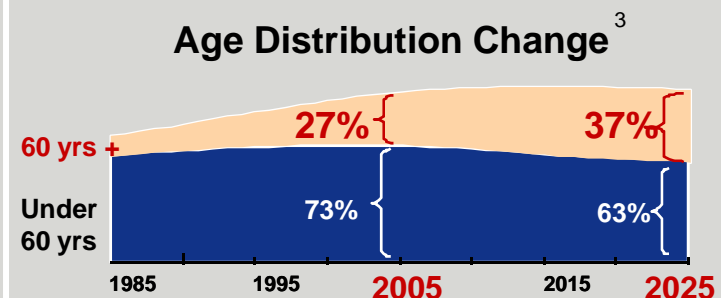
- **Asymmetrical wealth distribution**

More than half (52%) of the nation’s wealth lies with 33% of elderly people’s households.



- **Growing 60+ generation**

By 2025, this age group will be almost 40% of Japan’s population.



1 Source: 2005 population census; 2 Source: National Census; National Survey of Family Income and Expenditure; 3 Source: National Institute of Population and Society Security Research; National Survey of Family Income and Expenditure; Ministry of Health, Labor and Welfare, National Census

Ailing Social Systems and New Financial Needs

- Approx. ten million baby boomers born between 1946 and 1950 have either recently retired or will soon reach retirement age.
- The remaining life expectancy at age 65 is 18.5 years for men and 23.4 years for women.

Life expectancy	Male	Female
at birth	79.0 yrs	85.8 yrs
at age 65	18.5 yrs	23.4 yrs

Source: OECD 2006

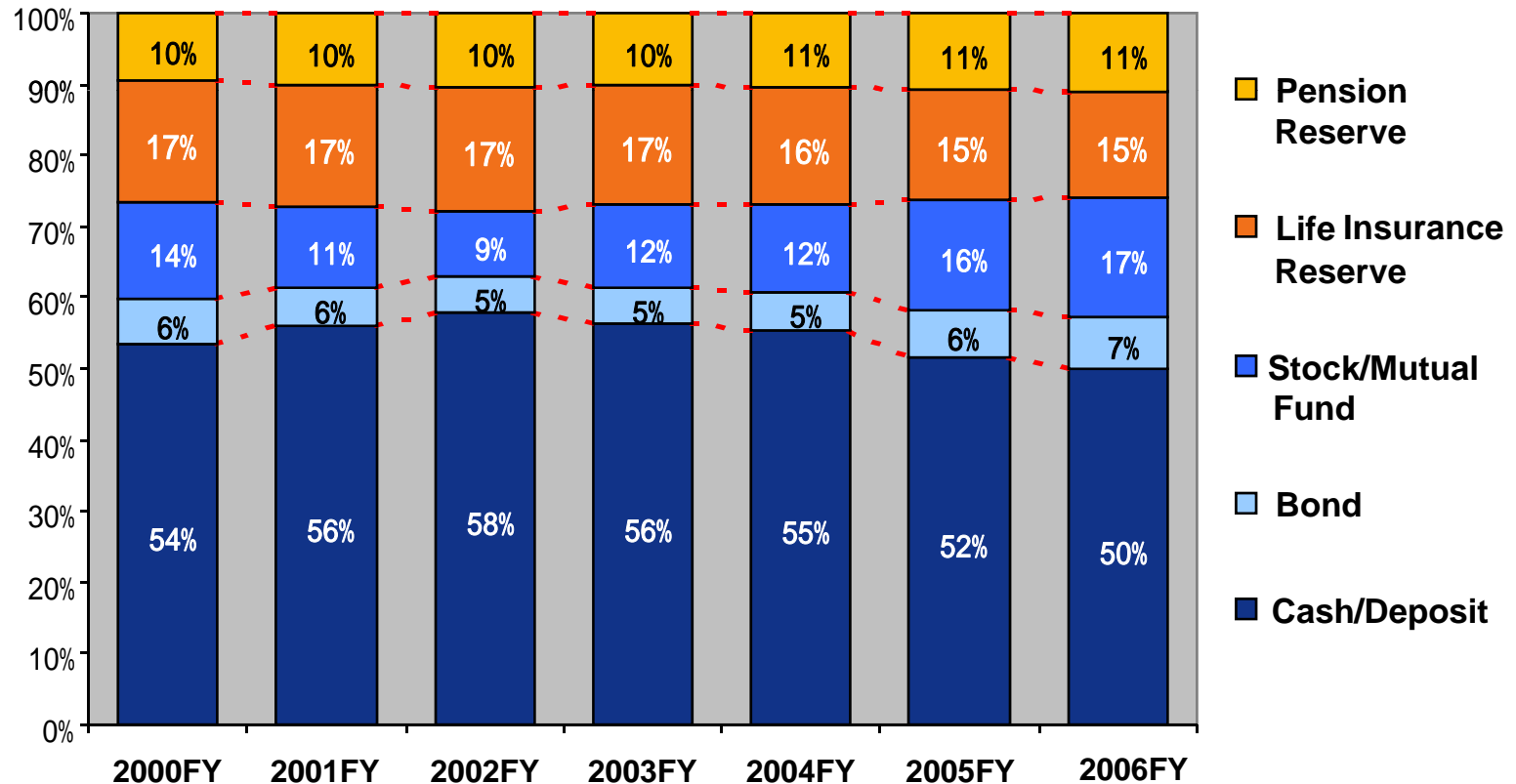
Elderly generation: Need for pension solutions, financial management and health care

Younger generation: Faced with double burden of providing for their family and preparing for retirement on the background of shrinking public pensions

Behavioral Trend - Changing Investment Behavior

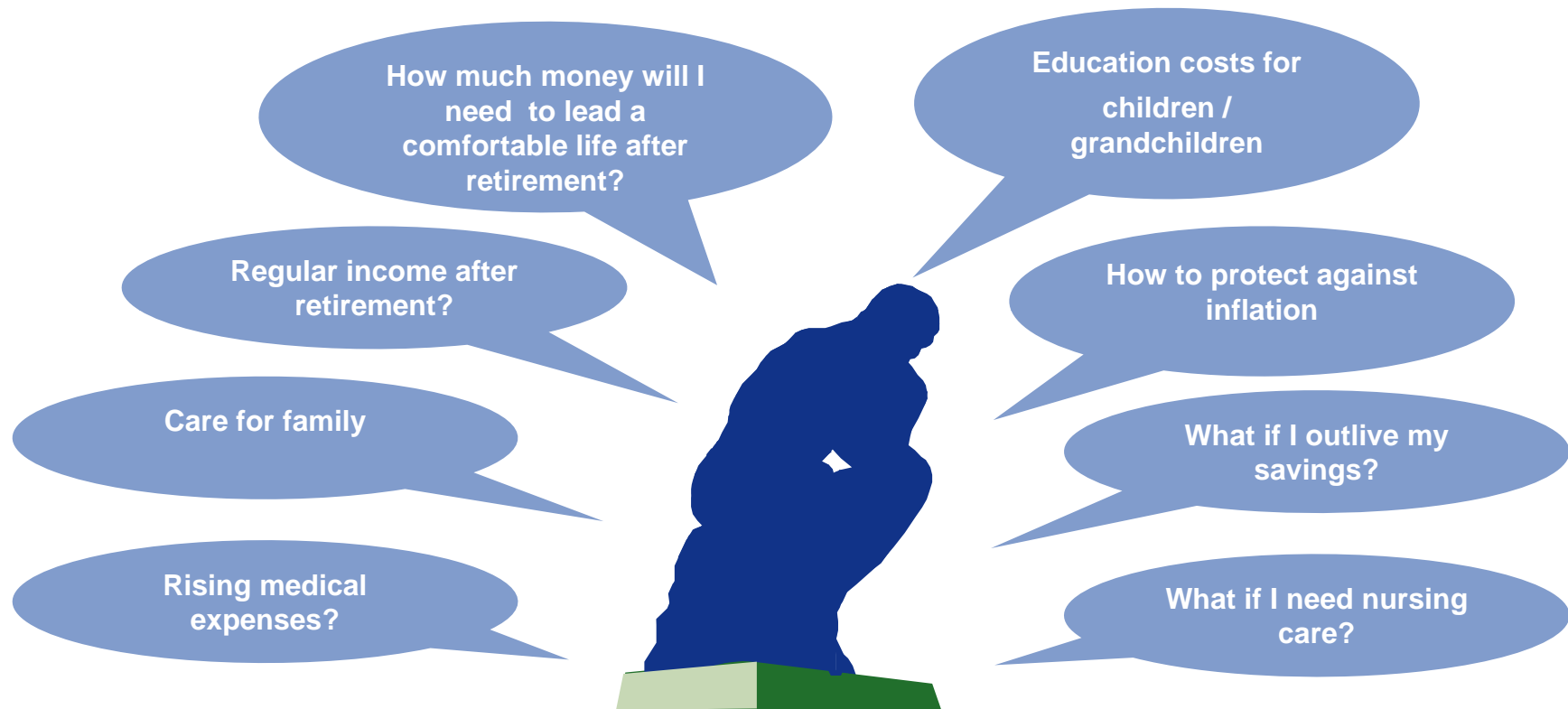
- The changing demographics brought a major paradigm shift in life insurance products from zero interest saving products to both accumulation and decumulation products.

From Saving To Investment



Source : BOJ

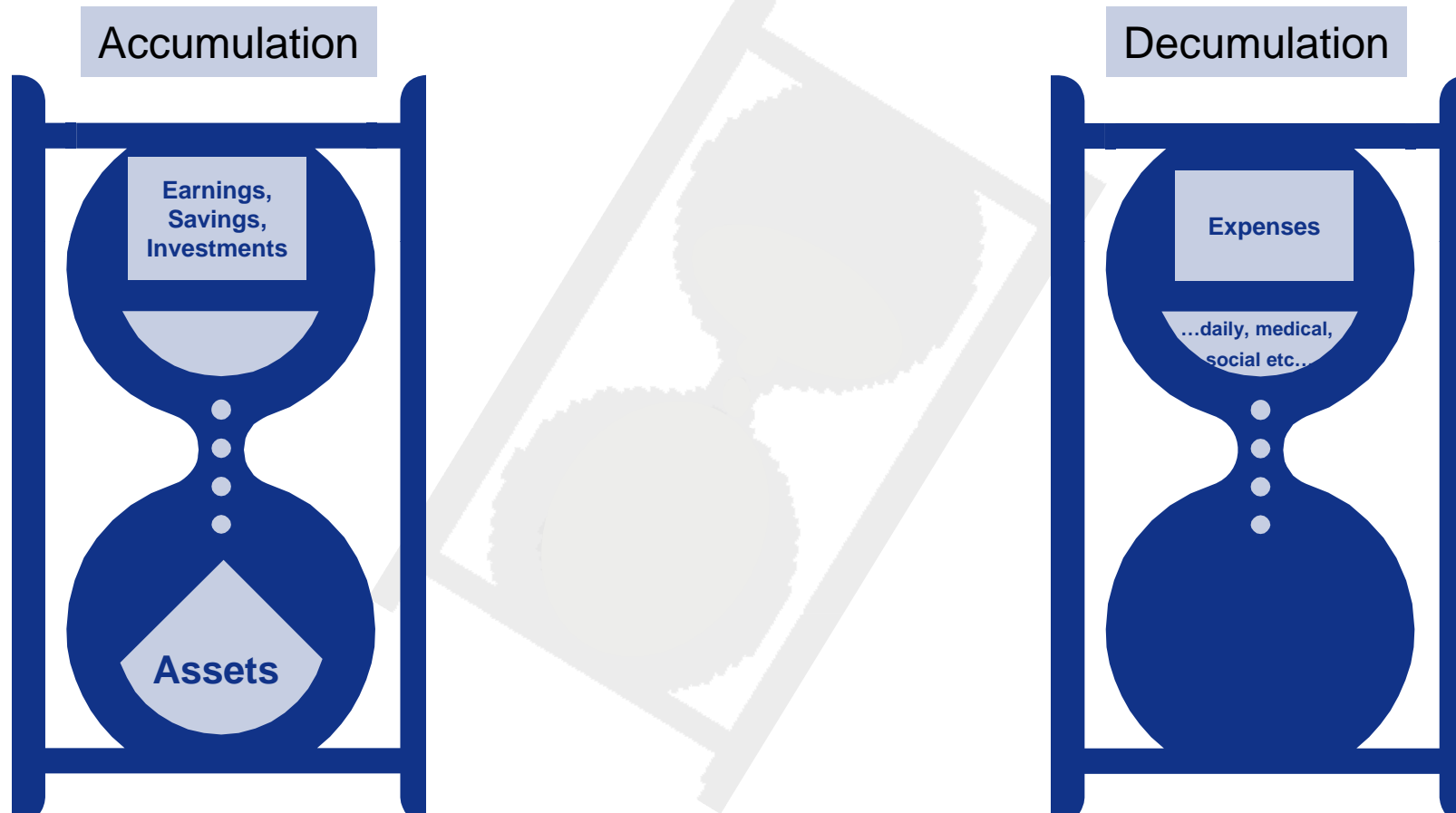
Consequences for the Individual - Need for strategies to protect household -



But I do not know what to do...

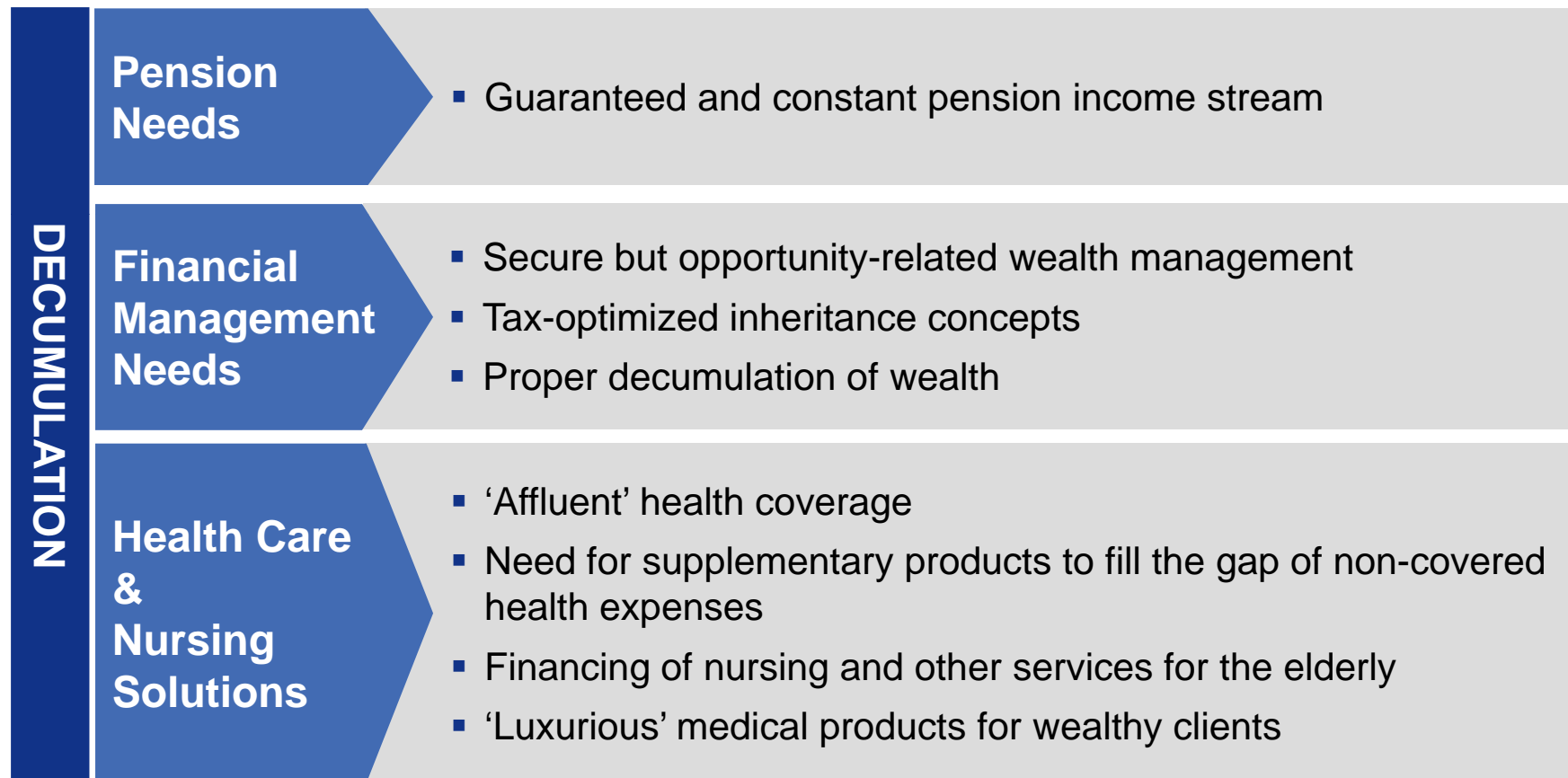
Yet: lack of knowledge, unawareness about individual financial planning

Two Basic Customer Needs depending on life stage and personal circumstances



Specific Insurance Needs

- **First baby boomer and elderly generations (55 – 65 yrs):**



Product Solution Example: Variable Annuities (1)

- Annuities with a variable rate of return through exposure to investments
- Periodic payments for a period of time in exchange for the customer's upfront investment
- Popular as a retirement solution to receive predictable payments



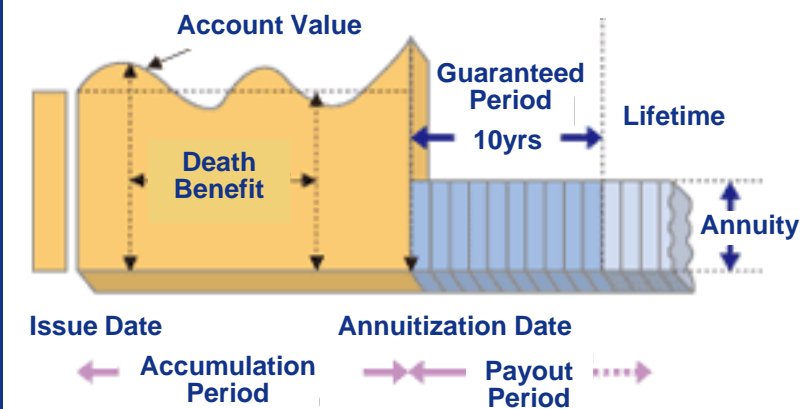
Product Solution Example: Variable Annuities (2)

Four basic types of guarantees:

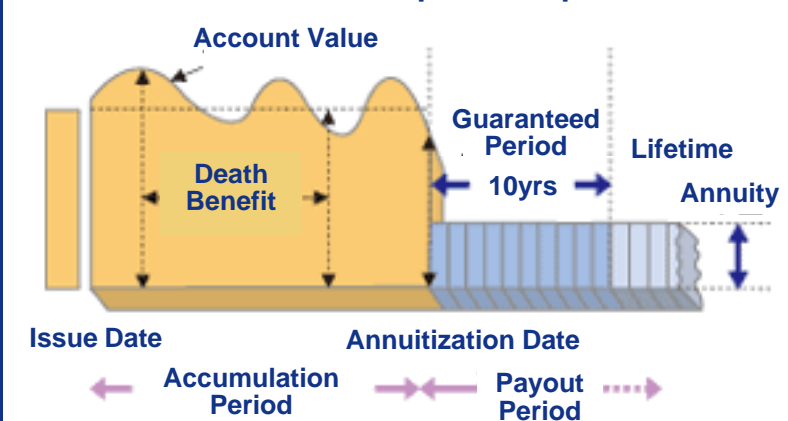
- Guaranteed Minimum Death Benefit
- Guaranteed Minimum Accumulation Benefit
- Guaranteed Minimum Withdrawal Benefit
- Guaranteed Minimum Income Benefit

Basic Product Example - Life Annuity with 10-year Period Certain (single premium, fixed installment)

Account value exceeds premium paid



Account value lower than premium paid



Source: Japan Institute of Life Insurance

Reaching Out to the Silver Market

■ The 'Universal' Company:

- Providing customers with an appropriate selection of products that are **flexible** to meet diverse needs, **accessible for everyone**, **easy to understand** and **sustainable**.

すべてのひとに わかりやすい商品をご提案すること。
 すべてのひとに 最適なサービスをお届けすること。
 私たちは、そんなユニバーサルな会社を目指します。

Allianz 
 アリアンツ生命保険

Offering comprehensible products for every individual.

Delivering optimum services to every one.

We aim to be such a universal company.

■ Sponsoring Activities:

- Supporting AED (Automated External Defibrillator) program in 40 Tokyo metropolitan parks:



アリアンツ生命保険の取組み

AED と大切な命を救う心の普及・支援活動

安心、安全で幸せな社会づくりに貢献するために

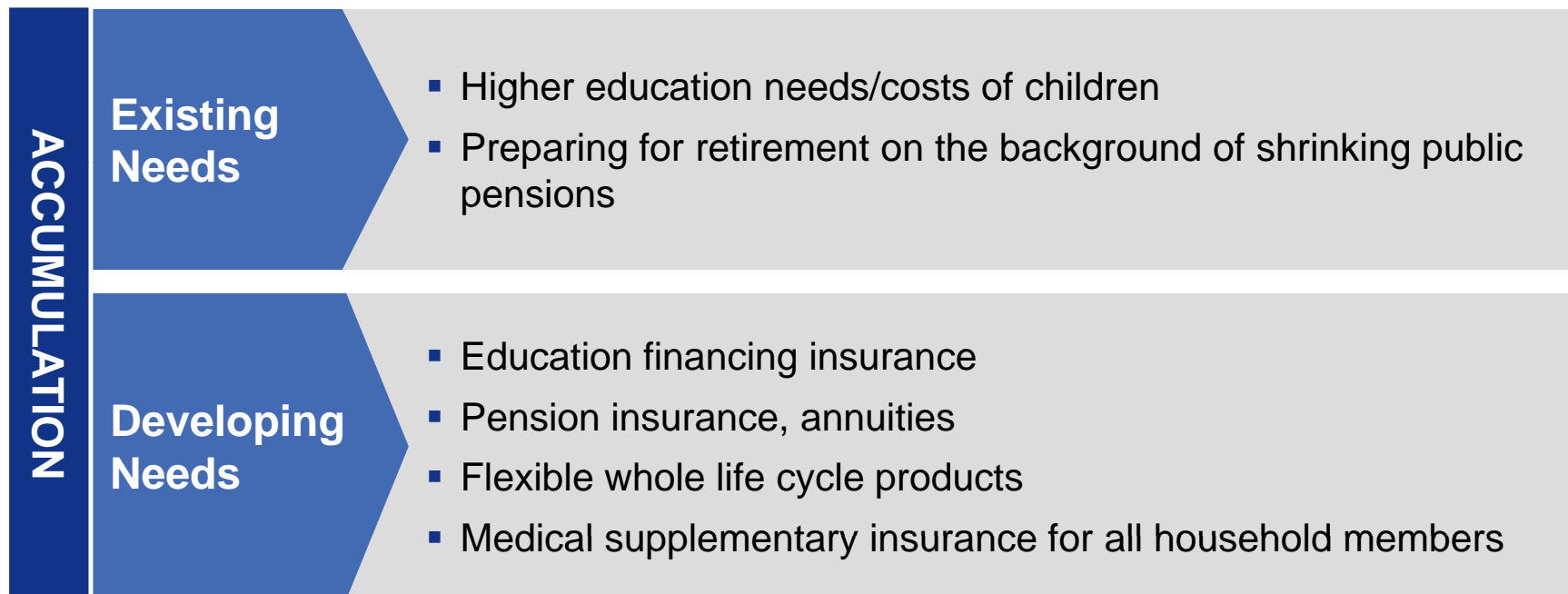
2008年3月7日から日本における生命保険事業の活動を開始した、私たち、アリアンツ生命保険。

ユニバーサルな会社を目指して、日本社会で誰もが「安心して」、「安全で」幸せな生活を送ることができるように、私たちにも出来ることから取組みを進めています。

<p>AEDのAtoZ AEDについて</p>  <p>A to Z</p> <p>「誰もが「簡単に」「安心して」「安全に」使えるAED。AEDについてのご紹介です。 > 詳細</p>	<p>東京都立40公園への AED設置支援</p>  <p>財団法人 東京都立公園協会の40公園にAEDボックスの設置を支援しています。 > 詳細</p>	<p>Chain of Survival 命を救う心</p>  <p>事故などの場面に居合わせるとき、大切な命を救う心と勇気を広げましょう。 > 詳細</p>	<p>全社員が受講 普通救命講習</p>  <p>私たち社員自身がAEDを使えるようになるために、普通救命講習を受講しています。 > 詳細</p>
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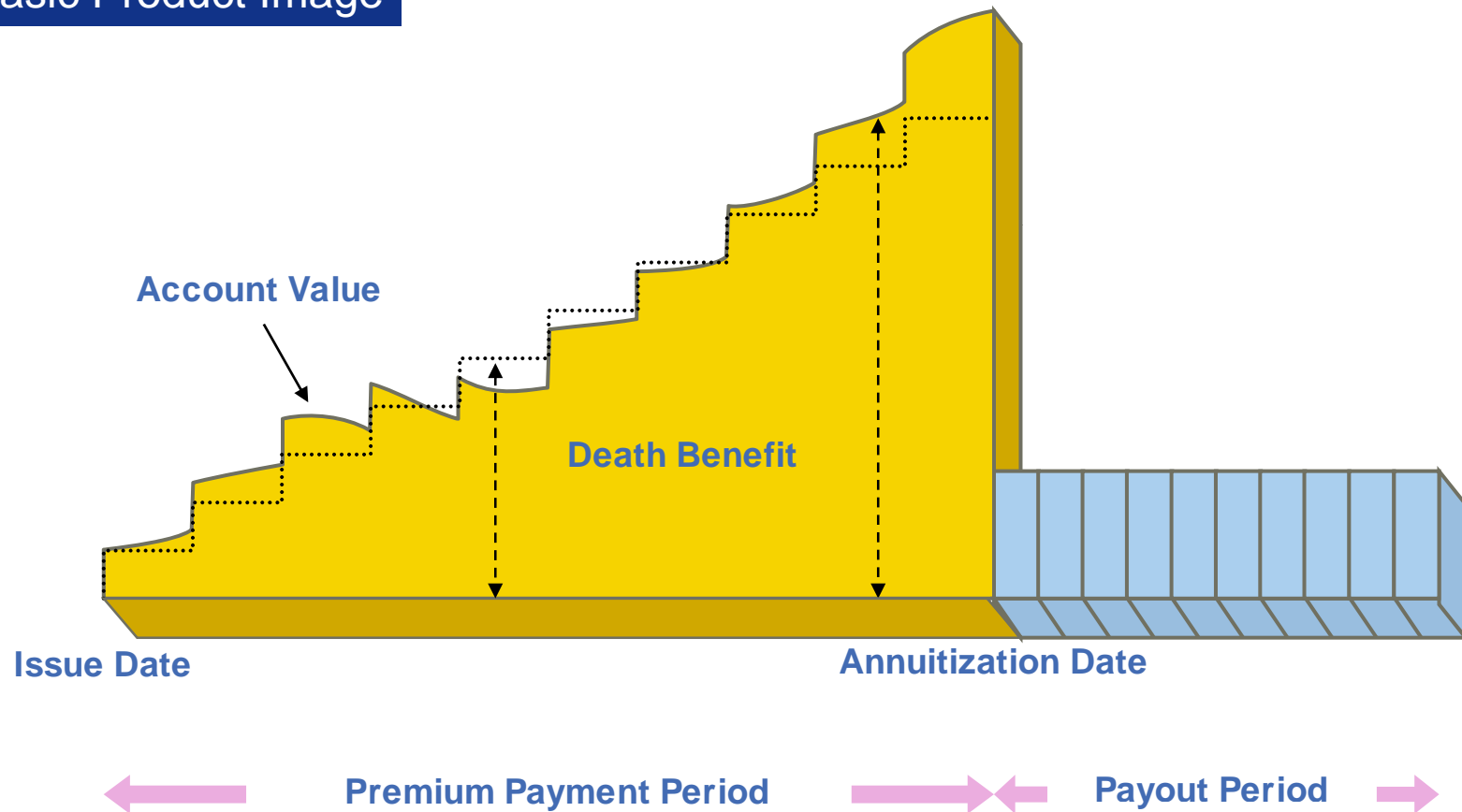
Specific Insurance Needs

▪ Second baby boomer generation (35 – 45 yrs):



Product Solution Example: Regular Payment Annuity

Basic Product Image



Future Outlook

- Individuals will increasingly need to take care of their finances personally.
- Risk of two-class society has to be avoided.
- Government / state will have to encourage and foster private post- retirement planning.

Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro / US dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the US Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

No duty to update

The company assumes no obligation to update any information contained herein.

Thank you
for your attention.