

# TOPICS

## REVISION OF STANDARD FULL RATES FOR EARTHQUAKE INSURANCE ON JULY 1, 2014

The earthquake insurance standard full rates have been revised for contracts whose inception date is July 1, 2014 or later.

The Ministry of Finance's project team on the earthquake insurance system has pointed out the need to review the location classification and the discount rates in accordance with aseismic performance, and the government's Headquarters for Earthquake Research Promotion has reviewed its epicenter model for its Probabilistic Seismic Hazard Map. As a result, the risk of damage associated with earthquakes has increased, and the standard full rates have been revised.

The following is an outline of the revision.

### **(1) Review of premiums**

The location classification by prefecture in accordance with degrees of earthquake risk has been reviewed, and rates have been reviewed based on a new epicenter model. Rates of increase and decrease in premiums vary depending on prefectures and buildings' structures, and the national average has risen around 15.5%. To put a limit on changes in premium rates, if premium rates by structure and location classification were calculated to rise beyond 30%, the rise was reduced to 30%.

### **(2) Expansion of discount rates**

Discount rates for seismically isolated buildings and buildings whose seismic grade is 3 or 2 have been expanded in consideration of damage caused by earthquakes. The scope of confirmation documents required for the application for discounts has also been expanded, which has made the application easier.

For further information, please refer to Premium Rate on page 16.



## PARTICIPATION IN THE WORLD FORUM OF CATASTROPHE PROGRAMS

We have participated in the World Forum of Catastrophe Programs and have transmitted information to the world.

Meetings of the World Forum of Catastrophe Programs have been held every year since 2006, and representatives of public institutions operating insurance (reinsurance) schemes for natural disasters have participated in the meetings. The purpose of the meetings is sharing knowledge and experience related to the operation of schemes and providing information to countries and territories that intend to introduce similar schemes.

We have participated in the meetings since 2008 and have described the characteristics of Japan's earthquake risk and Japan's earthquake insurance system.

In a meeting of the World Forum of Catastrophe Programs held in Norway in September 2013, representatives from 15 countries and territories participated. Our representative reported on the following topics associated with the Great East Japan Earthquake.

- (1) The reaction of the insurance industry and the government and lessons learned**
- (2) The handling of challenges that have emerged**
- (3) Remaining challenges**

Japan's earthquake insurance system and response to the Great East Japan Earthquake have earned high marks among other countries. We have made contributions to other countries and territories by communicating actions in Japan to them.

## PUBLISHING LOOKING BACK ON THE GREAT EAST JAPAN EARTHQUAKE: OUR ACTIONS AND THE LESSONS WE LEARNED FROM THEM

We have published a booklet written in English that describes the roles we played after the Great East Japan Earthquake, the debate over the review of the earthquake insurance system after the earthquake, and action taken in anticipation of an inland earthquake in the Tokyo metropolitan area.

We have been using the booklet as a tool for transmitting information to the world, especially in meetings of the World Forum of Catastrophe Programs.

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\* Non-life insurance is divided into two groups: insurance in the household risks field taken out by individuals to cover various risks in the home, and insurance in the corporate risks field taken out by companies to cover various company's risks. The same distinction applies to earthquake insurance. Insurance taken out by individuals is called earthquake insurance on dwelling risks, and the other insurance is called as earthquake insurance for companies. The Law concerning Earthquake Insurance targets at earthquake insurance on dwelling risks.