

MESSAGE FROM THE PRESIDENT



Chairman:
Yoshihiko Murase

President:
Makoto Sugimachi

Let me begin by expressing my sincere gratitude to all our stakeholders for their continued support.

Japan is one of the most active seismic and volcanic areas in the world. The country has been repeatedly hit by earthquakes, volcanic eruptions, and tsunamis. In April 2016, successive earthquakes occurred in Kumamoto, inflicting enormous damage.

Earthquake insurance was established in 1966 to stabilize the livelihoods of those affected by such natural disasters. An earthquake reinsurance scheme consists of three players: the government, private non-life insurance companies and Japan Earthquake Reinsurance Co., Ltd. (JER), with the public and private sectors working together to ensure that earthquake insurance claims are paid promptly and reliably.

JER was founded with the launch of the earthquake insurance system as the only company in Japan permitted to exclusively handle reinsurance for earthquake insurance covering dwelling risks. JER has always sought to make earthquake reinsurance payouts promptly and reliably against disasters such as the Great Hanshin-Awaji Earthquake, the Great East Japan Earthquake and the Kumamoto Earthquakes.

At the same time, JER has consistently paid close attention to managing and operating assets for future earthquake reinsurance payouts, focusing primarily on asset liquidity and safety.

In earthquake insurance, the number of insurance policies has been increasing with each year, and the number of insurance policies in force at the end of March 2017 reached a record high of 17.71 million. This rise reflected the growing public interest in preparing for earthquakes, which in turn was a result of various initiatives by the non-life insurance industry, which worked as one in many parts of the country to encourage understanding of earthquake insurance and the purchase of insurance policies.

In January 2017, the earthquake insurance system was revised mainly for the purpose of dividing the loss categories into a larger number of segments and revising premium rates.

In these circumstances, under the fourth medium-term business plan “Strengthening Arrangements for Earthquake Reinsurance Payouts,” which was launched in fiscal 2015, we have worked to develop an effective business continuity management (BCM) in anticipation of an inland earthquake in the Tokyo Metropolitan area and to solve management issues to that end to ensure our readiness for prompt and reliable earthquake reinsurance payouts in preparation for potential large-scale earthquakes.

We are also working to enhance our asset management capabilities and increase our capacity to deal with financial market fluctuations, as our asset management system, which invests primarily in bonds, faced a continuously challenging investment environment with low interest rates. At the same time, we are also advancing our integrated risk management.

Meanwhile, as management base-related measures, we are continuing to strengthen the IT governance system and corporate governance system, and we are seeking to develop and hire human resources to support the enhancement of corporate value, with the aim of creating a rewarding and vibrant workplace.

Recognizing our social mission, we will strive to contribute to the development of the earthquake insurance system and, understanding our role and responsibilities, we will step up efforts to execute our duties reliably, aiming to become a company that is completely trusted by its stakeholders.

We hope that we can continue to count on your support as we pursue these initiatives.

July 2017

Makoto Sugimachi
President

Japan Earthquake Reinsurance Co., Ltd.