

TOPICS

REVISION OF PREMIUMS RATES OF EARTHQUAKE INSURANCE ON JANUARY 1, 2017 AND DIVISION OF LOSS CATEGORIES INTO FOUR

Earthquake insurance has been revised as described below for policies the inception date of which is on or after January 1, 2017. Outline of the revision is as follows.

1. REVISION OF INSURANCE PREMIUMS

Insurance premiums have been raised 5.1% on national average in light of the renewal of the seismic source models to the 2014 version and the renewal of basic data in the Probabilistic Seismic Hazard Maps (PSHM) by the Headquarters for Earthquake Research Promotion of the government.

2. DIVISION OF LOSS CATEGORIES INTO FOUR

Based on discussions (it is desirable to better reflect the reality of losses in the loss categories while ensuring the promptness of loss assessment) at follow-up meetings of the Ministry of Finance's Earthquake Insurance System Project Team, the "half loss" in the loss categories has been divided into two, namely "large half loss" and "small half loss." As a result, the three categories of total loss, half loss and partial loss have been divided into four categories of total loss, large half loss, small half loss and partial loss.

PARTICIPATION IN FORUM TO COMMEMORATE THE 50TH ANNIVERSARY OF THE EARTHQUAKE INSURANCE SYSTEM

On September 5, 2016, a forum to commemorate the 50th anniversary of the earthquake insurance system was held, sponsored by the General Insurance Association of Japan (GIAJ). It sought to use the 50th anniversary of the earthquake insurance system as an opportunity to look back on the history of earthquake insurance and seek the further take up and promotion of earthquake insurance.

A panel discussion by experts followed the keynote speeches by the Ministry of Finance and the Financial Services Agency. During the discussion, panelists noted that the role of earthquake insurance in Japan, a country highly susceptible to earthquakes, is very significant and that to further facilitate the take up of earthquake insurance, it is important for consumers to have a correct understanding of the need and mechanism of earthquake insurance. At the conclusion of the forum, the determination that "non-life insurance companies and agents will unite and make concerted efforts with the cooperation of the government to inform the earthquake risk and further facilitate the take up of earthquake insurance" was expressed.

JER also set up a special booth in the venue to introduce the reinsurance system and the role of JER, which support the earthquake insurance system, by putting up posters and distributing a booklet, among other activities.

RESPONSE TO THE 2016 KUMAMOTO EARTHQUAKES

We offer our deepest sympathy to all those affected by the 2016 Kumamoto Earthquakes. The non-life insurance industry was united in taking initiatives to promptly, steadily and fairly make insurance payouts to support the reconstruction of the lives of policyholders affected by these earthquakes and sought to support the victims and timely provide information, making use of its experience in the Great East Japan Earthquake. As a result, 247,048 earthquake insurance claims of 377.2 billion yen had been paid as of March 31, 2017.

NUMBER AND AMOUNT OF EARTHQUAKE INSURANCE CLAIMS PAID IN THE 2016 KUMAMOTO EARTHQUAKES

As of March 31, 2017: The figures below were gathered from both the member and non-member insurance companies of GIAJ.

	Number of inquiries (Note 1)	Number of settled cases (Note 2)	Number of claim payments	Total amount of claims paid (1,000 yen)
Fukuoka	24,113	23,440	17,188	10,449,428
Saga	3,913	3,827	2,909	1,873,692
Nagasaki	1,002	982	671	389,377
Kumamoto	228,128	228,045	211,478	353,320,597
Oita	16,973	16,748	13,631	10,469,010
Miyazaki	702	681	481	342,933
Kagoshima	465	463	262	140,261
Other	760	742	428	302,371
Total	276,056	274,928	247,048	377,287,669

Note 1: The number of inquiries includes the number of cases where insurance companies received requests for damage investigations, inquiries about earthquake insurance coverage, and requests for advice on policyholder contracts. The number includes inquiries for both buildings and contents.

2: The number of settled cases includes those cases where claims were paid as well as those where claims were withdrawn as a result of investigations. It also includes cases that were resolved when insurance companies received inquiries.

(Source: Partially extracted from the GIAJ website on May 9, 2017)

* The number and amount of reinsurance claims paid in the 2016 Kumamoto Earthquakes posted in the Top 20 Earthquakes as to Reinsurance Claims Paid on page 26 are the number and amount of reinsurance claims paid by JER to non-life insurance companies as of March 31, 2017 and therefore are not the same as the number and amount above.