



## GIAJ Chairman's Statement (Translation)

Jun. 30, 2023

Mr. Keisuke Niiro was appointed Chairman of the General Insurance Association of Japan (GIAJ) on June 30, 2023. His main agenda and key policies for the coming year are as follows.

### Introduction

We want to express our deepest sympathies to all those affected by the heavy rain brought by Typhoon No.2 (Mawar) that hit Japan on June 2 and our deepest gratitude to all those involved in supporting the affected areas. The general insurance industry will make every effort to gauge the damage situation, respond to your inquiries and consultations in a friendly manner, and is committed to paying insurance claims promptly.

### Current Environment ~What will this year be like?~

In Japan, natural disasters continue to increase in severity and frequency against the backdrop of global climate change, and there are concerns that Tokyo inland earthquake or a Nankai Trough earthquake could occur shortly. This year marks the 100th anniversary of the Great Kanto Earthquake, and this is an important year to raise public awareness of the importance of natural disaster preparedness and disaster prevention/mitigation efforts through various initiatives and to promote countermeasures.

Japan's economy is recovering moderately due to the rebound from the pandemic and increased inbound demand. Looking ahead, we believe this trend will continue, but whether economic growth can be sustained through a virtuous cycle between wages and prices will require close monitoring of future trends, such as wage increases and the attitude of companies toward price hikes.

Regarding the social situation, while the population continues to decline due to the low birthrate and aging, the number of foreign residents has reached a record high, and initiatives to realize a multicultural society are being pursued.

In addition, digital technologies represented by generative AI and metaverse and technological advancements in the mobility area, such as connected cars and autonomous vehicles, are noteworthy, and these digital technologies are creating new businesses, creating diverse workstyle, and solving regional challenges. On the other hand, cyber-attacks are becoming more frequent and sophisticated with the advancements of digital and IoT, and risks, unlike anything we have seen before, are becoming apparent, including frequent damage to supply chains.

Based on the "Basic Policy for Economic and Fiscal Management and Reform 2023" formulated in response to these current social and economic environments and technological

innovations, we believe that policies will be promoted to increase investment and implement economic and social reforms, such as strengthening supply chains, responding to new demand and markets in the decarbonized sector in Green Transformation (GX), creating a digital society through digital transformation (DX), and addressing inbound travel.

The international situation surrounding Japan continues to be chaotic, with Russia's prolonged invasion of Ukraine and the confrontation between the United States and China. Under these circumstances, Japan's leadership was demonstrated at the recent G7 Hiroshima Summit, and we recognize that Japan will be expected to play an even more significant role in leading discussions on various topics in the international community in the future. At the G7 Finance Ministers and Central Bank Governors' Meeting in Niigata, expectations for the International Association of Insurance Supervisors (IAIS) to narrow the gap between risk and preparedness in countries vulnerable to climate change, the so-called "protection gap" was mentioned. Active discussion and exchange of views are expected at the IAIS Annual Conference to be held in Japan for the first time.

As mentioned above, our country's wide range of challenges will require a focused response. In addition, because we live in an era of rapid environmental change, and it is difficult to foresee what lies ahead, the Association believes it is necessary to fulfill more than ever the essential function of general insurance, which is to "respond to natural disasters and risks in society and the economy."

In particular, in light of the financial literacy survey (2022) showing that the public does not have a sufficient understanding of financial products, we recognize that it is essential for the general insurance industry to promote an understanding of general insurance as a means of preparing for risk and to work with the national and local governments and other administrative agencies to raise awareness of disaster prevention and mitigation.

In addition, the Association's initiatives are focused on Japan and overseas. Amid the increasing severity and frequency of natural disasters globally, we believe that sharing Japan's knowledge and experience in general insurance, disaster prevention, and disaster mitigation with countries whose general insurance systems are still under development and improvement is meaningful not only in terms of encouraging the establishment of compensation systems for damage but also in terms of preventing and mitigating damage itself.

In light of this, the Association has decided to address the three priority initiatives listed below for the current fiscal year.

## Priority Initiatives for This Fiscal Year

This year, we will focus on "responses to natural disasters," "responses to those who need more risk information," and "contributions to the development of general business in Asian countries/regions".

We will also work to expand the content of the information we disseminate and diversify the methods used to disseminate it so that as many people as possible can understand the efforts of the Association. I want to take the lead in publicizing our association's efforts at various opportunities and disseminating information widely, utilizing YouTube and Twitter.

### (1) Raising awareness for natural disaster responses

The importance of insurance and disaster prevention/mitigation is increasing in response to the increasing frequency and severity of natural disasters. On the other hand, it has also been pointed out that malicious companies take advantage of natural disasters and other calamities.

We will continue engaging in activities to ensure the public understands these situations correctly.

#### **A. Initiatives to cope with natural disasters**

We plan to hold events nationwide to promote an understanding of the importance of disaster prevention/mitigation efforts and preparedness through general insurance. In particular, since this year marks the 100th anniversary of the Great Kanto Earthquake, we are planning an online event in which we will have a dialogue with government officials and have experts give lectures to reaffirm the importance of earthquake insurance and the lessons learned from the earthquake. Regarding typhoons, torrential rains, and other disasters, we plan to hold similar events in cooperation with the media and local governments, starting with Kagoshima and Okayama, marking milestone years since the past significant disasters.

#### **B. Initiatives to prevent problems related to malicious companies who take advantage of disasters**

There have been ongoing problems in the event of natural disasters, such as malicious companies taking advantage of the disaster to solicit disaster victims and charging customers high fees and cancellation fees for insurance claims. In more malicious cases, they may even induce customers to participate in insurance fraud for losses that have not occurred. To prevent such damage from malicious act, we will promote countermeasures through cooperation with the police and other relevant organizations, educational activities using web-based media, and support for proper insurance payment using digital technology.

### **(2) Raising awareness among those who need more risk information**

We will provide information, education, and awareness-raising activities on general insurance coverage and disaster prevention/mitigation measures, focusing on young people, people who have difficulty understanding Japanese, and small and medium-sized enterprises, which are considered to be particularly in need of understanding of risks such as accidents and disasters, and preparation such as general insurance.

#### **A. Initiatives for the younger generation**

With the lowering of the age of adulthood, students are now required to act as members of society of 18, and financial education in high school classes has become mandatory. In response, the Association is focusing on financial literacy education with the goal that students can "choose their insurance" upon graduation from high school. This fiscal year, we will continue to support general insurance education for high school teachers by strengthening seminars for teachers jointly organized with the Japan Institute of Life Insurance. In addition, regarding the video version of our web-based educational material for high school students, "Try for a Brighter Future!" we will strengthen our initiatives to increase awareness and reach more high school students directly by providing direct mail and information magazines.

In addition, we will promote further the "Bosai Tankentai (Explore your town - disaster prevention hotspots)" disaster prevention education program for elementary school students by collaborating with the Independent Insurance Agents of Japan and conducting aggressive PR activities by employees and agents of member companies, aiming to recover the number of groups that applied for the program before the COVID-19 pandemic. Furthermore, as mentioned above, this year marks the 100th anniversary of the Great Kanto Earthquake, and to

further raise awareness of disaster prevention, we will strive to promote the program to a broader range of people (including those who may be vulnerable to evacuation in the event of disaster) than ever before. In addition, from the perspective of improving convenience for participants, we will consider converting the current paper and tablet-based programs to web-based programs and applications.

## **B. Initiatives for people from overseas**

With the COVID-19 pandemic under control, the number of foreign tourists and foreign residents is expected to increase further. The Association's website for foreign nationals has traditionally included content such as "Useful Information for Emergencies" and "Risks in Daily Life and General Insurance" to ensure a safe and secure life and stay in Japan. This fiscal year, we will further increase the number of target languages and expand links to provide a safe and secure stay for more visitors from overseas to support and encourage economic revitalization; in addition, we will promote publicity activities on the importance of general insurance and disaster prevention/mitigation in cooperation with related organizations that have contacts with local foreign communities, as well as with local governments.

## **C. Initiatives for small and medium-sized enterprises (SMEs)**

While various risks such as pandemics, natural disasters, and cyber attacks are anticipated, according to a survey conducted by the Association, many SMEs still responded that "they have not taken any particular actions/measures to deal with risks" and that they "do not have" any insurance product. In particular, it is an urgent issue to promote an understanding of risks, such as cyber risks, for which insurance penetration remains low, and to encourage SMEs to make the necessary preparations, which we believe will support and encourage the government's goal of strengthening supply chains and revitalizing the economy. In light of this, we will continue to survey SMEs on their risk awareness and provide information on risks of high interest to encourage preparedness through insurance and disaster prevention/mitigation.

## **(3) Contribute to the development of general insurance business in Asian countries/regions**

We demonstrate Japan's leadership in Asia, contribute to developing sound and resilient general insurance systems, promote initiatives to provide lectures regarding insurance claims payment and insurance products for natural disaster risks, and communicate these at various international conferences.

### **A. Contribute to the development of sound and resilient general insurance systems**

To contribute to the establishment of sound and resilient insurance systems in Asian countries/regions from a medium- to long-term perspective, we will work with relevant ministries and organizations to support the introduction of appropriate capital regulations and the establishment of systems for risk management, insurance underwriting, and appropriate insurance claim payments.

In addition, through the curriculum of the Insurance School (Non-Life) of Japan, which is operated for insurance professionals in Asian countries/regions, the Association will provide various general insurance-related know-how on natural disaster risks in Japan.

## B. Strengthen information dissemination at international conferences

This fiscal year, the International Association of Insurance Supervisors (IAIS) Annual Conference, to be held for the first time in Tokyo, is expected to focus on narrowing the protection gap in climate change-sensitive countries. Our Association hopes to contribute to the success of the conference by communicating its achievements and future initiatives in providing support to Asian countries/regions that will contribute to narrowing the protection gap at the conference, which is attended by both the public and private sectors and will discuss specific details with relevant authorities and organizations.

In addition, this fiscal year, we will also work to expand "Bosai Tankentai" overseas and share the knowledge of Japan as a disaster-prone country by introducing it along with the disaster prevention initiatives of the Association and member companies at the upcoming international conferences, such as the Asia-Pacific Risk and Insurance Association (APRIA) and the ASEAN Insurance Conference.

## Initiatives to address other challenges

### (1) Initiatives to digitalize claim payments in earthquake insurance

In light of concerns about the occurrence of the Tokyo metropolitan area inland earthquake or a Nankai Trough earthquake in the not-too-distant future, we will further aim at prompt insurance payment by digitalizing the claims payment process. Specifically, we will work on the web-based damage status reporting (self-reporting) method, which has been conducted on a paper basis up to now, and improvement and upgrading of the wide-area disaster paperless system to conduct damage surveys using mobile terminals to improve convenience for customers and support business continuity in the affected areas.

We will also review our business continuity plans and engage in joint exercises based on the assumption of the occurrence of the Tokyo metropolitan area inland earthquake. Furthermore, we will continue to identify issues such as the efficiency of damage assessment by appraisers to condominium properties.

### (2) Climate change initiatives

Regarding climate change, which is a cause of the increasing severity and frequency of natural disasters, as a culmination of the 9th Medium-Term Basic Plan, we will take over the climate change study session held six times over the past two years, and aim to strengthen the ability of member companies to respond to regulations and decarbonization.

This year, we plan to hold two study sessions, one to share the efforts of members who have made progress in the area of sustainability, such as by establishing specialized departments in the area, and the other to invite financial administrators to talk about what they expect from the financial services industry. We plan to expand the number of participants to include head office employees of member companies and employees in sales and claim service divisions to raise the level of the entire industry.

### (3) Responding to technological innovations in automobiles and tackling malicious road service providers

In light of the progress in technological innovation related to automobiles, the implementation of legal amendments related to automated driving, and the emergence of Level 3 and 4 vehicles, the Association plans to reorganize the legal issues in the event of an accident involving an

automated vehicle that was organized and published by the Association in 2016 from today's perspective and publish them again.

In addition, there have been problems with certain road service providers "claiming a high cost that is different from the advertisement" and "claiming a large cancellation fee not stated in the advertisement" against policyholders. The Association is working to eradicate malicious road service providers by informing the public that they first contact their general insurance company or agent when they need road service.

## **Concluding Remarks**

To contribute to "the stability of people's lives and the sound development of the national economy," as stipulated in Article 1 of the Insurance Business Law, the industry has been providing compensation for damages caused by accidents and disasters, as well as promoting initiatives such as education on disaster prevention/mitigation.

Because it is an era of rapid environmental change, and it is difficult to foresee what lies ahead, the Association believes the general insurance industry is in a phase in which it should further demonstrate its role and function.

The basic premise for fulfilling these functions is the relationship of trust with our customers and business partners and our disciplined activities as a general insurance company.

In addition to reinforcing discipline within the industry and with related parties, including efforts to pursue compliance and eliminate fraudulent insurance claims, member companies will engage in business activities close to customers and agents.

On top of that, I will make every effort as Chairman of the Association over the next year to steadily advance initiatives centered on the priority ones I mentioned today. I ask for your support and cooperation in this endeavor.

Thank you.

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