



## **GIAJ Chairman's Statement** (Translation)

Sep. 21, 2023

Keisuke Niiro, Chairman

I want to report and comment on the main initiatives since assuming the position of Chairman of the General Insurance Association of Japan (GIAJ) at the end of June.

### **Introduction**

Catastrophic natural disasters have occurred one after another around the world again this year. While the global warming is accelerating to such an extent that it is expressed as “global boiling”, with the average global temperature of July hitting the highest level in recorded history, Hawaii wildfires, Canada wildfires and Libya floods occurred. In addition, a great earthquake of magnitude 6.8 struck Morocco. In Japan, natural disasters have occurred in many parts of the country, including heavy rainfall caused by Typhoon No. 13 (Yun-yeung).

I express my sincere condolences to all those who lost their lives in these disasters and our deepest sympathies to the bereaved families and victims. I also want to express my heartfelt respect to all those involved in the recovery process.

In addition to carefully responding to customer inquiries and paying insurance claims promptly and appropriately, we, the general insurance industry, have taken special measures allowing a moratorium regarding general insurance contract renewal processes and insurance premium payments in areas where the Disaster Relief Act has been applied. The industry will continue to make every effort to respond to the situation.

### **The Association's efforts to restore trust**

We sincerely apologize for the inconvenience and concern caused to our customers and related parties due to the fraudulent insurance claims by Bigmotor Co. and the price-fixing practices.

Regarding the fraudulent insurance claims, the member companies which have conducted business with Bigmotor Co. are doing their utmost to deal not only with the customers who have been affected but also with customers who have concerns about past repairs triggered by this incident. We are in the process of analyzing the causes and taking steps to prevent recurrence, and so on.

Regarding the price-fixing practices, each member company concerned is working to gauge the actual situation and analyze the causes, and at the same time, is implementing the recurrence prevention measures which can be carried out at this point.

In light of the seriousness of these problems that our member companies concerned face, our association will reconfirm the customer-first attitude, and quickly move forward with the following

initiatives of the general insurance industry, aiming to conduct the appropriate business operation.

## **(1) Measures to prevent the recurrence of fraudulent insurance claims by Bigmotor Co.**

**<Completed (a news release already made on September 1, 2023)>**

### **a. Set up a GIAJ special website**

- Put together and publish customer notices and responses announced by member companies.
- List dedicated contact points at each member company.

**<Items to implement/ consider promptly in the future (a news release already made on September 19, 2023)>**

### **a. Consider measures to proceed with the correction of automobile insurance premium grade smoothly.**

In order for customers to proceed with the process smoothly to correct automobile insurance premium grade, we will consider/ sort out the measures for the cases where a renewal policy has been moved to another insurer and, therefore, two or more companies need to involve to correct grade.

### **b. Examine, evaluate and enhance past measures against fraudulent claims.**

We will verify the measures to prevent fraudulent claims at our association, such as information exchange systems for preventing fraudulent claims and fraudulent claim prevention hotline, etc. again, and make necessary change and improvements, enabling the member companies to make a prompt and appropriate response to fraudulent insurance claims.

We will get a clear picture of and analyze the ways of fraudulent claims by Bigmotor Co., and urge the member companies to utilize the findings for the measures to prevent fraudulent claims.

### **c. Revise “Guidelines on general insurance claims payment”**

To prevent recurrence of similar incident of the fraudulent claims by Bigmotor Co. this time, we will revise the guidelines, by adding the points that insurance companies should consider in handling claims and /or introducing repair shops and so on.

## **(2) Measures to prevent recurrence of prove-fixing practices**

**<Completed (September 8, 2023)>**

- Utilize antitrust seminar and top message

**<Items to implement/ consider promptly in the future (a news release already made on September 19, 2023) >**

### **a. Verify, analyze and consider enhancing past antitrust law responses.**

We will verify and analyze the initiatives on antitrust laws at our association, and each member company will consider the measures for thorough compliance with laws, and make necessary improvements.

We will consider enlightening activities for members.

## **b. Revise “Policy on compliance of antitrust laws for general insurance companies”**

Taking into account the findings of investigation at member companies as well as the response of the authorities concerned, we will revise the policy by adding the points of attention on co-insurance, etc. and encourage the member companies’ employees to change their behaviors.

## **Progress in this fiscal year’s priority initiatives**

I want to report on the progress in various initiatives I set forth when I assumed the position.

### **(1) Enlightening on natural disaster response**

We have conducted the following activities to help the public understand the importance of insurance as preparedness against natural disasters and disaster prevention/mitigation and to understand the actual situation on malicious companies who take advantage of natural disasters and other calamities.

#### **a. Initiatives related to insurance against natural disasters and disaster prevention/mitigation**

##### **<Enlightening activities using mass media, the internet, etc.>**

To promote earthquake insurance, the TV personality Ms. Haru Kuroki has been featured in our public relations activities with the catchphrase “100 years after the Great Kanto Earthquake. Let’s review the answers to ‘what if’ questions” since August. The “percentage of fire insurance policies with earthquake insurance” in FY2022 was 69.4%, rising for 20 consecutive years. To further promote earthquake insurance, we will appeal through TV, newspapers, the internet, and digital content.

On the 100th anniversary of the Great Kanto Earthquake, our association created and posted videos featuring a dialogue between the Minister of State for Disaster Management and Association Chairman, and a lecture by the Director General for Disaster Management, Cabinet Office, on our special earthquake insurance website in August to reaffirm the lessons from the great earthquake, in addition to the importance of earthquake insurance and disaster prevention/mitigation.

In addition, we have promoted the need for insurance covering earthquakes, windstorms, and floods by airing a program (6 episodes) to enlighten on earthquake risks on BS Nippon television from August to October, and by distributing leaflets on the street by our association’s regional branches nationwide on September 1, “Disaster Prevention Day.”

##### **<Enlightening activities in local communities>**

We fostered awareness of disaster preparedness by holding or participating in the disaster prevention events in the following local communities.

- “30 years after the August 6, 1993 flood, think about preparedness once again,” co-sponsored by Kagoshima General Insurance Sub-Committee and Minami Nippon Shimbun Co., Ltd. (On August 2 in Kagoshima Prefecture)
- “100th Anniversary Event of the Great Kanto Earthquake” sponsored by Tokyo Metropolitan Government (On August 26 at Tokyo Metropolitan Government Building)
- “Disaster Prevention Seminar IN Niigata” co-sponsored by our association’s Kanto Branch, Independent Insurance Agents of Niigata Prefecture, Niigata Prefecture, and Niigata City (On September 2 in Niigata Prefecture)

- “Five years after the torrential rains in western Japan, think about future town development in terms of disaster prevention,” co-sponsored by Okayama General Insurance Association and Sanyo Shimbun Co., Ltd. (On September 6 in Okayama Prefecture)
- The session "100 years since the Great Kanto Earthquake: Have our cities become more resilient to catastrophic disasters?" at "Disaster Prevention 2023" sponsored by the Cabinet Office and others (On September 17-18 in Kanagawa Prefecture)
- The panel exhibition at the "Great Kanto Earthquake 100 Year Relay Symposium" (held in 9 prefectures from January to September) co-sponsored by our association's Kanto Branch and the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

## **b. Initiatives to prevent problems related to malicious companies taking advantage of disasters**

### **<Various enlightening activities>**

Since July this year, we have distributed digital advertisements on the internet to alert people affected by the earthquake in Ishikawa Prefecture in May this year to prevent troubles with malicious companies taking advantage of the disaster.

In August, we created 1.3 million copies of new warning leaflets (FY2023 edition) containing precautions and examples to prevent troubles. We distributed them to member companies, consumer affairs centers nationwide, and the General Insurance Agency Association. Some of our association's regional branches, with the support of the prefecture or prefectural police headquarters, have created arranged versions, including local examples. In the future, we will work with local government agencies, the police, general life insurance agency associations, and our member companies to raise awareness using these leaflets.

In addition, in August, a link to our association's website, titled "Malicious Business Practices Taking Advantage of Disasters", was posted on the Second Association of Regional Banks website, creating a conduit for visitors.

Through the initiatives stated in **a.** and **b.** of the above, we have reaffirmed the importance of the activities which are suited to the issues of respective communities.

For example; I participated in a disaster prevention event in Kagoshima-prefecture, where an expert gave a lecture on the “August 6 water disaster” in 1993. The lecturer explained the characteristic of the disaster, i.e. a layer of soil accumulated on “Shirasu Plateau”, which is widely seen in the region, collapsed due to heavy rain, causing a landslide disaster, and so on. The local residents understood the regionally-specific risks and the measures to prevent disasters in the future.

Also, at the disaster prevention event that I joined in Okayama-prefecture, I learned that the rate of those who have not checked hazard map of their home is on a rise, even though they experienced “torrential rains in western Japan” in 2018 and there is still a possibility of large-scale water disaster in the future. From this, I felt that the memory of catastrophic disaster fades away as time goes by, and fostering awareness on disaster prevention is still needed.

On the day, I emphasized the importance of evacuation behavior in an emergency and insurance coverage. In addition, we will continue our activities that fit to the region-specific issues, like this event, and will make efforts to raise the local community's awareness of natural disaster response.

## (2) Enlightening those who need more risk information

### a. Initiatives for the youth

#### <General insurance education for high school students>

From July to August this year, with the cooperation of the Japan Association of Home Economics Teachers and the National Association for Civic and Social Studies Education Research, we sent leaflets created by our association to high school teachers nationwide, informing them of our association's general insurance education materials for high school students.

We also introduced our association's teaching materials at research conferences held from July to August by the association and research group mentioned above.

In August, we jointly organized a life and general insurance seminar with the Japan Institute of Life Insurance for 137 junior high and high school home economics, social studies, and civics teachers to deepen their understanding of "life-planning and risk management," "social security system," and "private insurance."

In addition, in collaboration with the Japan Institute of Life Insurance, we attended a general meeting of home economics teachers in Oita Prefecture. We held a workshop on general insurance education.

Each regional branch of association also promotes general insurance education for high school students from July to September. For example, each of the Hokkaido, Tohoku, Kanto, Kinki, and Hokuriku regional branch of association introduced our association's teaching materials at workshops attended by dozens of high school home economics teachers each.

In the Chubu and Shikoku branches, our association staff members have newly become lecturers at several high schools, giving direct lectures on general insurance to high school students.

#### <Promotion of "Bosai Tankentai" >

As for the disaster prevention education program "Bosai Tankentai" for elementary school students, although we are still in the stage to call for work for "map contest", we are receiving registration at a pace that exceeds the ones before covid 19 at this point. Also, it is being promoted to a broader range of people than ever before, in various scenarios, including creating a map based on a wheelchair experience (on August 19 in Hyogo Prefecture) and creating a map showing evacuation routes with pets (scheduled for October in Hyogo Prefecture).

In addition, this fiscal year, this program was held not only in Japan but also overseas (Thailand), targeting local elementary school students as an opportunity to become aware of the risks of natural disasters and traffic safety. The students submitted entries to a map competition from there.

### b. Initiatives to help people from overseas feel safe and enjoy peace of mind in Japan

To help overseas tourists and residents understand the characteristics of car accidents unique to the region, the Hokkaido branch is planning to create an English version of a leaflet on preventing collisions with Yezo sika deer and alert overseas visitors renting cars through the Federation of Hokkaido District Rent-a-Car Association (provisional translation). from October.

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

The Hokkaido branch delivered risk-related information based on the risk characteristics of SMEs in July and August through the e-mail newsletter of the Hokkaido Headquarters of Organization for Small and Medium Enterprises and Regional Innovation.

Following the introduction of mandatory bicycle insurance in Hiroshima Prefecture in April, the Chugoku Branch, in collaboration with the Hiroshima Small and Medium Enterprise Management Consultants Association and others, held a seminar for SMEs on the topic of risk countermeasures for bicycle accidents in August.

As Japan's economic activity is gaining momentum, we believe that delivery of risk information and educational/ enlightening activities through the initiatives of a. to c. of the above are becoming increasingly more important.

Regarding our future effort, for instance, we are planning to execute a comprehensive collaboration agreement on insurance education among Life Insurance Association in Japan (LIAJ), Japan Institute of Life Insurance and our association, aiming to strengthen the framework for cooperation to enhance financial literacy of the public.

Including these initiatives, we will intensify our efforts to move forward with the 'enlightenment activities for those who need more risk information'

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

#### **a. Contribute to the development of a sound and resilient general insurance system**

To contribute to building sound and resilient insurance systems in Asian countries/ regions, we plan to hold an online seminar for the Vietnamese insurance industry in October, covering topics such as capital, solvency, and ERM.

This seminar has been certified as a project to commemorate the "50th Anniversary of the Establishment of Diplomatic Relations between Japan and Vietnam " and the "50th Year of ASEAN-Japan Friendship and Cooperation" under the jurisdiction of the Ministry of Foreign Affairs. We will work with the relevant ministries and organizations to support building insurance systems.

#### **b. Strengthen information dissemination at international conferences**

The annual conference of the Asia-Pacific Risk and Insurance Association (APRIA) was held from July 30 to August 2. Our association took part in a session on August 1 on the theme of "Protection Gap and Earthquake Insurance" and presented the initiatives of our association and Japan's general insurance industry to respond to natural disasters, such as Japan's earthquake insurance system and the overseas expansion of disaster prevention education program, Bosai Tankentai, which were highly appreciated by the participating countries.

The initiatives of **a.** and **b.** of the above demonstrate Japan's leadership for promoting the development in Asia, and we will continue actively disseminating information at international conferences and making international contributions. Specifically, at the IAIS Annual Conference scheduled for November, I will speak at a side event on the 'Climate Change and Sustainability' theme hosted by the Japanese Financial Services Agency. I will globally communicate the contribution of Japan's general insurance industry to 'reducing the compensation gap in natural disasters.'

## Status of other initiatives

### (1) Renewal of YouTube channel

This fiscal year, we aim to expand the information we disseminate and diversify the methods of communication to make as many people as possible understand our initiatives. As part of this, we renewed our association's YouTube channel on September 20.

Specifically, we organized the content to improve usability and created an introductory video to encourage people to use the channel.

In the future, we will promote each content to customers through member companies' employees and insurance agents.

### (2) Tackling malicious road service providers

Given the problems with malicious road service providers in the region, the Hokkaido Branch posted a leaflet created by our association on the Sapporo City Consumer Affairs Center's X (formerly Twitter) on July 5.

### (3) Efforts to provide information related to flood depth estimation data in the event of heavy rain damage

In the heavy rains centered on Kyushu that began on July 7, we provided our member companies with and flood depth estimation data, etc. to enable them to confirm the extent of damage in the affected areas quickly.

In addition, to make payments of insurance claims to customers more quickly than ever, we plan to hold a workshop for member companies on utilizing flood depth range maps and flood depth estimation data. We will continue to accumulate operational results and make the system more practical in the future.

## Concluding Remarks

Since I assumed the position of Association Chairman at the end of June, I have been advancing activities by participating in various regional events in-person, etc. Through such activities, I have reaffirmed the significance of our key initiatives and renewed my determination to achieve our goals. On the other hand, I sincerely regret that the trust in the general insurance industry is being shaken as the fraudulent insurance claims by Bigmotor Co. and the price-fixing practices have become major social issues.

In light of the seriousness of these problems, our association will reconfirm the customer-first attitude again and swiftly move forward with various initiatives, aiming to conduct appropriate business operation.

Regarding the fraudulent insurance claims by Bigmotor Co., we will verify and conclude the countermeasures of our association against fraudulent claims, including consideration on the measures to correct automobile insurance premium grade smoothly, and the revision of guidelines by adding the points for insurers to pay attention in handling claims and/or introducing repair shops.

Also, as to the price-fixing practices, at a workshop attended by member companies' compliance departments on September 8, I directly urged the thorough implementation of compliance, again, and presented various initiatives to prevent recurrence.

Also, at the board of directors meeting of our association held earlier today, I explained these initiatives to all the representatives of the member companies, again. In addition, I proposed the following three items; thorough reaffirmation of “customer-first business operation”, strengthening of “further effort to eradicate fraudulent insurance claims” and reconfirmation of “compliance with laws”. We have confirmed that we will unite to implement them.

As I mentioned when I assumed the position, the main prerequisite for various key initiatives is a relationship of trust with customers and business partners and disciplined activities as a general insurance company.

To restore the trust in our industry, in terms of the fraudulent insurance claims by Bigmotor Co. and the price-fixing practices, we have placed handling the problems with customers, especially those affected, as a top priority, and we will work firmly on the initiatives.

Also, as the Chairman of the Association, I take the significance of these issues seriously, and am determined to head the general insurance industry to correct what needs to be corrected after reflecting on what we failed to face our customer in serving them, and to lead the initiatives to restore trust.

Thank you.

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