



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

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Keisuke Niiro, Chairman

As Chairman of the General Insurance Association of Japan (GIAJ), I would like to report on the major initiatives I have taken during the past year since assuming office, and give my impressions.

### **Introduction**

Since the regular press conference in March, there have been a series of natural disasters in various parts of Japan, including earthquakes in northern Ibaraki Prefecture and the Bungo Channel in April, a hailstorm in Hyogo Prefecture, and an earthquake with an intensity of 5 on the Japanese seismic scale in Ishikawa Prefecture in June, five months after the 2024 Noto Peninsula Earthquake. Overseas, Taiwan was also hit by a large-scale earthquake. I want to express our deepest condolences to those who lost their lives in these disasters and heartfelt sympathy to all affected.

The general insurance industry continues to do its utmost to respond to customer inquiries courteously and pay claims promptly and appropriately.

### **Initiatives for FY2023**

When I assumed the role of chairman of the association last June, I laid out three priority initiatives: to raise awareness for natural disaster responses, to raise awareness among those who need more risk information, and to contribute to the development of general insurance business in Asian countries/regions to better fulfill our industry's fundamental function.

In addition to these priority initiatives, making efforts to "restore trust" is an urgent issue. My appointment as chairman coincided with the revelation of price-fixing practices by some member companies and fraudulent insurance claims by the former Bigmotor Co., which significantly damaged public trust in our industry. In addition, there have been recent incidents of personal information leakage at some of our member companies' commissioned multi-representative agents, and it is essential to further promote compliance with laws and regulations.

Moreover, the 2024 Noto Peninsula Earthquake, which occurred on New Year's Day and caused the loss of 260 lives and damage to more than 80,000 homes, required our industry to respond in unison to ensure the prompt payment of claims.

Amid these severe issues, our association's head office and branches, member companies, agents, and solicitors have worked together to promote awareness-raising activities, made efforts to restore trust, and worked on disaster responses.

Today, I would like to report on the main initiatives undertaken during the past year.

## 1. Our initiatives to restore trust

### (1) Price-fixing practices

<Initiatives up to the last press conference>

As measures to support member companies in complying with the Anti-monopoly Act, we promoted the "improvement of rules" and "awareness-raising activities for member companies and agents".

First, as part of the "improvement of rules", the "Guidelines for General Insurance Companies' Compliance with the Anti-monopoly Act" was revised in December, and a new document, "Anti-monopoly Act Considerations for Underwriting Insurance Policies", was created in March, which lays out the fundamental ideas on which member companies can base their rules. In addition, compliance with the Anti-monopoly Act was clearly stated in the "Code of Conduct". To encourage their efforts, this describes the basic ideas indispensable for the business activities of member companies.

As for "awareness-raising for member companies and agents", in February, we added the "Compliance Guide for Solicitation", which member company employees, agents, and solicitors refer to. Disseminated through video content, the Guide includes points to keep in mind in complying with the Anti-monopoly Act.

<Initiatives since the last press conference>

In April, we revised the Basic Unit of the educational textbook "the General Examination for General Insurance Solicitors", which agents and solicitors must take. We added a description that provides basic knowledge of the Anti-monopoly Act and points to keep in mind when soliciting insurance. By including this in the examination scope (from July 2024), we have established a system for agents and solicitors to learn regularly and continuously.

### (2) Response to the fraudulent insurance claims by Bigmotor Co.

<Initiatives up to the last press conference>

To prevent recurrence of the fraudulent insurance claims problem, we promoted "initiatives to support member companies in their efforts to prevent fraudulent claims" and "initiatives to improve the quality of insurance solicitors".

First, as part of our "efforts to support member companies in their efforts to prevent fraudulent insurance claims", we revised the "Guidelines on General Insurance Claim Payments". The Guidelines clarify introducing customers to body shops, in line with their intentions, and adopting appropriate loss investigation methods according to the cases of last November. In addition, we organized examples of the types and methods of fraud committed by the former Bigmotor Co., and countermeasures to be taken last November. We also examined and summarized past fraudulent claim measures and compiled courses of action to raise the level of countermeasures in March.

As for "initiatives to improve the quality of insurance solicitors", in February, the "Compliance Guide for Solicitation" was revised to add and disseminate examples of fraudulent claims, handling rules, and points to be noted.

<Initiatives since the last press conference>

The educational text for the Basic Unit of the General Examination for General Insurance Solicitors was revised in April to expand the content on misconduct cases and include it in the examination scope (from July 2024), thereby establishing a system for solicitors to learn regularly and continuously.

### **(3) " Project Team for Promotion of Fundamental Business Reform"**

<Initiatives since the last press conference>

While our industry has formulated and implemented measures to prevent a recurrence based on the causes of both incidents, further initiatives are needed for the industry to be "reborn".

Considering this, we established a " Project Team for Promotion of Fundamental Business Reform" in March. The Team, which has so far held five meetings, is discussing the relationship between member companies and agents, and reviewing business practices to create an appropriately competitive environment. To incorporate external perspectives that cannot be seen through discussions within the industry, they also exchanged views with the Independent Insurance Agents of Japan and the "Customer's Voices and Experts Advisory Council" members in May.

As a summary of the responses to date, the project team followed up with member companies on their efforts to prevent member companies' recurrence of price-fixing practices and fraudulent insurance claims. The results were shared among all member companies. At today's Board of Directors meeting, the top management of all member companies was requested to upgrade their recurrence prevention initiatives, based on the results of the follow-up, in an attempt to improve the level of the industry as a whole. Follow-ups will continue, and examples of each company's initiatives will be shared among all member companies.

Looking ahead, our industry must take necessary action based on the contents of the final report of the Financial Services Agency's Expert Committee, which will be released later. At the Board of Directors meeting held earlier today, all association members confirmed that the association will continue to deepen its consideration of measures to prevent recurrence.

Member companies will also consider further improvement measures with originality and ingenuity based on the business improvement plans submitted by each company.

### **(4) Initiatives for personal information protection**

Regarding the information leakage incident at multi-representative agents announced by some of our member companies in May, we are investigating the number of leaks and the root cause of the leakage at the member companies concerned. To raise awareness and knowledge of personal information protection among member company employees, we reminded them at the Compliance Committee meeting of the rules for personal information protection that we have developed as an Accredited Personal Information Protection Organization. In addition, a document was sent to the representative of each member company in the name of the association chairman, requesting that the rules be made known and thoroughly enforced and that an investigation into the cause and prevention of recurrence be conducted to ensure that a similar incident does not occur again.

## **2. Responses to the 2024 Noto Peninsula Earthquake and future large earthquakes**

### **(1) Responses to the 2024 Noto Peninsula Earthquake**

During the past year, many natural disasters have struck Japan. Among them, the 2024 Noto Peninsula Earthquake was a disaster that combined several difficult conditions that tested our industry's knowledge and response capabilities. It occurred on New Year's Day, roads were cut off, and detour routes were limited, resulting in many inaccessible areas due to the topographical features of the peninsula. In addition, the earthquake required responses to various damage patterns, such as tsunamis, fires, and the tilting of buildings due to liquefaction, mainly in landfill areas.

We have promoted various initiatives to pay insurance claims promptly under these conditions.

First, on January 2, the day after the earthquake struck, the general insurance industry set up a "Natural Disaster Central Command". It began sorting out the issues that needed to be addressed. After that, I visited the disaster-stricken areas. In addition to encouraging employees and agents, I gauged the situation on the ground and problems with insurance claims payment, and instructed them to take action. I also issued warnings to prevent damage caused by unscrupulous companies that take advantage of disasters.

In light of the emergence of inaccessible areas, we took further steps to advance the joint survey strategy using aerial photography, which was first conducted at the time of the Great East Japan Earthquake in 2011. Specifically, for the first time in the history of the Japanese general insurance industry, we subdivided the areas in detail where tsunami and fire damage occurred and certified them as "total loss areas" and "partial total loss areas" (i.e., areas where most buildings were washed away or burned down within a city block, but some buildings remained).

In addition, a new joint survey for "collapsed buildings" has been implemented, enabling the omission of on-site surveys to pay insurance claims for such collapsed buildings.

As a result of these actions, as of May 31, we had completed our response to 146,000 customers (out of 150,000 accident cases received) and had paid 90.9 billion yen in insurance claims. We will continue to take action to complete the payment of insurance claims to customers.

### **(2) Responses to future large earthquakes**

The 2024 Noto Peninsula Earthquake has once again brought home that we never know when or where a large-scale earthquake will strike Japan. In September last year, we launched a cross-divisional "Earthquake Insurance Claims Handling Project Team" to develop a system that can respond promptly and appropriately in the event of a large-scale earthquake, such as an earthquake directly under the Tokyo metropolitan area.

While incorporating insights gained in responding to the 2024 Noto Peninsula Earthquake, this project team has been sorting out the issues to be addressed during a significant earthquake and discussing countermeasures for each. For example, as a countermeasure to the "shortage of appraisal staff", we are considering collaborating with damage appraisers and have already begun discussions with the Loss Adjusting Association of Japan. In addition, to "increase in the number of investigations per assessor" and therefore the number of investigations that can be conducted, we have started to develop a system for Web-based damage status reporting (self-reporting), which in the past was done in writing.

The status of these measures was reported at today's Board of Directors meeting. We will continue to promote "the development of a framework for prompt and appropriate insurance claim payments in the event of a large-scale earthquake" based on the issues sorted out by this project team.

### **3. Priority initiatives set forth at the time of the inauguration**

While working to restore trust and respond to the 2024 Noto Peninsula Earthquake, we also accomplished all of the priority initiatives set forth when I assumed the position of the association's chairman.

We have been working to strengthen our information dissemination capability by promoting "local dissemination" and "dissemination through digital media". Regarding "local dissemination", since the "worries" that need to be addressed vary significantly from region to region, the association's branches have taken the lead in disseminating information based on the actual conditions of each region. For example, in the Tohoku region, which experienced the Great East Japan Earthquake, passing on lessons learned to the next generation has become an issue. Therefore, we have been releasing videos on our YouTube channel that focus on the generation raising children to pass on disaster lessons learned.

In addition, I visited all ten branches of the association, which are the association's "local face", and met with local governments, prefectural police, agents, and the media to inform them of the industry's current situation and our initiatives. I also participated in local educational events to discuss the importance of insurance preparedness against natural disasters and disaster prevention/mitigation.

Furthermore, each branch's initiatives were summarized in a "Branch Statement" and explained to the local government, police, agents, and mass media to improve understanding of the association's efforts in local communities.

Regarding issues common nationwide, we have focused on "dissemination through digital media" to deliver information to as many people as possible. Specifically, we revamped our YouTube channel in September, reorganizing the video viewing leads, redesigning the channel, and classifying videos by category. As a result, while the number of channel subscribers increased by 397% compared with the same day last year (5,790 as of today), the number of views for the year increased by 137% over the same period the previous year (20.97 million views in total for all videos). In addition, on the newly launched X (formerly Twitter), the total number of views of posts on our account has reached 420,000 since its launch in January.

Below are the main priority initiatives set forth when I assumed the position of the association's chairman.

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

##### **a. Initiatives to cope with Natural Disasters**

On the 100th anniversary of the Great Kanto Earthquake, we created and released a PR video featuring the Minister of State for Disaster Prevention in August to reiterate the importance of earthquake insurance. The video was viewed 1.27 million times. The total number of views, including those of the association's other PR videos on earthquake insurance, reached 15.41 million, a record high.

Thanks to these initiatives, the number of earthquake insurance policies in force nationwide increased by 1.3% year-on-year (as of the end of March), reaching a record high of approximately 21.49 million.

In addition, to re-emphasize the importance of typhoon and flood countermeasures for residents, I participated in educational events in Kagoshima Prefecture, Okayama Prefecture, and other regions that have reached a milestone year since the last disaster.

#### **b. Initiatives to prevent problems related to unscrupulous companies that take advantage of natural disasters**

To inform the public about unscrupulous companies who take advantage of disasters, we have created awareness-raising flyers and other original tools in collaboration with local governments, police, and the Independent Insurance Agents of Japan in 7 branches and 25 prefectures across Japan.

In addition, postings on our X (formerly Twitter) account warning of opportunistic marketing methods that take advantage of natural disasters (published after the 2024 Noto Peninsula earthquake) have been mentioned by the Financial Services Agency, the National Police Agency, the Consumer Affairs Agency, and local governments in the affected areas, and have been viewed a total of 210,000 times.

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

### **a. Initiatives for young people**

<General insurance education for high school students>

We have steadily promoted insurance education by providing high school teachers with educational materials prepared by the association and information through seminars and educational information magazines. In November, we concluded a "Comprehensive Collaboration Agreement on Insurance Education" with The Life Insurance Association of Japan and the Japan Institute of Life Insurance to strengthen cross-industry collaboration.

As a result of these initiatives, opportunities for young people to receive insurance education are steadily increasing, as evidenced by a survey of high school teachers released in March. The survey showed that over the past two years, the percentage of high school teachers who say they provide education on general insurance has increased by more than 10%.

<Bosai Tankentai (Exploration for Disaster-Prevention)>

Regarding the "Bosai Tankentai" disaster prevention education program for elementary school students, we received applications from a record 658 organizations, which is more than before COVID-19. This is thanks to strengthened cooperation with the Independent Insurance Agents of Japan and proactive PR activities by employees and agents of member companies. In addition, this year, we conducted initiatives from a broader range of perspectives than ever before, such as formulating evacuation routes for people in wheelchairs and those with pets, and holding events overseas.

### **b. Initiatives for overseas visitors**

In November, the risk awareness-raising website for overseas visitors, which has been in operation for some time, was upgraded by adding target languages and expanding links. As a result of the efforts of our branches, about 40 organizations, including local governments that have contacts with the local foreign community, have cooperated with our publicity activities by displaying cards and flyers. In addition, to provide various information to people from overseas

before they come to Japan, we have links to the official websites of the general insurance associations in Thailand, Vietnam, and the Philippines. We disseminate information through these links.

As a result of these initiatives, the website has been viewed approximately 4,800 times in the five months since its renewal, 1.6 times more than in the same period before the renewal.

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

To gauge changes in our clients' risk awareness through fixed-point observations, we conducted the "Risk Awareness Survey 2023 Surrounding Small and Medium Enterprises (SMEs)", which is a survey on risk awareness and countermeasures targeting SMEs. Based on the survey results, I discussed the risks specific to SMEs and risk management through insurance with broadcaster Ms. Tomoko Morimoto. This discussion was published online from January 15 to February 15 and was viewed approximately 34,000 times.

In May, I discussed cyber insurance coverage, awareness, and subscription rates with Mr. Kazuo Ohashi, Director General of the Cyber Police Bureau of the National Police Agency. Mr. Ohashi explained the damage caused by ransomware and how to respond when you are a victim.

## **(3) Contribution to the development of general insurance business in Asian Countries/Regions**

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

The Insurance School (Non-Life) of Japan (ISJ), operated by our association, held an Overseas Seminar in Phnom Penh, Cambodia, in February, a General Course in November last year, and an Advanced Course in Japan in June this year. These courses provided insurance professionals in Asian countries with various know-how on general insurance, including natural disaster risk management.

### **b. Strengthening dissemination at international conferences**

Last November, we participated in the International Association of Insurance Supervisors (IAIS) Annual Conference and a side event held in Japan for the first time. I participated in a panel session on "The Role of Insurance in Building a Resilient Society" at the side event with supervisory authorities and industry associations from various countries.

In this dialogue, I emphasized the need for initiatives based on the three "A's": Availability (ensuring insurance availability), Affordability (providing insurance at affordable prices), and Awareness (raising risk awareness) to narrow the protection gap for natural disasters. Regarding "Awareness," I explained examples of our initiatives, such as the Bosai Tankentai and insurance education for middle and high school students.

## **Concluding remarks**

I have been passionate about restoring trust, responding to the 2024 Noto Peninsula Earthquake, and the issues I raised when I assumed office. As I approach the end of my one-year term as chairman, while I have been able to move forward with various initiatives with a sense of urgency, given the current situation, I think even more strongly that further action is needed.

First, regarding the restoration of trust, using the past year as a turning point, we have been working to rebuild our industry with the following in mind: Customer-oriented with changing business practices within the industry, and correcting what needs to be corrected.

However, we are only halfway to restoring society's trust in our industry. We must work tirelessly to quickly develop an appropriate competitive environment and ensure discipline in our activities. In addition, as the FSA Expert Committee has pointed out the structural issues facing our industry, we need to continue discussions with the FSA, including institutional measures, to change our industry's fundamentals.

Next, regarding educational activities and our response to the 2024 Noto Peninsula Earthquake, we have been making every effort while also strengthening our ability to disseminate information to inform people of the importance of disaster prevention/mitigation and insurance against natural disasters, and to fulfill the essential function of general insurance by promptly paying claims in the event of a disaster. However, given the possibility of an earthquake directly under the Tokyo metropolitan area or a Nankai Trough earthquake, we need to continue to devise further strategies and take more robust measures for prompt insurance claim payments and educational activities.

Lastly, we have promoted educational activities to "communicate the importance of disaster prevention/mitigation and insurance against natural disasters, and to help victims mitigate damage and rebuild their lives following a disaster". However, we regret that the penetration rate of earthquake insurance in Ishikawa Prefecture, where the 2024 Noto Peninsula Earthquake occurred, was lower than the national average, and the industry needs to continue to make more vigorous efforts in various educational activities.

Based on this recognition, we will diligently pursue various initiatives in line with the 10th Medium-Term Basic Plan to achieve our unchanging mission of "providing safety and peace of mind to society".

Although my term as chairman of the association will soon end, I am determined to continue to do my utmost to help the industry function as it should, both as a director and as president of an individual company.

We would like to express our sincere gratitude for the warm support of the various initiatives we have received over the past year, not only from those within the industry but also from governments, local governments, and the police. We look forward to your continued understanding and cooperation with the general insurance industry and our association.

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