

GIAJ Chairman's Statement (Translation/ Executive summary)

Mr. Hiroaki Shirota, Chairman of the GIAJ, released the following statement on March 21:

1. Introductory remarks

We extend our deepest condolences to those who lost loved ones due to the heavy snowfall in the Tohoku region and along the Sea of Japan coast, the road cave-in accident caused by a broken basin sewer pipe in Yashio City, Saitama Prefecture, and the serious fire in Ofunato City, Iwate Prefecture.

We, the general insurance industry, will continue to make every effort to ensure prompt and appropriate claim payments. Additionally, we will take special measures to allow a moratorium on the renewal of insurance contracts and premium payment due dates, so that those affected by the disaster can return to their normal, peaceful lives as soon as possible.

We would like to express our sincerest apologies once again for the inconvenience and concern caused to our customers and other concerned parties by the series of inappropriate incidents that began in 2023.

To prevent any recurrence of such incidents, the GIAJ has been taking various measures to support member companies in their efforts.

Regarding the information leakage incident, we held an information management compliance seminar for our member companies on February 6. The seminar featured a lecture by Kazuhiro Yasuda, an attorney at HORI & PARTNERS (a law firm), on "Information Management Issues at Multi-representative Agencies".

Prioritizing the restoration of trust from customers and society, we will continue to make all-out efforts to ensure "compliance with laws and regulations" and "customer-oriented business operations." Additionally, we aim to develop a sound competitive environment while establishing an appropriate underwriting management system.

2. Specific initiatives

(1) Our initiatives to restore trust

Late last year, the Financial System Council released a report by the "Working Group on Regulatory Systems Especially for Non-Life Insurance Businesses." Based on the discussions of the Working Group and the contents of the report, the GIAJ is studying the issues that need to be addressed.

① Realizing a healthy competitive environment

a. Study on new co-insurance underwriting methods

We developed a manual for the “Differential Method,” where co-insurance is underwritten without unifying the premium rates of each insurance company, and disseminated it to our member companies on March 12. The manual includes the definition of the method, standard underwriting processes, administrative procedures, and corresponding claim service procedures.

As part of the process towards its realization, the “Arranger Method”, which has been prepared with reference to syndicated loans, is also being discussed for further consideration by the relevant authorities.

To realize a sound competitive environment, it is important that each member company understands the purpose of the two sets of guidelines designed for them: “Guidelines for Business Related Equities” and “Guidelines for Secondment of Employees”, which were newly established during the current fiscal year and voluntarily upgraded. To continue raising the level of efforts within the industry as a whole, the GIAJ will follow up and revise the guidelines as appropriate.

② Improving the business quality of insurance agents and solicitors

a. Study on introducing agency business quality evaluation criteria and operating systems

At the 6th meeting held on March 3, we discussed a draft of “Evaluation Guidelines for Agency Business Quality (for general insurance agents)”, based on the results of public consultation. These guidelines will serve as the foundation for the operation of the third-party evaluation system. The results were confirmed and approved by the Board of Directors today and will be released shortly.

We will establish an “Agency Business Quality Council” by June and begin trial operations based on the guidelines. To enhance the system’s effectiveness, we will continue to make improvements based on the issues and findings gained from the trial.

b. Study on enhancing and upgrading the education and examination system for agents and solicitors

Starting this July, we will review the question format of the General Examination for General Insurance Solicitors (Basic Unit) to make the assessment of candidates’ basic knowledge more rigorous.

Additionally, we will continue to explore the implementation of a continuing education system and the creation of qualifications for persons responsible for compliance with laws and regulations, etc.

The report by the “Working Group on Regulatory Systems Especially for Non-life Insurance Businesses” of the Financial System Council highlights the trend of “narrowing down insurance products in accordance with customer intentions” to ensure appropriate comparative recommendation sales at multi-representative agencies. This indicates a need for system improvements in insurance solicitation practices, especially in light of future revisions of supervisory guidelines. It is crucial for insurance companies to establish solicitation systems that “can propose the best insurance products for customers” through careful dialogue with agents.

Additionally, companies should adopt practices that “carefully confirm customer intentions and recommend products considering the best interests of customers, even when their intentions are not clear”. We will closely monitor the trend of future revisions of laws and regulations and consider how to respond to them in alignment with the purpose of these revisions.

③ Promoting understanding of corporate insurance

To support the advancement of risk management for corporate customers, the GIAJ held a risk management seminar for companies on February 25, which was attended by approximately 200 people. The seminar included a lecture by the Ministry of Economy, Trade and Industry (METI), and featured a panel discussion by three practitioners involved in risk management at various companies. Each practitioner shared specific examples of their approaches and discussed their effectiveness.

④ Strengthening countermeasures against fraudulent claims

a. Creation of training videos for automobile insurance adjusters on countermeasures against fraudulent claims

To enhance damage diagnosis and ensure appropriate work knowledge with the aim of preventing fraudulent insurance claims, the Jiken Center (JKC: Research and Training Center for Automobile Repairs) was commissioned to create training videos for adjusters. The JKC began releasing these videos in February.

b. Dissemination of information on automobile repair for customers

In addition to the efforts described in section a. above, we also produced an animated video that explains the key points to check from the time of an accident to the delivery of the repaired vehicle. This initiative aims to further reduce the risk of issues related to automobile repairs by increasing automobile users' interest in the repair process. The video was released on March 19

⑤ Launch of a dedicated website on efforts to restore trust

On March 19, the GIAJ launched a dedicated website on “Efforts to Restore the Trust of Customers and Society.” The website aims to accurately and clearly inform customers and society about the industry’s efforts to restore confidence and to ensure that member companies are properly aware of the status of industry-wide initiatives.

(2) Initiatives related to the 10th Medium-Term Master Plan

① Strengthening natural disaster response capabilities

a. Promoting understanding and dissemination of earthquake insurance

On the occasion of the 30th anniversary of the Great Hanshin-Awaji Earthquake (Kobe Earthquake), a project titled “Let's learn together with parents and children about earthquake preparedness” was held on January 13, 2025. The project aimed to pass on the memories and experiences of the disaster to future generations and emphasize the importance of being prepared in advance.

In addition to hands-on contents such as a VR simulator that reproduced an earthquake and disaster prevention workshops, the event also featured a talk session and attracted approximately 3,000 visitors.

b. Introduction of a web-based damage status reporting system (self-reporting)

To ensure prompt and appropriate claim payments in the event of a super large-scale earthquake such as a Nankai Trough Earthquake or a Tokyo Inland Earthquake, we have developed a web-based damage status reporting system (self-reporting). Previously, reporting was conducted via paper and mail. The development has now been completed.

② Improved convenience through digitalization

a. Launch of “One-JIBAI (CALI)”, an industry-wide system for CALI

On January 21, after four years of development, we launched “One-JIBAI (CALI)”, an industry-wide joint system for compulsory automobile liability insurance (CALI).

One-JIBAI (CALI) will greatly improve customer convenience by enabling non-face-to-face CALI insurance procedures, cashless premium payments, and delivery of CALI certificates in PDF format.

*CALI: Compulsory Automobile Liability Insurance

③ Enhancing general insurance literacy

a. Survey on risk awareness and countermeasures for SMEs, and the renewal of a dedicated website for businesses

The annual survey on risk awareness and countermeasures among SMEs, which has been conducted every year since 2021, was carried out last year, and the results were published on a dedicated website on March 14 this year.

The special site for businesses and the special site for cyber insurance have been integrated and renewed, and the new dedicated site named “Insurance Navigation for Businesses” has been launched.

b. Strengthening cooperation with the life insurance industry

Based on the “Comprehensive Collaborative Agreement on Insurance Education” signed by the Life Insurance Association of Japan, the Japan Institute of Life Insurance, and the GIAJ, the life and general insurance industries jointly created card game teaching materials for high school students. These materials allow students to learn about risk and insurance through hands-on group activities. They were released on March 6.

c. Publication of General Insurance Journal Vol. 5

In February of this year, we published “General Insurance Journal Vol. 5,” a general insurance education magazine, and distributed it to high school teachers. This issue contains a wealth of useful information, including interviews with experts on financial and economic education, and examples of teachers’ ideas for conducting classes effectively.

④ Other initiatives

a. Third party committee on the calculation of compulsory automobile liability insurance (CALI) expenses

At the 150th meeting of the Automobile Liability Insurance Council held on January 10, the results of a review of the figures used as the basis for calculating CALI expenses, the procedures for future revisions, and the future schedule were reported and approved. The new expense calculation standards will be applied by respective insurance companies from the end of fiscal 2024.

b. CALI premium investment income contribution

In FY2025, a total of 1,774,660 thousand yen was allocated to support 48 projects, including 12 new initiatives, such as the donation of life-saving emergency medical equipment and supplies.

Applications for FY2026 subsidies are scheduled to be announced around April this year.

c. Establishment of guidelines for communication and negotiation on unit labor costs for automobile repairs

In order to develop a necessary framework for the direct payment of insurance claims and compensation to repair shops, the GIAJ has established guidelines for communication and negotiation concerning the unit price of labor for automobile repairs. The guidelines were disseminated to its member companies on February 17.

d. Support of and cooperation with emerging markets

The GIAJ and the General Insurance Institute of Japan (GIJ) jointly hosted the ISJ Overseas Seminar in Manila, Philippines, on February 18. The seminar attracted 107 participants, including representatives from general insurance companies and insurance regulatory authorities based in the Philippines. This year's program was themed "Challenges for the General Insurance Industry in an Era of Uncertainty". Mr. Satoshi Ikeda, Director of the Strategy Development Division, Financial Services Agency, delivered a lecture on "ORSA (Own Risk and Solvency Assessment).

3. Concluding remarks

On the 7th of this month, the Cabinet approved a bill to partially amend the Insurance Business Act. It is expected that the Diet will deliberate on the bill and subsequently revise laws and regulations based on the results. We in the general insurance industry, with a firm commitment to reform, need to review our rules and practices in a more substantive manner, grounded in a deep understanding of the purpose behind these amendments. The GIAJ will also continue to steadily revise and follow up on its guidelines.

The path to regaining trust is still ongoing, and there are many industry issues that need to be addressed. Although my term as chairman will last only three more months, I will work diligently

and steadily with member companies to address each of these issues one by one until the end of my term.

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