

Statement upon Assumption of Office as GIAJ Chairman

General Insurance Association of Japan
Chairman Shinichiro Funabiki

In my capacity as the newly appointed Chairman of the General Insurance Association of Japan (GIAJ), I am pleased to share the following policy statement:

1. Introduction

The general insurance industry has severely damaged the trust of our customers and society as a result of a series of incidents, including premium adjustment cases, fraudulent insurance claims, and information leaks. We once again deeply apologize for the significant inconvenience and concern caused to all stakeholders.

To restore the trust of our customers and society, we will fundamentally review outdated industry practices, place compliance and customer protection at the core of all our activities, and make every effort to achieve greater “customer-oriented business operations” and “a sound competitive environment”.

The GIAJ has also been actively engaged in addressing various issues since last year, taking into account the discussions of the “Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector” (hereinafter referred to as the “Expert Panel”) hosted by the Financial Services Agency and the “Working Group on Regulatory Systems Especially for the Non-Life Insurance Business” (hereinafter referred to as the “Working Group”) of the Financial System Council. Among other initiatives, we have been working on developing guidelines and establishing a quality evaluation system for agency operations.

Over the next year, we will take up the baton and work to enhance the effectiveness of various measures through follow-up and other efforts so that the changes in our industry can be felt in a tangible way. While at the end of last month, a law revising part of the Insurance Business Act was enacted, the “Comprehensive Guidelines for Supervision of Insurance Companies” (hereinafter referred to as the “Supervision Guidelines”) are also expected to be revised.

Taking this opportunity, our industry will revisit the purpose of the Insurance Business Act, reaffirm its mission to contribute to the stability of people's lives and the development of the national economy by putting the protection of insurance policyholders and other stakeholders first. And as the head of the association, I will take the lead and work earnestly to ensure that all our member companies fulfill their roles.

2. Environmental awareness and industry outlook

Looking at the environment surrounding our industry, in Japan, the increasing frequency and severity of natural disasters and the aging of public infrastructure are having an impact, making it increasingly important to prepare not only for direct damage to buildings and household goods but also indirect damage caused by the disruption of essential services such as electricity, water, and gas.

Additionally, as the population ages and becomes more diverse, with digital natives taking center stage in various activities, society will increasingly prioritize well-being.

Internationally, while ongoing geopolitical risks, such as the Ukraine crisis and Middle East conflicts, persist, trade friction originating from the United States is heightening uncertainty in the global economy. It is essential to address these geopolitical risks appropriately.

Looking at technological advances, while the Osaka-Kansai Expo showcases various designs for the future society, there is a growing momentum in our industry to improve customer convenience and operational efficiency through the use of digital technology. However, at the same time, cybercrime is on the rise and cyberattacks are becoming more sophisticated, making cyber risk a serious social issue.

As a key player in risk mitigation, our industry has a mission to respond swiftly to these diverse environmental changes and deliver peace of mind and safety to our customers and society. We believe that it is our responsibility to fulfill this mission in order to support the sustainable growth of society as a whole, even in a complex environment.

3. Specific initiatives

Based on this understanding of the environment, the GIAJ has positioned “efforts to restore trust from customers and society” as its top priority in its 10th Medium-Term Master Plan. It is also steadily advancing initiatives aimed at achieving the key objectives of “developing a business foundation that supports the growth of the general insurance industry”, “strengthening the resilience of social and insurance systems”, and “promoting understanding of risk management among consumers and businesses”.

3.1 Efforts to restore the trust of customers and society

To restore the trust of customers and society, we will advance initiatives centered on the Business Reform Promotion Project Team established within our association. We will focus on two key pillars: “thorough implementation of customer-oriented business operations” and the “realization of a sound competitive environment.” In the former, we will focus on initiatives that contribute to improving the quality of insurance agent solicitation, and in the latter, we will focus on initiatives that contribute to raising risk management awareness within companies.

Additionally, we will begin reviewing the business model of our industry in response to changes in the regulatory environment based on discussions by the Expert Panel and the Working Group.

3.1.1 Initiatives to improve the quality of insurance agency solicitation

We aim that insurance agencies establish their solicitation management system and conduct insurance solicitation appropriately through their own initiative and our providing adequate management and guidance.

a. Establishment of a third-party evaluation system for agency business quality

In response to the need for a third-party evaluation system of insurance agency business quality, which was pointed out by the Expert Panel, we established the “Study Group on Third-Party Evaluation of Agency Business Quality” in September last year with the aim of supplementing guidance provided by insurance companies to insurance agencies. In March this year, we formulated “Evaluation Guidelines for Agency Business Quality” (hereinafter referred to as the “Evaluation Guidelines”) and created a “Self-Inspection Checklist” for insurance agencies to conduct their own inspections.

Insurance agencies and insurance companies will mutually confirm the results of the check sheets. Insurance companies will then engage in dialogue with insurance agencies based on these results and provide guidance on necessary measures to improve their operations. By promoting this initiative across the industry, we aim to eliminate disparities in evaluations between insurance companies and insurance agencies, and enhance business quality across the industry as a whole.

Additionally, starting in June this year, we established a “Council on Quality of Agency Business” within our association. Composed of experts and others, it is preparing for the full implementation of a third-party evaluation system. The “Council on Quality of Agency Business” will evaluate large insurance agencies and others directly, without going through insurance companies. While full implementation is scheduled to begin in April next year, we have begun trial operations based on evaluation guidelines, and will revise these guidelines as necessary based on the results.

b. Reconstruction of the Agency Qualification System

To improve insurance solicitation quality, we will review the operational methods of the examination system for general insurance solicitors (agents). In the General Examination for General Insurance Solicitors (Basic Unit), among other changes, the question format will be revised from the current “single-answer format” to a “single-answer plus multiple-choice format”, starting in July. This will increase the difficulty of obtaining qualifications.

Additionally, we are preparing to establish a new qualification system for compliance officers, which will be required for appointment by specific large-scale, multi-representative general insurance agencies.

3.1.2 Initiatives to enhance risk management awareness within companies

While reforms to the system governing insurance brokers and in-house agents (insurance agents closely linked to companies engaged in non-insurance businesses through human or capital ties) are also planned, changes to the structure of in-house agents due to revisions in the Specified Contract ratio regulations are expected to increase cases where they compete or collaborate with insurance brokers, who maintain a neutral stance, thereby activating the corporate insurance market.

Against this backdrop, insurance companies will break away from outdated industry practices and create a market environment where they compete based on their products and services, which is the true function of insurance, in order to realize a healthy competitive environment in the corporate insurance market. In addition, we will promote initiatives to support customers in improving their awareness and knowledge of risk management so that they can select products and services that meet their needs.

In particular, we aim to enable corporate customers to comprehensively identify and assess their own risks, implement measures to avoid or reduce risks, and select the most appropriate insurance products and services as a means of transferring risks. In February, we held a risk management seminar for corporate customers, which was attended by approximately 200 participants. We will continue to hold similar seminars in the future to raise awareness of risk management among companies.

In addition, we will promote new initiatives with a focus on practical effectiveness from a medium- to long-term perspective, such as measures to raise awareness of the importance of risk managers, who are not yet well established in Japan, and the creation of a system to recognize companies that are working to improve their risk management capabilities.

3.1.3 Response to revisions to the system for comparative and recommended sales

We will steadily implement measures to improve our systems and rules related to insurance sales in line with revisions to the Insurance Business Act and supervisory guidelines.

Regarding comparative recommendation sales, a major issue in customer-oriented business operations, we will support efforts by multi-representative agencies to appropriately conduct sales in accordance with the revised Insurance Business Act Enforcement Regulations and supervisory guidelines. Specifically, we will revise the Compliance guide for solicitation to enable multi-representative agencies to select and recommend insurance products in accordance with customers' best interests and intentions.

In addition, based on a report by the Expert Panel, we have established or revised guidelines on the “secondment of employees”, “business-related equities”, and “insurance payments”, which are considered factors that distort competition, and have followed up on their implementation by member companies. This year, we will continue to formulate and review guidelines based on

new issues. We will also establish new guidelines on the “provision of convenience” and set up a reporting channel within the association to enhance their effectiveness.

Regarding co-insurance, which is considered one of the causes of insurance premium adjustment, in March of this year, we established procedures for the “differential method,” which allows co-insurance to be formed without unifying the insurance rates of the underwriting insurance companies. Going forward, we will continue to examine specific methods for introducing and utilizing the “arranger method,” which was prepared with reference to syndicated loans.

3.2 Initiatives related to priority targets

As we enter the second year of the 10th Medium-Term Master Plan, we will promote initiatives linked to three priorities. In particular, we will re-organize the earthquake insurance claims system for prompt insurance claim payments in preparation for a major earthquake, and promote disaster prevention and mitigation initiatives in cooperation with the national and local governments, as well as the promotion, awareness, and education of general insurance.

3.2.1 Development of business infrastructure to support growth of the general insurance industry

We will develop a business infrastructure utilizing digital technology with the aim of improving customer convenience and operational efficiency for member companies. In particular, in the field of Compulsory Automobile Liability Insurance (CALI), following the release last year of “One-JIBAI”, an industry-wide system for underwriting, contract management, and collection, we will build a new system to achieve paperless operations for damage investigations and claim payments.

3.2.2 Strengthening the resilience of both social systems and insurance systems

a. Reorganization of the earthquake insurance claims processing system

We will reorganize our system to ensure that customers with earthquake insurance receive appropriate and prompt insurance claim payments in the event of a large-scale earthquake, such as Tokyo Inland Earthquake. Last fiscal year, we identified issues and countermeasures with the help of external experts.

This year, we will explore the ideal form for a resilient and sustainable earthquake insurance claims processing system and consider specific measures that are both feasible and effective.

b. Prevention of fraudulent insurance claims and consumer damage

Preventing fraudulent insurance claims and consumer damage is an ongoing endeavor by our association, and we will continue to take measures based on the results of the consumer

awareness survey released this month. This year, we plan to upgrade our systems to improve the accuracy of detecting fraudulent insurance claims. In addition, in light of the increasing number of problems arising from unscrupulous roadside assistance services, such as “being charged higher fees than those advertised”, we will strengthen our awareness-raising activities targeting young people, who are particularly vulnerable to such problems. We will also continue to work with the police and our branches to implement measures to prevent car theft.

3.2.3 Promoting understanding of risk management among consumers and businesses

Japan is constantly exposed to the risk of large-scale natural disasters, and the protection gap between economic losses caused by natural disasters and the extent of coverage provided by property insurance is expected to widen. In addition, large-scale natural disasters can have a serious impact on the regional economy, including corporate bankruptcies, business closures, and population decline. The government has also identified “promoting disaster prevention, mitigation, and national resilience” as a priority in the “Basic Policy on Economic and Fiscal Management and Reform 2025” (Basic Policy 2025) recently approved at the Cabinet meeting and is considering the establishment of a Disaster Management Agency as the command center for disaster prevention measures. Our association and industry also aim to contribute to the early recovery of regional economies and the revitalization and activation of local communities by promoting the widespread adoption of general insurance, and supporting the continuity of business operations by small and medium-sized enterprises, in collaboration with the national government and local authorities to address protection gaps.

Additionally, our association's eight branches nationwide will take the lead in collaborating with local governments, educational institutions, and the police to advance initiatives such as risk awareness campaigns for consumers and businesses, and the promotion of damage insurance.

In light of the recent increase in cyber attacks resulting in information leaks and unauthorized access leading to the hijacking of securities accounts and other issues, it is essential to place greater emphasis on preparedness against cyber threats. The industry as a whole will strive to further strengthen cyber defense response systems and enhance response capabilities and procedures in the event of major cyber incidents, while also promoting awareness of cyber risks among consumers and businesses and promoting the adoption of insurance coverage.

Furthermore, we will strengthen initiatives based on the “Comprehensive Collaborative Agreement on Insurance Education” concluded with the Life Insurance Association of Japan and the Japan Institute of Life Insurance, and contribute to the promotion of financial and economic education.

4. Conclusion

The General Insurance Association of Japan has firmly set its purpose, which is “to promote the sound development and enhance the reliability of the general insurance industry in Japan, thereby contributing to the creation of a safe and secure society.”

In this era of rapid change and uncertainty, we believe that the role and responsibility of our industry in realizing a sustainable society will become even greater. To fulfill this role and responsibility, we must swiftly rebuild the trust that was lost due to a series of inappropriate incidents. General insurance serves as an essential pillar of social infrastructure, enabling the realization of a safe and secure society. Everyone involved in the general insurance industry is committed to fulfilling their roles and responsibilities with pride, dedication, and a deep sense of purpose toward our customers and the broader community.

We sincerely appreciate your continued understanding and cooperation.

End

*English translation of the original statement issued in Japanese on June 30, 2025.