

GIAJ Chairman's Statement (Translation)

Mar. 21, 2024

Keisuke Niiro, Chairman

I would like to report and comment on our main initiatives since the regular press conference in December.

The 2024 Noto Peninsula Earthquake

First of all, I want to express our deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake and our heartfelt sympathy to all affected by the disaster. We would also like to pay our most profound respect to those working hard to rescue and support victims in the affected areas.

On January 2, the day after the earthquake struck, the general insurance industry set up a "Natural Disaster Central Command" headed by the Chairman of the GIAJ. Since then, we have been working together to promote various initiatives to promptly pay claims to policyholders.

In a major initiative undertaken following the recent earthquake, we conducted a joint survey using aerial photographs for the first time since the Great East Japan Earthquake. After that earthquake, a wide range of areas were collectively identified as a "total loss area" (i.e., an area where all buildings were washed away or burned down within a city block). However, in light of the characteristics of Noto Peninsula Earthquake, 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 on "collapsed buildings" was also conducted this time, which allowed on-site inspections for claim payments to be omitted. This, together with the collective certification mentioned above, will lead to the prompt payment of claims.

As a result of these initiatives and the hard work of employees and solicitors of our member companies and other industry-related personnel, as of March 8, we had paid insurance claims in 67,413 cases, amounting to 61 billion yen. The ratio of completed investigations to the number of accident claims received is 83%, which is a faster pace of payment than for many other significant earthquakes that have occurred in the past.

We have newly utilized X (formerly Twitter) to disseminate various information on disasters, including the joint survey results, warnings about unscrupulous companies that take advantage of disasters, and providing a list of member companies that offer consultation services in foreign languages. In particular, warnings about unscrupulous companies taking advantage of disasters were disseminated through the Financial Services Agency (FSA) and other ministries, local governments, prefectural police, and other organizations in the affected areas. As of March 21,

it had been viewed more than 200,000 times, enabling us to deliver information to a broader audience.

In addition, to assist those affected by the disaster, we have implemented special measures to postpone policy continuation procedures and premium payments. We compiled contributions from our member companies and donated 300 million yen to the affected areas through the Japanese Red Cross Society on January 31.

We will continue to do our utmost to help those affected by the disaster.

Our initiatives to restore trust

Regarding price-fixing practices and Bigmotor Co.'s fraudulent insurance claims that occurred last year, the member companies concerned have recently submitted business improvement plans to the FSA. Based on these plans, the member companies will work to prevent recurrence, implement further measures as needed while verifying their effectiveness, and report to the FSA on an ongoing basis on the status of their initiatives.

The GIAJ is taking the following initiatives. At today's Board of Directors meeting, we reiterated the overall picture of these initiatives and directly appealed to the top management of all member companies to prevent similar cases from occurring again.

1. Dealing with price-fixing practices

(1) Stipulating "Compliance with the Anti-monopoly Act" in the "Code of Conduct" <Announced Today (on March 21)>

The GIAJ's "Code of Conduct" is a set of "basic principles" and "action guidelines" that the top management of our member companies voluntarily implements. It describes the basic ideas indispensable for their business activities. By newly stipulating "compliance with the Anti-monopoly Act" in this "Code of Conduct", we will encourage our member companies to work towards antitrust law compliance.

(2) Creating a new section, Anti-monopoly Act Considerations for Underwriting Insurance Policies <Released on March 6>

In relation to the Guidelines for General Insurance Companies' Compliance with the Anti-monopoly Act formulated on December 15, we summarized the points to consider when member company employees contact other companies and exchange information in the insurance policy underwriting, including coinsurance, and during their daily activities, and presented the fundamental ideas on which member companies are to base their future rule-making.

In particular, in underwriting coinsurance. Since general insurance companies need to communicate with each other in the course of administrative procedures, we will prevent inappropriate conduct under the Anti-monopoly Act by setting these points to keep in mind as minimum necessary standards, and promote appropriate rule-making at each member company. In addition, we will continue to enhance the "Guidelines for General Insurance Companies' Compliance with the Anti-monopoly Act" and "Points to Consider under the Anti-monopoly Act in Underwriting Insurance Policies", released on December 15, to improve further the effectiveness of each company's initiatives to comply with the Anti-monopoly Act.

<Future Actions>

The GIAJ's Compliance Committee will play a central role in following up on member company initiatives to comply with the "Guidelines for General Insurance Companies to Comply with the

Anti-monopoly Act" and the "Points to Consider under the Anti-monopoly Act in Underwriting Insurance Policies". This will be done through questionnaires and the sharing of good practices to encourage member company initiatives.

(3) Disseminating to agents and solicitors <Released on February 27>

We added points to be noted under the Antitrust Law to the "Compliance Guide for Solicitation". We also created video content that explains the basics of the Anti-monopoly Act and points to keep in mind when soliciting insurance in an easy-to-understand manner. It has been posted on our website for solicitors to encourage them to view it.

<Future Actions>

In April, we will add basic knowledge of the Antitrust Law and points to keep in mind when soliciting insurance to the educational textbook for the basic unit of the general insurance examinations that agents and solicitors take. It will also be included in the scope of the examinations. This will establish a system for agents and solicitors to regularly study Anti-monopoly Act compliance.

Through these initiatives, we will raise awareness among agents and solicitors, who are actually in charge of soliciting insurance, of "actions that may violate the Anti-monopoly Act", which may be committed by themselves or by insurance company employees during their solicitation practices. The industry will strive to eliminate such violations.

2. Response to the fraudulent insurance claims by Bigmotor Co.

(1) Follow-up with member companies <Announced today (on March 21)>

To encourage member companies to act based on the Guidelines on General Insurance Claim Payments, which was revised in November, the GIAJ's Claims Service Committee is currently playing a central role in following up on the status of initiatives by member companies through questionnaires. Before the follow-up began, we interviewed some member companies regarding the results of their analysis of issues and countermeasures. We presented these at today's Board of Directors meeting. Through these measures, we will steadily promote the initiatives of all member companies.

(2) Disseminating to agents and solicitors <Released on February 27>

We have revised the "Compliance guide for solicitation" to inform agents and solicitors of examples of fraudulent claims, rules for handling them, and points to keep in mind.

<Future Actions>

In April, we will add the contents of past fraudulent insurance claim cases to the educational textbook for the basic unit of the "General examination for general insurance solicitors", which agents and solicitors are required to take, and include them in the examination scope. This will establish a system for agents and solicitors to regularly learn about fraudulent insurance claim prevention.

Through these initiatives, we will improve agents' and solicitors' understanding of fraudulent claim cases, the measures taken by our association and member companies, and steadily promote industry-wide efforts.

(3) Improving the level of countermeasures against fraudulent claims <Announced today (on March 21)>

We will take the opportunity of Bigmotor Co.'s fraudulent insurance claims to improve the level of our fraudulent claim countermeasures.

For example, we will improve the “Hot-line for insurance fraud and fraudulent claims” website to make it easier for consumers to enter information to report fraudulent claims. In addition, to improve the detection accuracy of the “Fraudulent Claims Prevention System” for member companies, we will consider expanding the data items used within the system.

Through these initiatives for consumers and member companies, we aim to eliminate fraudulent insurance claims.

3. Establishment of the "Project Team for Promotion of Fundamental Business Reform" <Announced today (on March 21)>

In light of the recent issues of price-fixing practices and fraudulent insurance claims by Bigmotor Co., to review the relationship with member companies and agents and business practices, and to establish an appropriate competitive environment as soon as possible, the Board of Directors today decided to establish a "Project Team for Promotion of Fundamental Business Reform" to study the measures necessary to restore trust. The first meeting will be held on April 5.

This project team will work closely with other GIAJ committees to formulate industry guidelines for member companies and create tools to prevent recurrence. It will also promote public relations activities to promptly and appropriately inform the public of the industry's stance and efforts to restore trust and deepen understanding.

In addition, we will steadily consider issues identified in the themes to be discussed by the "Expert Committee on Structural Issues and Competition in the General Insurance Industry" held by the FSA and released on March 19.

4. Collaboration with the "Customer's Voices and Experts Advisory Council" <Announced today (on March 21)>

To ensure appropriateness from the consumer perspective, initiatives discussed by the "Project Team for Promotion of Fundamental Business Reform" will take into account opinions, from the members of the “Customer's Voices and Experts Advisory Council”, that cannot be seen through discussions within the general insurance industry. The council was established within the GIAJ and consists of academic experts and other knowledgeable persons.

Final year initiatives of the Ninth Mid-Term Business Plan

At the same time as working to restore trust, we are also steadily promoting the various initiatives we set forth at the time of the chairman's inauguration. In particular, March 2024 is the time to conclude the “Ninth Mid-Term Business Plan”, our three-year activity plan. We have undertaken the following activities:

1. Raising awareness for natural disaster responses

(1) Raising Awareness for Natural Disaster Responses

Aiming to disseminate hazard maps, we have created a video for local government officials to recommend training for residents to create their own disaster action plan called “My Timeline”. The video was produced in cooperation with the Ministry of Land, Infrastructure, Transport and Tourism after covering a training session held in Sukagawa City, Fukushima Prefecture, on the creation of “My Timeline”. It is available on our YouTube channel for other local governments to view.

We are also continuing to promote awareness-raising activities in respective regions. In particular, the Hokkaido Branch held an online disaster prevention and mitigation symposium in

January, which reviewed the September 2018 Hokkaido Eastern Iburi Earthquake. Some 330 people attended. The symposium focused on allowing participants to learn about the risks of earthquakes in Hokkaido, including inland areas, and how to rebuild their lives after such a disaster, learning the lessons of the disaster as if it were their own. Many commented that they gained the knowledge they sought in the post-symposium questionnaire.

To respond to natural disasters, it is necessary to constantly disseminate new information to keep public awareness of disaster prevention and disaster mitigation from waning.

Even in areas where significant disasters have occurred in the past, memories often fade over time. We believe it is essential to continue to disseminate information with the timing of milestones, such as the recent symposium on the Eastern Iburi Earthquake. We will continue to raise awareness of disaster prevention and mitigation among the public through various means, including face-to-face meetings and digital tools.

(2) Initiatives to prevent problems related to unscrupulous companies that take advantage of natural disasters

All GIAJ branches nationwide collaborated with prefectural police and local governments to prepare flyers and other materials to alert people and prevent problems related to unscrupulous companies. In particular, besides flyers, the Kanto Branch created educational videos that can be used on digital signage, etc., to appeal to a broader audience. These videos were provided to prefectural police and local governments in Kanagawa, Chiba, and Saitama Prefectures.

2. Raising awareness for those who need more risk information

(1) Initiatives for young people

All GIAJ branches nationwide promote general insurance education for high school students. For example, in Hokkaido and Ibaraki prefectures, the contents of "Try for a Bright Future!", our educational material for high school students, were introduced at home economics research conferences, while the Chubu Branch and the Chugoku Branch are holding classes using "Try for a Bright Future!" at local high schools.

(2) Initiatives for overseas visitors

To ensure the safety and peace of mind of overseas visitors, our "Information on Staying Safe in Japan" website, which provides information for foreign visitors and residents in Japan, is disseminated nationwide. Specifically, our branches throughout the country have been conducting public relations activities by installing and distributing information cards and flyers with the cooperation of local governments, international exchange organizations, prefectural police, hotels, car rental companies, and others. In the future, we will also consider initiatives to enable visitors from overseas to view our website before they arrive in Japan.

(3) Initiatives for small and medium enterprises (SMEs)

An interview between the Chairman and broadcaster Ms. Tomoko Morimoto on risks unique to SMEs and risk management through insurance was published on the website from January 15 to February 15. It received around 34,000 views. This dialogue was based on a survey of more than 1,000 SME managers and employees on their awareness of and countermeasures against risks surrounding their business activities. It is now available on the special site as limited-time-only content.

We believe these Ninth Mid-Term Business Plan activities have yielded positive results. For example, in a survey on general insurance literacy education that we conducted from last December to January, 33.8% of teachers answered that they provide education on general insurance, an increase of more than 10% compared to the first year of the Ninth Mid-Term

Business Plan (23.4%). In a survey targeting SMEs, awareness of cyber insurance has increased by more than 10% over the past three years.

In this manner, educational activities related to the risks that surround us have made steady progress. Still, it is essential to persistently continue with these activities to reach those who need more risk information. We will continue to deliver risk-related information through community-based educational activities.

The 10th Mid-Term Business Plan

We have formulated our "10th Mid-Term Business Plan", which will be in effect for the next three years. The Board of Directors approved it today.

In this plan, we position "customer-oriented business operations" and "compliance with laws and regulations" as the cornerstones of all our operations. We will continue to work tirelessly to restore society's trust, which the problems of price-fixing practices and fraudulent insurance claims by Bigmotor Co. have eroded.

Specifically, we will continue to follow up on initiatives by member companies based on the industry guidelines that have been developed to date. Through the "Project Team for Promotion of Fundamental Business Reform", we will establish industry guidelines for member companies and tools to prevent recurrence. In addition, we will continue to study the contents of the guidelines while receiving opinions from the members of the "Customer's Voices and Experts Advisory Council".

The plan also sets forth the measures for the next three years for each of the three themes we have been addressing as industry issues.

Regarding the first theme, "Development of Business Infrastructure to Support the Growth of the General Insurance Industry", we will promote initiatives such as building a standard industry-wide joint system, "One-JIBAI", for underwriting and policy administration operations of compulsory automobile liability insurance. We will also initiate "non-face-to-face procedures for transfer and cancellation" and "cashless premiums".

For the second theme, "strengthening the resilience of the social and insurance systems", we will enhance our ability to respond to natural disasters by improving the efficiency of earthquake insurance loss assessment and jointly confirming damage during a major flood disaster. We will also work to prevent problems with unscrupulous companies and consumer damage by continually developing countermeasures against fraudulent insurance claims and raising awareness.

And for the third theme, "penetration of understanding of risk management among consumers and businesses", we will promote financial literacy education related to general insurance, raise the public's awareness of cyber, flood, and earthquake risks, and encourage them to purchase appropriate insurance.

By steadily advancing these initiatives, we will contribute to the "stability of people's lives and to the sound development of the national economy".

Concluding remarks

As I mentioned at the press conference in December, the FSA issued administrative action against our member companies involved in price-fixing practices and Bigmotor Co.'s fraudulent insurance claims, which damaged public trust in our industry. In response to this situation, the Association profoundly regrets the shortcomings of its past initiatives. We are taking the

measures deemed necessary, such as establishing guidelines, to prevent any recurrence of such incidents.

However, a number of issues must be addressed to restore trust in our industry, such as changing the relationship between insurance companies and agents, and business practices. The "Project Team for Promotion of Fundamental Business Reform" will play a central role in these efforts and carry out initiatives, taking into account opinions from external perspectives that cannot be seen only through discussions within the industry of the "Expert Committee on Structural Issues and Competition in the General Insurance Industry" of the FSA and the "Customer Opinion Expert Advisory Council" of the GIAJ.

The 2024 Noto Peninsula Earthquake once again highlighted the fact that we never know when or where a large-scale natural disaster will strike Japan.

I visited the disaster-stricken areas and directly heard from local governments, each branch of the Independent Insurance Agents of Japan, the mass media, and others. I received words of gratitude from agents, whose homes had been destroyed, for the prompt payment of insurance claims, and heard about the importance of insurance companies and agents in times of disaster, which reminded me once again of the role of insurance companies in earthquakes, and the importance of insurance in rebuilding lives in the event of a disaster. Through this experience, I strongly feel the need to go back to the basics of general insurance, strive for the prompt payment of insurance claims in the event of a disaster, persistently communicate risks, and encourage society to consider disaster preparedness before a disaster strikes.

To ensure that the initiatives included in the 10th Mid-Term Basic Plan, including the urgent task of restoring trust and responding to natural disasters, lead to results, it is essential to share issues and schedules among all the parties concerned without delay after the start of the plan period, and to initiate specific initiatives. For three months, the remainder of my term, I intend to fulfill my responsibilities and lead the industry with all my might.

Thank you.

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