

GIAJ Chairman's Statement (Translation/Executive summary)

Jun. 15, 2023

Giichi Shirakawa, Chairman of the GIAJ, released the following statement on June 15:

1. Introduction

In May this year, an earthquake with a maximum intensity of 6 upper (on the 0-7 Japanese seismic scale) occurred in the Noto region of Ishikawa Prefecture, then another quake with a maximum intensity of 5 upper hit Chiba Prefecture. As a general insurance industry, we are doing our utmost to help those affected by the earthquakes to return as quickly as possible to their normal daily lives.

Damage caused by Typhoons No. 14 and No. 15 in September last year resulted in claims totaling over 157.8 billion yen (as of the end of March this year). In addition, hailstorms and heavy snowfalls have caused damage in many areas. The GIAJ will strengthen its disaster prevention and mitigation efforts and promote activities to improve the disaster prevention literacy of the public.

Three and a half years after the spread of COVID-19 began, the transition to normal times is being carefully made. The GIAJ has requested its member companies to ensure that policyholders are given careful explanations about the way(s) of approving hospitalization benefits to be paid on the condition that they are deemed equivalent to being hospitalized despite non-hospitalization due to a lack of beds with medical insurance, etc. We will also continue to take measures such as the ongoing shift to a non-face-to-face, paperless system.

We will continue our efforts to provide products and services that contribute to the stability of people's lives and economic activities.

2. Specific measures for realizing major initiatives

(1) Climate change and natural disasters

a. Countermeasures against unscrupulous home repairers who try to gain profit unfairly by taking advantage of natural disasters

The GIAJ continues to take comprehensive measures against unscrupulous home repairers who try to gain profit unfairly by taking advantage of natural disasters.

Each branch has called for consumer attention through distributing flyers, and by cooperating with local governments, the police, and related organizations to disseminate information. The GIAJ is also working with the Independent Insurance Agents of Japan, the National Association of Shinkin Banks (cooperative regional financial institutions mainly for SMEs and local residents), and the Regional Banks Association of Japan to alert consumers.

At the request of the Ministry of Land, Infrastructure, Transport and Tourism, the GIAJ is also posting a warning message to consumers on the websites of housing-related organizations. The GIAJ shared case studies of its member companies that have introduced AI detection tools ahead of others among member companies. Such efforts have led to steady progress in expanding the number of companies that have introduced the tool and to improving its accuracy.

According to the National Consumer Affairs Center of Japan, the number of consultations received by local centers nationwide in FY2022 was approximately 2,100, a significant decrease from the previous year (approximately 5,000). However, related damage is still high, so measures will be implemented continuously.

Recently, there have been a number of problems related to some road service providers. As a countermeasure against malicious road service providers, the GIAJ has established a new alert page on its website. Each branch office is also issuing a warning.

b. Measures for disaster prevention and reduction

The GIAJ undertook the following initiatives:

- Dissemination activities of hazard maps according to local risks by each branch.
 - ✓ Hokkaido Branch / Tohoku Branch: Online seminar on disaster prevention awareness regarding flood disasters
 - ✓ Kyushu Branch: Awareness-raising activities on the 40th anniversary of the Great Nagasaki Flood
 - ✓ Shikoku Branch: Improvement of local disaster prevention measures using the GIAJ's "Explore your town – Disaster prevention hotspots" program's map
- Provision of disaster prevention educational materials to junior high schools and boards of education, and workshops for high school, elementary, and junior high school teachers
- Dissemination of the importance of earthquake insurance through TV programs, YouTube, and other media, as well as through panel discussions at events hosted by the Cabinet Office
- Submission of a request to the Ministry of Land, Infrastructure, Transport and Tourism regarding "promotion of measures that contribute to the maintenance and strengthening of disaster-resistant and sustainable social infrastructure
- Consideration of participation in events organized by the Cabinet Office to commemorate the 100th anniversary of the Great Kanto Earthquake

c. Responses to issues related to climate change and sustainability

The General Insurance Institute of Japan (GIJ) has published "The Current Status, Issues with, and Measures of Efforts to Reduce the Damage from Natural Disasters and to Promote Insurance in Major Countries" as the result of a research study commissioned by the GIAJ.

The GIAJ held an online climate change study session for its member companies to promote understanding of climate change and sustainability-related issues among its member companies.

- ✓ October 2022: PSI (The Principles for Sustainable Insurance) (Lecturer: Mr. Butch Bacani, UN)
- ✓ February 2023: Biodiversity (Lecturer: Mr. Masami Hasegawa, Secretary General of Keidanren (Japan Business Federation) Committee on Nature Conservation and Director of the Environment and Energy Policy, Keidanren)

- ✓ May 2023: ESG investment (Lecturer: Prof. Takeshi Mizuguchi, President of Takasaki City University of Economics)

The GIAJ:

- published the "Climate Change Newsletter" on its website,
- provided comments to public comments/consultations by the Japan Financial Services Agency (FSA), the International Sustainability Standards Board (ISSB), and the International Association of Insurance Supervisors (IAIS),
- provided comments on draft comments prepared by the Global Federation of Insurance Associations (GFIA) in response to ISSB and IAIS public consultations,
- provided comments on the protection gap report prepared by the GFIA, and
- revised its Code of Conduct and developed tools for member companies and insurance solicitors (agents) in light of the need to strengthen its efforts regarding its responsibility to respect human rights.

(2) Digital transformation (DX)

a. Acceleration of the harmonization and standardization of business procedures

Eleven member companies have participated in the "Insurance Premium Deduction Certificate Issuance Service" system. In October last year, the system was upgraded with enhanced security and functions for improved customer convenience.

System development is underway for service launch in FY2024 to improve Compulsory Automobile Liability Insurance (CALI) underwriting and policy administration operations.

The GIAJ has decided to build a paperless system for investigations and settlements between insurance companies for CALI claim adjustment of traffic accidents and bodily injury cases.

In order to simplify insurance company administrative work, the GIAJ is developing industry-wide forms and tools. Scheduled for release in July, the new standardized forms will be used for cases of pledging (in mortgage-related fire insurance policies).

b. Countermeasures against emerging risks

In response to the results of a survey of SMEs, the GIAJ conducted an educational campaign through distributing flyers and TV advertising. The GIAJ's special website for businesses, "Insurance Necessary for SMEs", has had over 200,000 hits.

The GIAJ conducted alerts on risks related to corporate management of SMEs in cooperation with the Organization for Small & Medium Enterprises and Regional Innovation (SME SUPPORT JAPAN) and the Small and Medium Enterprise Agency.

Many branches held seminars in cooperation with Regional Bureaus of the Ministry of Economy, Trade and Industry to disseminate insurance for SMEs, and also on the acquisition of certification for business continuity enhancement plans.

(3) Other major ongoing efforts

- Improvement of general insurance literacy among young people

The GIAJ is strengthening relationships with educational institutions, governments, experts, and other financial organizations. Information provision is promoted through seminars for

teachers co-hosted by the Japan Institute of Life Insurance, and a general insurance educational magazine for teachers titled "Sonpo (General Insurance) Journal". The revised educational material for high school students, "TRY for a Bright Future!" was selected for the Excellence Award among the Consumer Education Material Award 2023. The GIAJ is also promoting efforts to provide video teaching materials.

- Appropriate measures to improve the environment for insurance business

The GIAJ exchanged opinions and information with various competent authorities in response to regulatory reviews and proposals, and submitted opinions for public comment on government ordinances, supervisory guidelines, international regulations, etc.

In addition, we continue to exchange opinions and information with the Financial Services Agency (FSA) in preparation for the introduction of economic value-based solvency regulations.

We also submitted opinions for consultation on insurance supervision standards to be developed by the IAIS, and are promoting collaboration with the IAIS and the FSA in contributing to the IAIS Annual Conference to be held in Tokyo in November.

- Responding to psychological secondary damage to victims of traffic accidents

The GIAJ has prepared a "Handbook on Responding to Victims of Traffic Accidents" as training materials for employees of GIAJ members, and is promoting the use of this handbook by member companies.

- Strengthening various types of support for emerging markets

The GIAJ celebrated the 50th anniversary of the Insurance School (Non-Life) of Japan (ISJ). As one of the commemorative events, the GIAJ launched a special commemorative website to introduce the history of the ISJ.

In addition, the GIAJ held an online seminar on support for proper insurance claim payments related to medical expenses in Vietnam last October, and then held an ISJ Overseas Seminar for general insurance industry professionals and insurance regulatory authorities in Laos this February.

- Efforts to improve the quality of insurance solicitation

The GIAJ has been recommending participation in educational programs at General Insurance College Course in cooperation with the Independent Insurance Agents of Japan, Inc. and member companies in order to increase the number of applicants for the "General Insurance Total Planner" qualification. In addition, expansion of continuing education content for insurance solicitors (agents) using e-learning is also being promoted.

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