

GIAJ Chairman's Statement

(Translation/ Executive summary)

Jun. 28, 2024

Mr. Hiroaki Shirota, who was appointed Chairman of the General Insurance Association of Japan (GIAJ) on June 28, released the following statement outlining the GIAJ's upcoming main initiatives:

1. Introductory remarks

The 2024 Noto Peninsula Earthquake that occurred on New Year's Day reminded us of the reality that a major earthquake could occur anywhere at any time, and multiple disasters have followed in various regions of Japan. I would like to express my deepest condolences to those who have lost their families and friends, and offer my heartfelt sympathy to all those who have been affected by these disasters. I would also like to express my deepest respect to those who are making efforts to support the afflicted areas. Insurance payments made through earthquake insurance can be used without limitation of use. We, as the entire general insurance industry, will work together to ensure the prompt and appropriate payment of insurance claims, till the very last case, so that everyone affected by the disaster will be able to return to their normal, peaceful lives as soon as possible.

Since last year, the general insurance industry has lost the trust of customers due to incidents such as fraudulent insurance claims and price-fixing practices. In May, information leakage incidents with multi-representative agents, were found in some of our member companies. We sincerely apologize once again for the concern and inconvenience this has caused to our customers and other concerned parties.

In order for the industry to regain the trust of customers and society, we must thoroughly implement "legal compliance" and "customer-oriented business operations", and fundamentally review old industry practices that deviate from common sense.

Taking this critical phase as a turning point for the industry, I will fulfill my duties as Chairperson of the GIAJ while sincerely addressing diverse voices in order to restore the trust of customers.

2. Environment surrounding our industry

Natural disasters continue to increase in frequency and severity, and the declining birthrate and aging population are having a significant impact not only on our industry but also on the Japanese society as a whole. While the evolution of digital technology can help us resolve these social issues, new risks such as cyber risks are also emerging concurrently and rapid response is required. The Japanese economy has been recovering moderately, although there are signs of a slowdown. On the other hand, changes in societal values and geopolitical risks surrounding Ukraine, the Middle East, and others have heightened uncertainty.

As the environment surrounding our industry continues to change, the importance of the roles played by the general insurance industry are also increasing.

3. Our approach

Based on the recognition of the surrounding environment, in order to restore the trust of customers, which has been greatly damaged by a series of inappropriate incidents, we will reconfirm the gap between common sense within society and industry practices, and strive to ensure thorough compliance with laws and regulations and improve the quality of our operations, thereby creating a sound competitive business environment.

In April of this year, the GIAJ implemented its 10th Medium-Term Master Plan, which aims for the industry to become truly needed by society by making steady progress in “strengthening our ability to respond to natural disasters”, “improving convenience through the promotion of digitalization”, and “improving general insurance literacy”.

4. Specific initiatives

(1) Our initiatives to restore trust

The “Project Team for Promotion of Fundamental Business Reform”, established in March, will take the lead in further accelerating the industry-wide initiatives to fundamentally review old industry practices and to materialize efforts to address various issues that have been studied so far, in order to restore customer trust.

The report of the “Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector” published by the Financial Services Agency (JFSA), on June 25th, provides an extremely important direction on how the system should be designed to resolve structural issues within the industry and realize fair competition. Based on the various opinions pointed out by the experts, the GIAJ will continue to conduct in-depth studies to develop more effective approaches.

① Realizing a sound competitive environment

To realize a sound competitive environment and to ensure that customers have the opportunity to select appropriate products, various guidelines will be established (e.g., supporting for customers’ core business, business related equities, secondment, etc.). In addition, in order to ensure the effectiveness of these initiatives, we will follow up with member companies on the status of their initiatives and review the contents of the guidelines as needed.

② Improving business quality of insurance agents and solicitors

To ensure appropriate insurance solicitation management systems at insurance agencies are implemented, we will develop industry-wide business quality evaluation standards that incorporate a third-party perspective. At the same time, we will also examine the systems and operations for effectively applying the above evaluation standards. We need to pay due consideration to make the standards effective and sustainable, taking into full consideration of the fact that there are approximately 150,000 general insurance agencies nationwide, and that they are diverse in size and channels.

Improvement and enhancement of education and qualification systems will also be considered to improve the business quality of insurance solicitors.

③ Deepening understanding of insurance and risk management for corporate customers' businesses

To develop an industry-wide framework for providing corporate customers with information on insurance and risk management, we will create industry-wide tools to support client companies' understanding and hold seminars to help companies improve their risk management capabilities.

④ Strengthening measures against fraudulent claims

We will strengthen measures against fraudulent claims in the industry by conducting training for adjusters on the types and modus operandi of fraudulent claims so that customers can file claims with peace of mind.

We will also create an "explanatory tool for automobile repair shops" to assist them in recording images of damaged vehicles in accordance with MLIT (Ministry of Land, Infrastructure, Transport and Tourism) guidelines and increase the transparency in auto repair.

⑤ Further strengthening of compliance

We will hold "Anti-monopoly Act Compliance Seminars" for member companies periodically.

We will ask the General Insurance Institute of Japan (GIJ) to hold special lectures on the Anti-monopoly Act in its main course.

⑥ Follow-up on respective initiatives and sharing examples of initiatives

In order to continuously improve the business quality of the industry as a whole, we will follow up on the penetration of initiatives by respective member companies through questionnaires and monitoring of the status of initiatives, and support further initiatives by sharing examples of initiatives.

⑦ Other initiatives

We will work to resolve various issues by commissioning the General Insurance Institute of Japan (GIJ) to conduct surveys and research in order to reaffirm the regulations on insurance brokers and agents, as well as the actual status of corporate insurance solicitation in foreign countries, and to use this as a reference for future efforts.

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

① Strengthening natural disaster response capabilities

a. Strengthening preparedness for major earthquakes

In order to ensure prompt and appropriate insurance claim payments in the event of a super large-scale earthquake, such as a Tokyo Inland Earthquake and/or a Nankai Trough Earthquake, we will work to convert the damage status report (self-report) system, which has to date been conducted by paper and mail, to an online system. We aim to complete its development during this fiscal year.

In light of the Noto Peninsula Earthquake, new issues have been identified, such as the difficulty of on-site inspections due to the disruption of roads, etc. We will reexamine the issues in assessing earthquake insurance losses and consider the necessary measures.

On the occasion of the 30th anniversary of the Great Hanshin-Awaji Earthquake (Kobe Earthquake), we will pass on the memories and experiences of the disaster to future generations and implement a plan to convey the importance of preparedness.

b. Trouble prevention measures related to unscrupulous companies that take advantage of natural disasters

In light of the fact that there remain to be problems with unscrupulous companies soliciting victims of natural disasters and charging them high fees and/or cancellation fees for home repairs, etc., we will continue to raise awareness about the prevention of problems in cooperation with relevant organizations such as the police and consumer affairs bureaus, and the Independent Insurance Agents of Japan, Inc., etc. We will continue to support appropriate insurance claim payments through the use of fraudulent claim prevention systems (operated by the GIAJ) and other means.

② Improving convenience through promotion of digitalization

a. Digitalization of CALI (Compulsory Automobile Liability Insurance)

The development of "One-JIBAI (CALI)", an industry-wide joint system, is underway with the aim of launching by the end of this fiscal year (next March). The system will improve convenience for customers by making the transfer and cancellation of insurance policies paperless and the payment of premiums cashless, and also improve the efficiency of the industry as a whole by enabling policy administration through the joint system.

In order to further promote appropriate claim adjustment operations, we have begun development of a system that digitizes and shares insurance claim-related documents, and conducts investigation and settlement processing without paper.

b. Digitization of educational texts for general examination for general insurance solicitors

We will establish an environment in which educational texts for General Examination for General Insurance Solicitors can be viewed on PCs, tablets, and smartphones to improve convenience and learning effectiveness for examinees, and promote paperless initiatives, too.

③ Improving literacy towards general insurance

a. Enhancing the dissemination and understanding of general insurance

We will engage in awareness-raising activities on water damage compensation based on an appropriate recognition of their own water damage risks, such as flooding due to river overflows, landslides, and inundation due to inland flooding.

To ensure that small and medium-sized enterprises (SMEs) are properly prepared for business risks, we will conduct a survey on SMEs' risk awareness and countermeasures, and engage in dissemination and enlightenment activities in cooperation with the Independent Insurance Agents of Japan, Inc. and the local Ministry of Economy, Trade and Industry bureaus throughout Japan.

b. Strengthening cooperation with the life insurance industry

In cooperation with the Life Insurance Association of Japan and the Japan Institute of Life Insurance, with which we signed a "Comprehensive Collaborative Agreement on Insurance Education" last November, we will expand seminars for junior high and high school teachers of home economics, social studies, and civics to deepen their understanding of private insurance, and create educational materials for private insurance education.

④ Other initiatives

Furthermore, we will steadily promote the following initiatives, which are indispensable to fulfill the GIAJ's objectives:

- Operation of the General Insurance Counseling and ADR Center
- Various requests and recommendations
- Responses to international standards

- Support to and cooperation with other economies in the Asian region
- Promotion of disaster prevention education
- Catastrophe loss reserve system
- Raising awareness of traffic accident prevention
- Donation of light fire trucks

5. Concluding remarks

The mission of the general insurance industry is to contribute to the realization of a safe, secure, and sustainable society and to the stabilization and improvement of the economy and people's lives through the provision of social infrastructure functions based on the spirit of mutual support in the form of general insurance.

In this age of uncertainty, we believe that the "safety and security" provided by insurance has the power to support people's lives and help with new steps forward.

We will make a sincere effort to become a non-life insurance industry that is truly trusted by customers, and to ensure that all those involved in our industry can continue to take pride in their role as part of the social infrastructure of general insurance.

-end-