



Establishing the earthquake insurance system

Japan is worldly known as a country which is attacked so often by earthquakes, but people used to think generally that it is difficult to cover earthquake caused disasters by insurance. One reason for this is that no one can be sure when an earthquake happens, and another is that there is a risk that tremendous damages will result in case of a great earthquake. Much research and discussion has been repeated on earthquake insurance for many years, getting nowhere. There was a social demand, nonetheless, for the establishing of a dwelling risks earthquake insurance system* to help people affected by an earthquake which made them lose their basis of life such as house and household goods rebuild their life. The non-life insurance business world

promoted, in response to the demand, a lot of research on the founding of such a system. The Niigata Earthquake which happened in June 1964 grew a tendency toward the establishment of the system. The government and the non-life insurance world put the earthquake insurance system to a detailed examination, which eventually enacted Law concerning Earthquake Insurance. The dwelling risks earthquake insurance system was built according to the law and Japan Earthquake Reinsurance Co., Ltd. (JER) was established. We play an important role to take the full responsibility by reinsurance of earthquake insurance contracts entered into by non-life insurance companies. For detail, see p.8 “Mechanism of reinsurance”.

*Non-life insurance is divided into two groups: one is insurance in the household risks field taken by individuals on various home risks; the other is insurance in the corporate risks field taken by companies on various company's risks. This goes for earthquake insurance. Insurance taken by individuals is called as dwelling risks earthquake insurance, and the other insurance is called as company-oriented earthquake insurance. Law concerning Earthquake Insurance enacted targets at dwelling risks earthquake insurance.