

MESSAGE FROM THE PRESIDENT



Chairman: Shozo Wakabayashi President: Masamichi Irie

We would like to take this opportunity to express our sincere gratitude for the continued support from all our stakeholders.

Japan Earthquake Reinsurance Co., Ltd. (JER) was founded in 1966 as the only company in Japan permitted to exclusively handle reinsurance for earthquake insurance covering dwelling risks. Since then, we have not only endeavored to promptly make earthquake reinsurance payouts, but also to pay close attention to managing the assets that have been deposited for future earthquake reinsurance payouts, focusing primarily on liquidity and safety.

Due to the effects of monetary easing and various economic policies, the Japanese economy has been staging a gradual recovery. In earthquake insurance, given the increasing interest in such insurance since the 2011 Great East Japan Earthquake, our number of in-force contracts is now over 15 million, and our household earthquake insurance coverage ratio stands at 27.8% (on a provisional basis), both of which are now at record levels. The number of in-force contracts and the household earthquake insurance coverage ratio have more than tripled since the time of the Great Hanshin-Awaji Earthquake in 1995.

In this environment, under our third medium-term business plan, which commenced last year, in light of our experience from the 2011 Great East Japan Earthquake we have steadily implemented procedures—mainly in response to massive earthquakes or consecutive earthquakes—and reviewed and developed a structure that will allow our operations to continue even if our headquarters is stricken by a disaster.

In particular, to ensure the continuity of our operations if our headquarters is afflicted by a disaster, we have comprehensively upgraded our system infrastructure in preparation for the possibility of an imminent inland earthquake striking the Tokyo metropolitan area, and have begun the full operation of the system.

Meanwhile, to strengthen our earthquake insurance system, the government has revised the ratio of public and private burdens in its fiscal 2013 budget. With this initiative, we believe that the credibility of the earthquake insurance system has been reinforced further.

This year marks the 90th anniversary of the Great Kanto Earthquake. Carved into the monument commemorating this earthquake is the warning, “Always be prepared for unexpected earthquakes.” So we must make every effort to always be prepared to respond to an inland earthquake in the Tokyo metropolitan area, a massive Nankai Trough earthquake, or any other earthquakes that are expected to take place in the future.

We are committed to our mission to become a company that is completely trusted by our stakeholders by continuing to take a proactive role in enhancing and improving the earthquake insurance system.

We have prepared this annual report 2013 to provide our stakeholders with insight into the current situation and activities of JER. We welcome your comments and opinions.

July 2013

Masamichi Irie
President
Japan Earthquake Reinsurance Co., Ltd.