

RESPONSE TO THE GREAT EAST JAPAN EARTHQUAKE

At 2:46 p.m. on March 11, 2011, the largest earthquake in recorded Japanese history, with a magnitude of 9.0 on the Richter scale, struck off the coast of Sanriku, causing unprecedented damage to the Tohoku and Kanto regions, with violent tremors and a massive tsunami. The Japan Meteorological Agency named this earthquake, “The 2011 off the Pacific coast of Tohoku Earthquake,” while the Japanese government decided to collectively call the disaster “The Great East Japan Earthquake,” which referred to the damage caused by the earthquake, the subsequent tsunami, and aftershocks.

Responding to this devastating disaster, the non-life insurance industry and the Japanese government were united to take initiatives to promptly and steadily make insurance payouts to support the reconstruction of the lives of policyholders.

SUMMARY OF THE GREAT EAST JAPAN EARTHQUAKE

Outlook of the Earthquake

(i) Date and Time: Friday, March 11, 2011, 14:46 JST (05:46 UTC)

(ii) Hypocenter: Sanriku-oki (N38.1, E142.5)

(iii) Depth: 24 km

(iv) Magnitude: 9.0

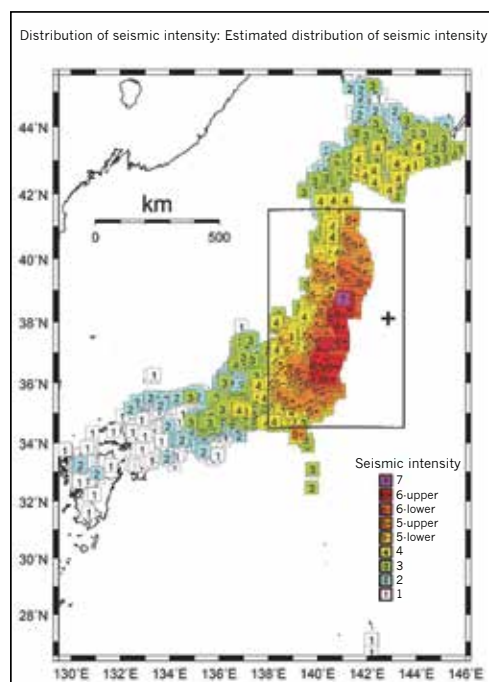
(v) JMA Seismic Intensity:

The intensity of 7 was recorded in Kurihara City, Miyagi Prefecture, and the intensity of a 6-upper was recorded in 34 cities and towns in four prefectures of Miyagi, Fukushima, Ibaraki and Tochigi, in addition to a wide area of Japan from Hokkaido to Kyushu, mainly in the eastern part of Japan, where the intensity of between a 6-lower and 1 was recorded.

(vi) Number of aftershocks:

The number of aftershocks so far (as at 12 a.m., March 6, 2016) is as follows.

Maximum seismic intensity	No. of aftershocks
6-upper	2
6-lower	2
5-upper	17
5-lower	47
4	282



Sources: “Monthly Report on Earthquakes and Volcanoes in Japan, March 2011” of the Japan Meteorological Agency

Summary of damage (as of March 1, 2016)

(i) Casualties:	Death:	19,418 people
	Missing:	2,592 people
	Injured:	6,220 people
(ii) Residential damage:	Total collapse:	121,809 houses
	Half collapse:	278,496 houses
	Partially collapse:	744,190 houses

* Prepared by JER based on “Monthly Report on Earthquakes and Volcanoes in Japan, March 2011” of the Japan Meteorological Agency and “The 2011 off the Pacific coast of Tohoku Earthquake (the Great East Japan Earthquake) (No. 153)” of the Fire and Disaster Management Agency

INITIATIVES TAKEN IN THE WAKE OF THE GREAT EAST JAPAN EARTHQUAKE

1. Initiatives taken by the non-life insurance industry

To carry out the social mission of earthquake insurance, “Contribute to establishing a stable living for the victims,” the General Insurance Association of Japan (the “GIAJ”) established an “Earthquake Insurance Central Command,” and the non-life insurance industry united across all member companies to take the initiatives described below. As a result, as of March 31, 2015, the overall non-life insurance industry paid earthquake insurance of approximately 1,265.3 billion yen.

(1) Enhancement of information provision to customers

The GIAJ prepared posters (approximately 80,000 sheets) and leaflets (approximately 546,000 copies) that presented inquiry addresses and telephone numbers of non-life insurance companies, and presented and distributed them mainly to municipal government offices and evacuation centers. It also published a list of inquiry addresses of member companies in 18 newspapers, while it broadcast 500 radio commercial messages about the inquiry addresses of the GIAJ, and released advertising (on 12 regional television stations in affected areas) to encourage policyholders to make earthquake insurance claims. Moreover, it introduced special measures to the no-entry zone and other areas in the wake of the accident at the Fukushima Daiichi Nuclear Power Plant, and published payments of earthquake insurance in two newspapers in Fukushima Prefecture.

(2) Strengthening support for customers who are unsure about their insurance companies

The GIAJ established an “the Center for Searching Earthquake Insurance Contracts” for customers who were unsure about which insurers their earthquake insurance and other non-life insurance contracts were concluded with because they had lost their insurance policies, due to the disaster and other reasons. It helped confirm customers’ non-life insurance companies through the specially designated free telephone services and the web page. In the same manner, each member company also dealt with inquiries from customers who were unsure about their insurance companies.



(3) Prompt insurance payouts by streamlining loss confirmation procedures and survey of earthquake insurance

Because the tsunami and fires caused losses across large areas of the coastal regions in Iwate, Miyagi and Fukushima prefectures, non-life insurance companies carried out a joint loss survey, in what was an industry's first. Non-life insurance companies identified areas with the same level of losses through the joint survey, and identified areas that had sustained devastating damage from the disaster as "total loss areas" using aerial and satellite photography as well as tours of the areas themselves. As a result, by waiving the need for onsite inspections, member companies promptly paid total earthquake insurance claims for earthquake insurance contracts in total loss areas. To facilitate claims by customers, the GIAJ also published the total loss area on its website.

(4) Simpler procedures for earthquake insurance claims

In conducting an earthquake loss survey on wooden buildings and on furniture in such buildings, in addition to onsite inspections, non-life insurance companies adopted a loss inspection in which, provided certain requirements are met, onsite inspections are waived and the loss is inspected based on photos taken by customers and other self-reported documents. They also conducted inspections based on self-reported documents for claims in the no-entry zone and other areas where entries were limited in the wake of the accident at the Fukushima Daiichi Nuclear Power Plant.

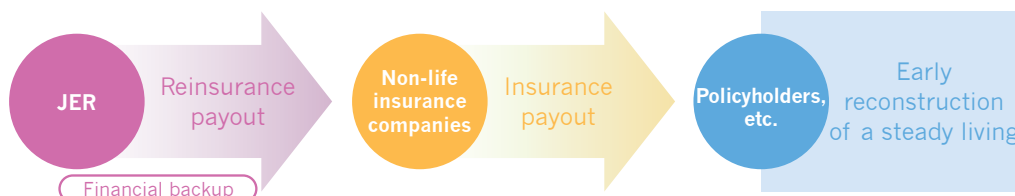
(5) Donation of the relief money

To help support people in the areas affected by the Great East Japan Earthquake, the GIAJ received donations from 26 member companies and donated relief money of 1 billion yen to the Japanese Red Cross Society.

2. Initiatives taken by JER

JER's mission and role in the face of major disasters

Our mission in the face of major disasters is to financially facilitate prompt insurance payouts by non-life insurance companies through "reinsurance payouts" to support the early reconstruction of the lives of policyholders in the afflicted areas.



Prompt reinsurance payment

To promptly make reinsurance payouts to non-life insurance companies, we established an Earthquake Disaster Countermeasures Headquarters on the day the Great East Japan Earthquake took place, and took steps to promptly secure funds and make reinsurance payouts based on approximate projections, in cooperation with non-life insurance companies and the government. As a result, we made reinsurance payouts of approximately 1,265.3 billion yen for approximately 790,000 policies^(Note) by the end of March 2015.

(Note) The figures do not include reinsurance payouts related to aftershocks and other earthquakes.

Securing funds promptly

- ✓ Preparation of approximately 322.4 billion yen in cash by selling assets within 20 days of the occurrence of the earthquake (March 31, 2011).
- ✓ Receipt of reinsurance payouts of approximately 426.8 billion yen (based on approximate projections) from the government within 73 days of the occurrence of the earthquake (May 23, 2011).

Because the earthquake insurance system is a system whose income and expenditures are designed to be balanced out after a long period of time, all premiums received, after deducting necessary expenses, are individually set aside as reserves by non-life insurance companies and the government.

Insurance claims paid to policyholders affected by the earthquake were funded from these reserves. To promptly secure funds for reinsurance payouts to non-life insurance companies, we quickly started to sell our reserve assets from the first business day after the occurrence of the earthquake. At the same time, cooperating with the government, we flexibly requested the government's reinsurance payouts and implemented procedures for receiving the payments.



Reinsurance payouts based on approximate projections

- ✓ Provision of funds of approximately 968.6 billion yen to non-life insurance companies within 75 days of the earthquake (May 25, 2011).

To facilitate prompt insurance payouts by non-life insurance companies to policyholders, we made reinsurance payouts based on approximate projections for the first time since the establishment of Japan's earthquake insurance system.

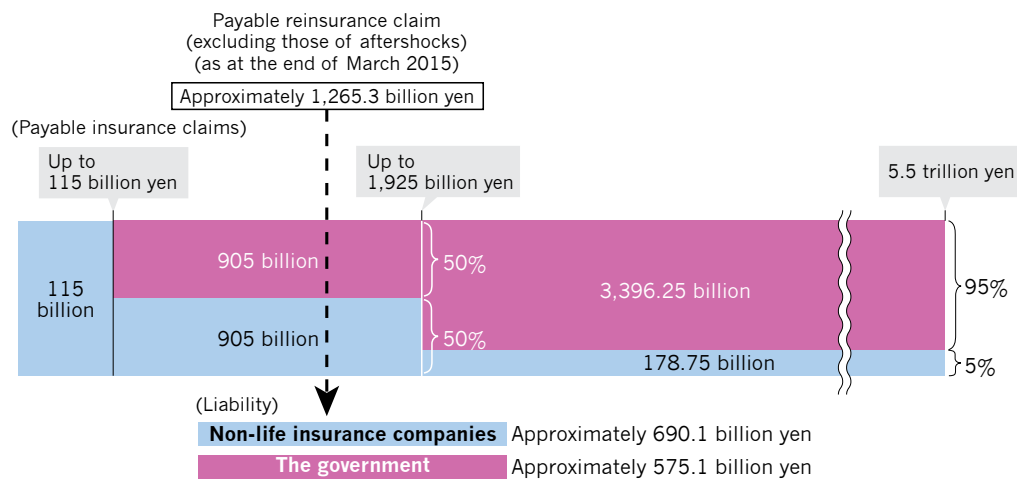
Payments based on approximate projections is a system in which estimated reinsurance payouts based on rough projections on the amount of damage incurred by the relevant earthquake. The system is designed to make it possible to provide in advance the funds necessary for insurance payouts to non-life insurance companies before they actually pay insurance claims to policyholders who are afflicted by an earthquake.



STATUS OF THE BURDEN OF LIABILITIES ASSOCIATED WITH THE GREAT EAST JAPAN EARTHQUAKE

The reinsurance scheme for the Great East Japan Earthquake and the share of liabilities for the damage from the earthquake between non-life insurance companies and the government are as follows:

Reinsurance scheme at the time when the Great East Japan Earthquake took place (from April 1, 2009 to May 1, 2011)



LIABILITY LIMIT

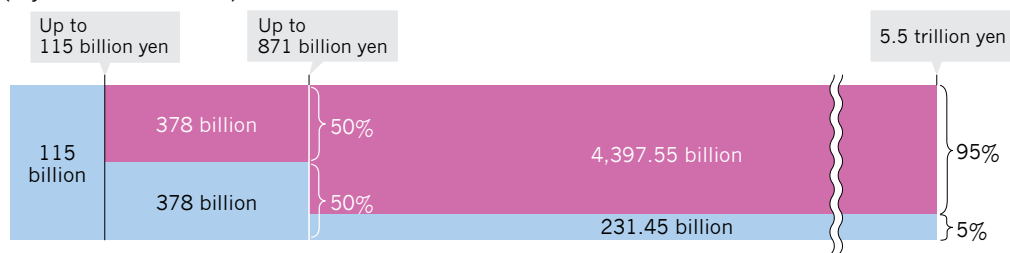
Non-life insurance companies (including JER)	1,198.75 billion yen
The government	4,301.25 billion yen
Total	5,500.00 billion yen

MODIFICATION OF THE REINSURANCE SCHEME AFTER THE GREAT EAST JAPAN EARTHQUAKE

Reserves of non-life insurance companies noticeably decreased with the burden of liabilities after the Great East Japan Earthquake. As a result, to reinforce the continuity and the stability of the scheme to deal with large-scale earthquakes in the future, the reinsurance scheme was revised on May 2, 2011, as shown below.

Reinsurance scheme after the Great East Japan Earthquake took place (from May 2, 2011 to April 5, 2012)

(Payable insurance claims)



LIABILITY LIMIT

Non-life insurance companies (including JER)	724.45 billion yen
The government	4,775.55 billion yen
Total	5,500.00 billion yen

Note: Please refer to page 33 for information on the mechanism of reinsurance and the latest reinsurance scheme.

STATUS OF REINSURANCE PAYMENTS ASSOCIATED WITH THE GREAT EAST JAPAN EARTHQUAKE

(As of March 31, 2015)

BY PREFECTURES

	Region	No. of policies	Reinsurance claims (million yen)
Tohoku	Hokkaido	1,532	1,723
	Aomori	8,314	5,266
	Iwate	26,744	57,713
	Miyagi	244,548	556,886
	Akita	2,289	1,278
	Yamagata	4,023	3,157
	Fukushima	75,743	159,123
	Subtotal	361,661	783,427



	Region	No. of policies	Reinsurance claims (million yen)
Kanto, Koshinetsu, Shizuoka	Ibaraki	106,700	156,260
	Tochigi	38,664	44,579
	Gunma	9,046	7,862
	Saitama	39,235	30,045
	Chiba	98,988	116,752
	Tokyo	104,086	97,033
	Kanagawa	25,481	21,400
	Niigata	1,558	1,391
	Yamanashi	4,881	3,105
	Nagano	417	575
	Shizuoka	1,074	802
	Subtotal	430,130	479,810
	Other prefectures	437	397
	Total	793,760	1,265,359

- Note 1: The number of policies represents the number of insurance policies of earthquake insurance contracts, under which insurance claims were paid.
 2: The figures do not include reinsurance payouts related to aftershocks.

BY PROPERTIES AND LOSS CATEGORIES

Tohoku region

	Buildings		Personal property		Total	
	No. of properties	Reinsurance claims (million yen)	No. of properties	Reinsurance claims (million yen)	No. of properties	Reinsurance claims (million yen)
Total loss	22,866	206,483	13,155	43,355	36,021	249,839
Half loss	64,769	302,727	75,645	120,923	140,414	423,651
Partial loss	193,705	102,255	46,365	7,681	240,070	109,937
Total	281,340	611,467	135,165	171,960	416,505	783,427

Non-Tohoku region

	Buildings		Personal property		Total	
	No. of properties	Reinsurance claims (million yen)	No. of properties	Reinsurance claims (million yen)	No. of properties	Reinsurance claims (million yen)
Total loss	5,009	46,944	686	2,227	5,695	49,171
Half loss	33,608	160,853	34,457	61,098	68,065	221,952
Partial loss	322,276	192,583	98,183	18,224	420,459	210,808
Total	360,893	400,381	133,326	81,550	494,219	481,932

- Note 1: The number of properties represents the number of properties (by building and personal property) under the earthquake insurance contracts, whose insurance claims were paid.
 2: The figures do not include reinsurance payouts related to aftershocks.