

THE EARTHQUAKE INSURANCE SYSTEM AND JER'S 55TH ANNIVERSARY

On June 1, 2021, JER celebrated its 55th anniversary.

The establishment of an earthquake insurance was planned in response to the Niigata Earthquake that occurred in 1964. The Act on Earthquake Insurance was passed and came into force on May 18, 1966, followed by the establishment of the earthquake reinsurance scheme under which the government acts as the underwriter of reinsurance based on public-private sector cooperation.

During JER's history of handling earthquake insurance over the last 55 years, Japan has been hit by many earthquakes and volcanic eruptions, including the 1978 earthquakes off the coast of Miyagi Prefecture, the 1991 eruption of Mt Unzen's Fugendake, the 1995 Great Hanshin-Awaji Earthquake, the 2000 eruptions of Mt Usu and Miyakejima and the 2011 Great East Japan Earthquake.

In 2016, when JER celebrated its 50th anniversary, the Kumamoto earthquakes occurred. Since then, there have been a series of natural disasters around the nation, such as the northern Osaka earthquakes and the Hokkaido Eastern Iburi earthquakes.

Moreover, we are facing in recent years intensifying windstorms and floods due to climate change, as well as the COVID-19 pandemic since 2020. Amid these circumstances, earthquakes off the coast of Fukushima Prefecture occurred in February 2021, mainly affecting the Tohoku District. As such, there have been complex disaster events comprising COVID-19, windstorms, floods and earthquakes.

In this environment, JER will strive to continue to disseminate earthquake insurance and enhance the earthquake insurance system that ensures prompt and accurate reinsurance payouts, to fulfill its mission of helping people in Japan.

<Major earthquakes in recent years>

- 2016 Kumamoto earthquakes
- 2018 earthquakes centered in northern Osaka
- 2018 Hokkaido Eastern Iburi earthquakes
- 2021 earthquakes centered on Fukushima Prefecture's offshore area
- 2021 earthquakes centered on Miyagi Prefecture's offshore area

<Trends in earthquake insurance in recent years>

- Revision of earthquake insurance premium rate and review of product content
 - Revision of earthquake insurance premium rate on January 1, 2017 and creation of four damage categories
 - Revision of earthquake insurance premium rate on January 1, 2019
 - Revision of earthquake insurance premium rate on January 1, 2021
- Revision of upper limit for total amount of insurance claims (revised in April 2021)

The upper limit for total amount of insurance claims for one earthquake, etc. was increased from 11,700 billion yen to 12,000 billion yen. The apportionment of the burden between the public and private sectors are 11,775.1 billion yen for the government and 224.9 billion yen for the private insurance companies.

- Regarding measures to recover the balance of the private sector policy reserve, the method of allocation of insurance premiums was temporarily changed in the government budget for fiscal 2020 as a measure to recover the balance of the private sector policy reserve, which had decreased due to earthquake disasters in recent years, with an eye to steady management of the earthquake insurance system, under which the government and private insurance companies are co-insurers.