

**Ordinary Personal Accident Insurance / Family-type Personal Accident Insurance
Traffic Personal Accident Insurance / Family-type Traffic Personal Accident Insurance**

Announcement on Revision of Reference Loss Cost Rates for Personal Accident Insurance

(GIROJ filed the revision with the Commissioner of the Financial Services Agency on May 21, 2018 and was notified of the result of the conformance examination on June 15, 2018.)

1. Outline of revision

- (1) Reference Loss Cost Rates for Ordinary Personal Accident Insurance (Ordinary PA, hereinafter) and Family-type Personal Accident Insurance (Family-type PA, hereinafter) increase by 2.9% on average*.**
- (2) Reference Loss Cost Rates for Traffic Personal Accident Insurance (Traffic PA, hereinafter) and Family-type Traffic Personal Accident Insurance (Family-type Traffic PA, hereinafter) decrease by 11.3% on average.**

* These percentage changes do not represent those of premiums charged to respective policyholders, in practice. The premium applicable to each insurance contract varies depending on whether an insurer adopts Reference Loss Cost Rates and on characteristics of the insurance product (types and contents of coverage, etc.) of the insurer.

<<Notes>>

- ① Reference Loss Cost Rates are advisory rates for the portion of premium rates that are allocated for future claim payments by insurers. When a member insurer of GIROJ calculates its own premium rates, it can refer to Reference Loss Cost Rates and modify these if necessary, depending on its underwriting result or product characteristics. Furthermore, it can calculate premium rates independently. (Refer to <Reference Loss Cost Rates> in this document)
- ② Premiums charged to policyholders include expense loading, which is allocated for insurers' business expenses, etc. This portion is calculated by insurers themselves.
- ③ These percentage changes are based on the premise that policy conditions are the same before and after the revision.
- ④ These percentage changes represent the averages for all contracts with various policy conditions (insured amount, covered person, etc.). Therefore, percentage changes of individual contracts vary depending on their policy conditions.

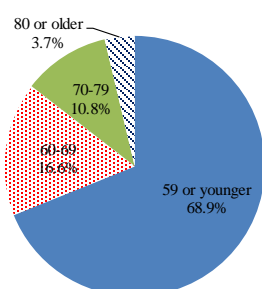
2. Background of revision

Key fact about (1): Aging of covered persons

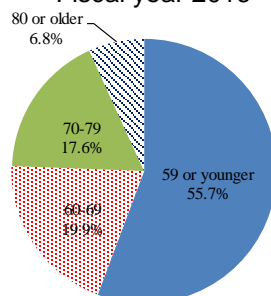
Recently, population has been aging following the extension of the average life expectancy in Japan. Similarly, the proportion of aged persons among people covered by Personal Accident Insurance has been increasing. Since a person's injury risk tends to rise with age, the growing proportion of aged persons leads to an increase in Reference Loss Cost Rates.

Breakdown of covered persons by age-group

Fiscal year 2007

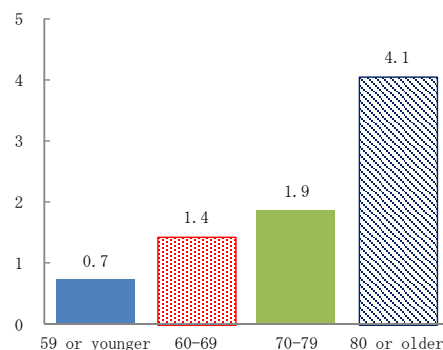


Fiscal year 2016



Injury risk by age-group

(per 1000 insureds)



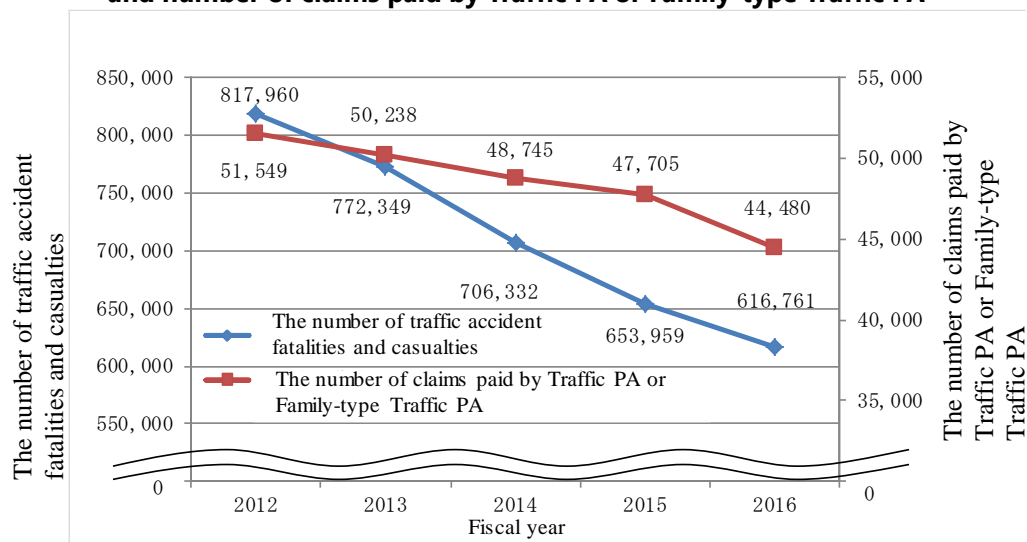
*The proportion is based on the number of named insureds with coverage of death/permanent disability benefit

*The figures represent the number of claims paid per 1,000 of named insured (the proportion is based on the number of named insureds with coverage of death/permanent disability benefit during fiscal year 2012 to 2016)

Key fact about (2): Decreasing of traffic accident victims

Under the various countermeasures undertaken in the Fundamental Traffic Safety Program, such as to improve the road traffic environment and to ensure vehicle safety, the number of fatalities and casualties has been decreasing in recent years. As Traffic PA and Family-type Traffic PA mostly cover injuries caused by traffic accidents, the number of claims paid has also been decreasing. As a result, the level of Reference Loss Cost Rates for those business lines can be decreased.

Trend in number of traffic accident fatalities and casualties and number of claims paid by Traffic PA or Family-type Traffic PA



* The number of traffic accident fatalities and casualties by fiscal year is based on the Road Accident Statistics published by the National Police Agency. The number of claims paid by Traffic PA or Family-type Traffic PA is based on GIROJ's insurance statistics.

3. Examples of percentage changes

The table shows the percentage changes of Reference Loss Cost Rates under the certain policy conditions (insured amount, covered person, etc.). Percentage changes vary depending on the policy conditions of individual contracts.

Percentage changes of insurers' premiums applicable to actual contracts may be different from those of Reference Loss Cost Rates shown below.

<Examples of percentage changes in Reference Loss Cost Rates for Ordinary PA and Family-type PA>

Product	Covered person	Occupational class of named insured	Percentage change
Ordinary PA	Named insured	Class A ^(Note 1)	+6.0%
	Named insured	Class B ^(Note 2)	+18.3%
Family-type PA	Named insured, Spouse, Other relatives	Class A	▲4.0%
	Named insured, Spouse, Other relatives	Class B	+2.4%

[Policy conditions]

Insured amount (amount of benefit)

Named insured:

Death/permanent disability: 5.5 million yen,
Hospitalization: 4,500 yen/day,
Outpatient visit: 2,500 yen/day

Spouse:

Death/permanent disability: 3 million yen,
Hospitalization: 4,500 yen/day,
Outpatient visit: 2,000 yen/day

Other relatives:

Death/permanent disability: 2.5 million yen,
Hospitalization: 3,500 yen/day,
Outpatient visit: 1,500 yen/day

(Note 1) Examples of occupations categorized into class A:
Office clerk, sales staff, medical staff and others

(Note 2) Examples of occupations categorized into class B:
Agricultural worker, fishery worker, automotive driver
(including assistant), and others

<Examples of percentage changes in Reference Loss Cost Rates for Traffic PA and Family-type Traffic PA>

Product	Covered person	Percentage change
Traffic PA	Named insured	▲ 6.5%
Family-type Traffic PA	Named insured, Spouse, Other relatives	▲ 8.7%

[Policy conditions]

Insured amount (amount of benefit)

Named insured:

Death/permanent disability: 6.5 million yen,
Hospitalization: 5,500 yen/day,
Outpatient visit: 2,500 yen/day

Spouse:

Death/permanent disability: 6.0 million yen,
Hospitalization: 7,000 yen/day,
Outpatient visit: 2,000 yen/day

Other relatives:

Death/permanent disability: 3.5 million yen,
Hospitalization: 5,500 yen/day,
Outpatient visit: 1,500 yen/day

Outline of Ordinary PA and Family-type PA

These policies cover bodily injury caused by various accidents in daily life either in Japan or abroad. Accidents occurring in home, in office, in school, during commuting, and during travel are included in the scope of coverage. They provide benefits for death, permanent disability, hospitalization, surgery, outpatient visits, and others.

Outline of Traffic PA and Family-type Traffic PA

These policies cover bodily injury caused by traffic accidents and by fire on transport vehicles. They provide benefits for death, permanent disability, hospitalization, surgery, outpatient visits, and others.

(Note) In the above sentence, “traffic accident” includes automobile accidents, traffic accidents caused by transportation other than automobiles, accidents inside station gates, and others.

In addition, GIROJ calculates Reference Loss Cost Rates for the following types of Personal Accident Insurance.

Domestic Travelers’ Personal Accident Insurance

This policy covers bodily injury caused during domestic travel (from the departure from one’s residence to commence the travel until arrival back at such residence). It provides benefits for death, permanent disability, hospitalization, surgery, and outpatient visits.

Overseas Travelers' Personal Accident Insurance

This policy covers death, permanent disability, and expenses for medical treatment resulting from bodily injury, as well as death and expenses for medical treatment resulting from sickness during overseas travel (from the departure from one’s residence to commence the travel until arrival back at such residence). In addition, it indemnifies expenses for relatives’ onsite visits in cases of emergency.

It provides benefits for accident death, accident permanent disability, death from illness, accident medical expenses, medical expenses from illness, and rescue expenses.

<Reference Loss Cost Rates>

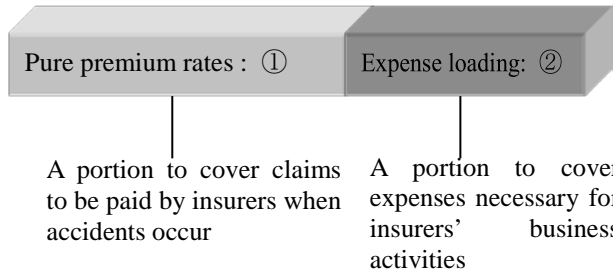
Premium rates for general insurance products consist of “① pure premium rates,” which is a portion to cover claims to be paid by insurers when accidents occur, and “② expense loading,” which is a portion to cover expenses necessary for insurers’ business activities.

GIROJ calculates “① pure premium rates” and provides them as Reference Loss Cost Rates to its member insurers.

A member insurer of GIROJ can adopt Reference Loss Cost Rates with modification if necessary, or it can calculate pure premium rates independently.

It is not obligatory for member insurers to adopt Reference Loss Cost Rates, and the decision about the revision of Reference Loss Cost Rates (adoption of the revised rates, timing to adopt the revised rates, etc.) may differ among the insurers.

GIROJ calculates Reference Loss Cost Rates for voluntary automobile insurance, fire insurance, personal accident insurance, and nursing care expense insurance. GIROJ calculates each Reference Loss Cost Rate using reasonable methods including scientific and engineering approaches as well as actuarial techniques. GIROJ revises the Reference Loss Cost Rates if necessary, considering the necessity of policyholders and the change of social environments.



$$\text{Premium rates} = \text{①} + \text{②}$$

About GIROJ

GIROJ is a legal entity incorporated in accordance with the Act on Non-Life Insurance Rating Organizations. The members of GIROJ are general insurance companies. The main operations of GIROJ are: ① calculation of premium rates and provision to member insurers, ② claim surveys for Compulsory Automobile Liability Insurance, and ③ the data bank function.