

Information Update of Revisions in Compulsory Automobile Liability Insurance Standard Full Rates

General Insurance Rating Organization of Japan revised Standard Full Rates for Compulsory Automobile Liability Insurance (CALI). An outline of these revisions is hereby presented for your reference.

1. Outline and Background of Revisions

A new category for specified small motorized bicycle will be established among Standard Full Rates for CALI. *

* It is assumed that these revised rates are to be applied to policies with policy periods beginning on or after April 1, 2024.

Due to the enforcement of the Act Partially Amending the Road Traffic Act (Act No. 32 of 2022) and the amendment of the Safety Standards of the Road Transportation Vehicles (Ministry of Transport Order No. 67 of 1951), a new category of the “specified small motorized bicycle” was created among the motorized bicycle in July 2023, with other motorized bicycles defined as the “general motorized bicycle.”

The specified small motorized bicycles, including electric kick scooters and similar vehicles, must be covered with compulsory automobile liability insurance (mutual aid).

Type of vehicle	Total emissions	Legal speed limit		Type of vehicle	Length	Width	Rated output	Legal speed limit
Motorized bicycle*	Up to 125cc (Rated output: Up to 1kW)	Type 1: 30km/h	→	General motorized bicycle	Motorized bicycles other than specified small motorized bicycles			
		Type 2: 60km/h		Specified small motorized bicycle	Up to 1.9m	Up to 0.6m	Up to 0.60kW	20km/h*

*Two-wheeled only

**“Exceptional specified small motorized bicycle” can ride on sidewalks at up to 6 km/h.

Compulsory automobile liability insurance (mutual aid) applies premiums in categories according to the rated output, size, and other characteristics of the vehicle.

Given that the size and speed limits for specified small motorized bicycles are set lower than those for existing motorized bicycles, and considering they are a new type of mobility with different risk characteristics, a new category of Standard Full Rates will be established for these vehicles.

2. Principles for Rate Calculation

Since there are currently no insurance statistics of CALI (mutual aid) for specified small motorized bicycles, Standard Full Rates for these vehicles was calculated based on Standard Full Rates* for general motorized bicycles by reflecting the differences in risk characteristics between general motorized bicycles and specified small motorized bicycles, to the extent quantifiable at this time.

* The scope of calculation is limited to the pure premium rate used to pay claims, and the portion for expense loading used to cover the costs of loss adjustment, within Standard Full Rates.

Risk characteristics can be divided into two components: the probability of an accident occurring (“accident rate”;frequency) and the amount of insurance payment per accident (“average settlement amount”;severity). The following principles are used to estimate the differences in each.

(1) Accident rate

Considering the number of traffic accidents since July 2023 (see table below), and considering the inability to confirm the number of ownership of the specified small motorized bicycle, it is deemed that there is no difference in the accident rate at this time.

Number of traffic accidents involving specified small motorized bicycles (2023)

	July	August	September	October	November
Total	7	10	21	16	11
Single vehicle	4	3	9	7	4
Involving a pedestrian	2	2	7	2	1
Involving a bicycle	0	2	0	2	1

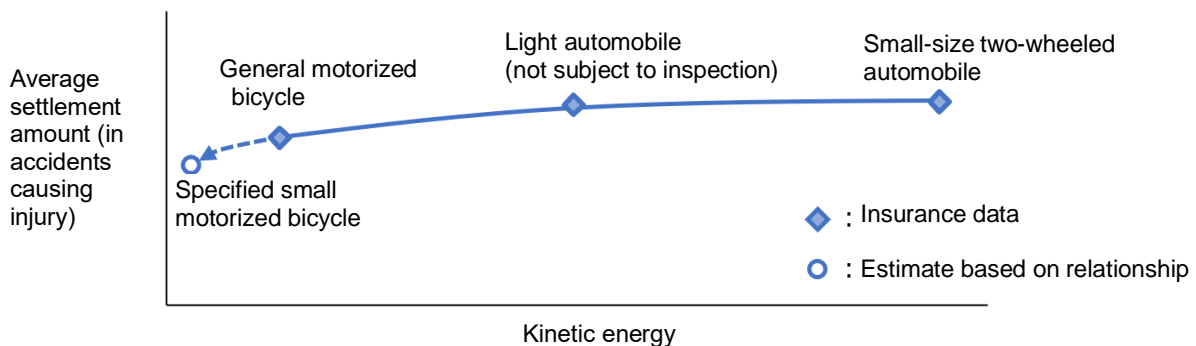
* From data on the National Police Agency website

* Of the above, “accidents involving pedestrians” and “accidents involving bicycles” are expected to be the main subject of CALI (mutual aid) payouts.

(2) Average settlement amount

A comparison of CALI (mutual aid) insurance data for three categories of vehicle types which are mainly two-wheeled (small-size two-wheeled automobiles, light automobiles (not subject to inspection), and general motorized bicycles) confirmed that smaller vehicle types in terms of weight and speed had smaller average settlement amount (see the graph below for examples). In this relationship, the difference in average settlement amount between general motorized bicycles and specified small motorized bicycles is estimated based on the difference in weight and speed (kinetic energy) of the two (which resulted in a 16.8% lower average settlement amount for specified small motorized bicycles than for general motorized bicycles).

Relationship between average settlement amount (in accidents causing injury) and kinetic energy



3. Examples of Standard Full Rates

The newly calculated insurance premiums (mutual insurance premiums) for specified small motorized bicycles will apply to policies beginning on or after April 1, 2024.

Standard Full Rates depend on the conditions of the policy (region, policy length, etc.), but some key examples are shown on the next page.

For regions other than remote islands and Okinawa Prefecture:

Type of vehicle	Policy period: 24 months (two- year policies)	Policy period: 36 months (three-year policies)	policy period: 60 months (five- year policies)
General motorized bicycle*	8,560 yen	10,170 yen	13,310 yen
Newly introduced: Specified small motorized bicycle	8,040 yen	9,400 yen	12,040 yen

* There will be no change in the premiums for general motorized bicycles.

Since the insurance premiums (mutual insurance premiums) for specified small motorized bicycles will be lower than the current insurance premiums (mutual insurance premiums) for motorized bicycles, a portion of the insurance premiums (mutual insurance premiums) for specified small motorized bicycles that are charged at the current rate for motorized bicycles may be refunded based on the term of insurance (mutual aid), policy date, and other factors, provided that certain requirements are met. For more information, please see the website of the General Insurance Association of Japan.