

Notice of Revision to Standard Full Rates for Compulsory Automobile Liability Insurance

(Filed with the FSA Commissioner on April 30, 2026)

General Insurance Rating Organization of Japan (GIROJ) has filed a notification regarding the revision of Standard Full Rates for Compulsory Automobile Liability Insurance (CALI) with the Commissioner of the Financial Services Agency (FSA).

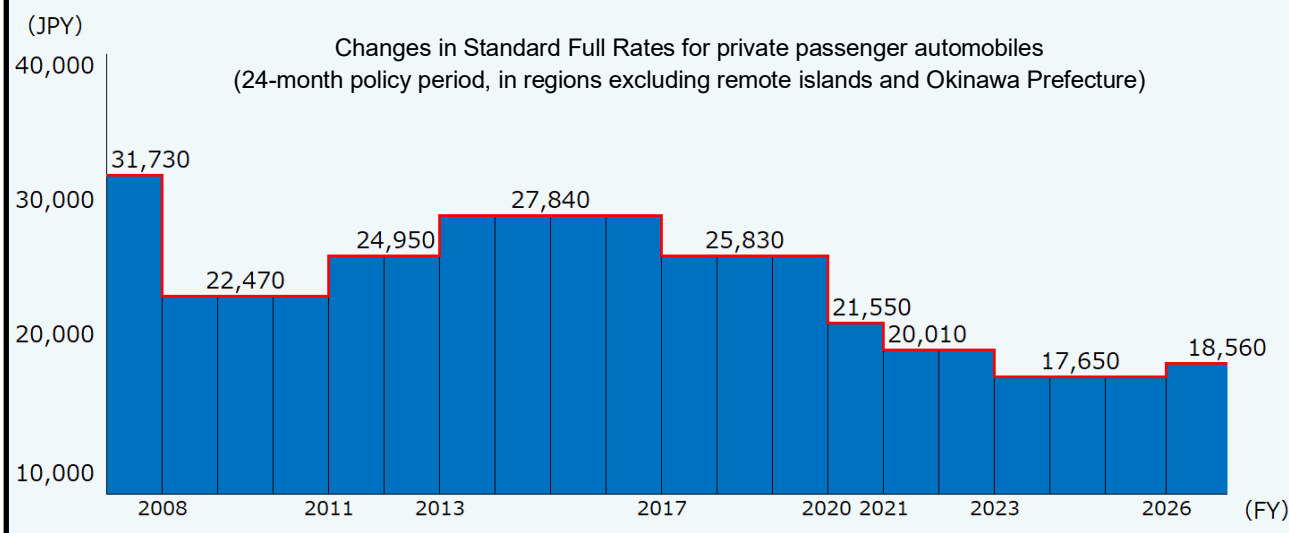
1. Outline of the Notice

Standard Full Rates for CALI will increase by an average of 6.2% ^[1]

The notice filed this time reflects the outcome of the meeting of the FSA's Council on Automobile Liability Insurance convened on April 17, 2026. The current rates, which were reduced in FY2023, reflect the allocation of a portion of the residual funds (underwriting surplus and investment income) derived from past policies, and consequently, they are set approximately 30% below the balanced pure premium level.

Residual funds have been depleted due to insurance claim payments, and rising prices of goods, wages, etc. in recent years have further necessitated an increase in Standard Full Rates to restore the balance of income and expenditure.

For example, a typical policy for a private passenger automobile (24-month policy period, in regions excluding remote islands and Okinawa Prefecture) will increase by 5.2% (910 yen). The new rates will apply to insurance policies that commence on or after November 1, 2026.



(1) Pure premium rates (increased by 1.9%)^[2]

The current pure premium rates, which were revised downward in April 2023, are calculated so that income and expenditure will balance out based on the assumption that the residual funds, worth 723.9 billion yen at the end of FY2022, will be used to subsidize the rates. Following that revision, despite a moderate decline in accidents, progress in the payment of insurance claims led to a decline of approximately 200 billion yen in the balance of the residual funds as of the end of FY2025, and this has necessitated an increase of 1.9% to restore the balance of income and expenditure.

(2) Operating expenses and agency commission (increased by 4.3%)^[2]

Against the backdrop of rising prices and wages, the operating expenses incurred in issuing and administering insurance policies, paying insurance claims, and operating IT systems that support the foregoing are increasing. The review of the standards for expense calculation performed in FY2024 (reflecting the utilization of digital technology, increased operational efficiency, etc.) led to a decline in operating expenses of approximately 15 billion yen (estimated), but an increase of 3.8% has become necessary in order to balance income and expenditure. The agency commission will also be increased by 77 yen, and consequently, the combination of operating expenses and agency commission will increase by 4.3%.

[1] The percentage change varies depending on insurance policy terms and conditions (type of automobile covered, policy period, etc.)

[2] The percentage change is calculated using the same relative compositions that apply to the current rate (Pure Premium Rates: 58.5%, operating expenses:29.8%, agency commission: 10.2%), and will differ from the figures shown in meeting material 1 of the 153rd Meeting of the Council on Automobile Liability Insurance.

Composition of the CALI Standard Full Rates

Standard Full Rates			
Pure Premium Rates		Expense Loading	
Pure Premium Rates (portion allocated to future payment of insurance claims)	Operating Expenses (portion allocated to cover the cost of policy administration, loss adjustment, etc.)	Agency Commission (portion allocated to insurance contract solicitation)	Additional Levy (for the program to promote injured party protection, etc.)*
Pure levy (for government compensation program)*	Additional Levy (for the government compensation program)*		

* Each of these levies is used to finance the government’s program guaranteeing compensation for automobile accidents (a relief program for victims of hit-and-run, etc., who cannot be compensated through CALI and mutual insurance) and the program to promote injured party protection, etc. This time, there will be no change to the amount of these levies.

2. Examples of percentage changes for major automobile types (in regions excluding remote islands and Okinawa Prefecture)^[3]

- **Policy period: 24 months (2-year contract)** (JPY, %)

Automobile type	Current Standard Full Rates A	Revised Standard Full Rates B	Amount of change C=B-A	Percentage change D=C÷A
Private passenger automobile	17,650	18,560	910	5.2
Light automobile (subject to inspection)	17,540	18,660	1,120	6.4
General motorized bicycle	8,560	9,630	1,070	12.5
Private small-size freight automobile	20,340	21,430	1,090	5.4

- **Policy period: 36 months (3-year contract)**

(JPY, %)

Automobile type	Current Standard Full Rates A	Revised Standard Full Rates B	Amount of change C=B-A	Percentage change D=C÷A
Private passenger automobile	23,690	24,690	1,000	4.2
Light automobile (subject to inspection)	23,520	24,830	1,310	5.6
General motorized bicycle	10,170	11,480	1,310	12.9

[3] The percentage change varies depending on insurance policy terms and conditions (type of automobile covered, policy period, etc.)