Announcement on Revision of Reference Loss Cost Rates for Voluntary Automobile Insurance

(Filed with the Commissioner of the Financial Services Agency on June 23, 2026)

The General Insurance Rating Organization of Japan (GIROJ) **filed revisions to Reference Loss Cost Rates for voluntary automobile insurance with the Commissioner of the Financial Services Agency on June 23, 2026**. This notice provides an overview of the filing (refer to page 6 for information on the Reference Loss Cost Rates and how it relates to actual insurance premiums). **The filing was subject to a regulatory review by the Financial Services Agency in accordance with the Act on Non-Life Insurance Rating Organization of Japan, and on June 30, 2026, GIROJ was notified that the revision was in compliance with the Act.**

1. Overview and background of the filing

(1) Average 14.4% increase in Reference Loss Cost Rates for voluntary automobile insurance

(2) Introduction of a new driving behavior-based premium rating category (Offers insurance premium discounts for safe driving)

[Please note the following points]

- ✧ Policy terms and conditions of automobile insurance provided by individual insurance companies may differ from the revisions to Reference Loss Cost Rates (e.g., percentage changes, surcharges and discounts, and rating categories) for the following reasons (see page 6).
    - In some cases, insurance companies revise their pure premium rates based on their own financial performance and actual risk exposure, among other factors, using their own criteria, timing, and frequency.
    - Expense loading is determined by individual insurance companies and is not calculated by GIROJ.
- ✧ The percentage change listed above is the average for all policy terms (purpose of use, vehicle type, coverage details, etc.) of package policies where the vehicles are used outside of Okinawa Prefecture; the percentage changes vary depending on the specific policy terms.
- ✧ In addition to the revisions mentioned above, this filing also revises the differentials (e.g., surcharges and discounts) within existing rate categories based on the most recent risk data.

(1) Revision to Reference Loss Cost Rates for voluntary automobile insurance (average increase of 14.4%)

Claim frequency increased as traffic volume recovered following the COVID-19 pandemic, but has recently shown a gradual decline, reflecting the increasing adoption of advanced safety technologies such as autonomous emergency braking (AEB) (Figure 1).

However, the payout per claim (average claim payment) for property damage liability coverage and physical damage coverage has continued to rise, more than offsetting the decline in claim frequency. This trend is expected to continue, driven by inflation, rising parts costs associated with increasingly sophisticated vehicle components, rising labor costs, and greater indirect expenses, such as rental car charges resulting from longer repair times (Figure 2).

As a result, Reference Loss Cost Rates for voluntary automobile insurance (assuming policies with an effective date in or after January 2027) were revised upward by an average of 14.4%.

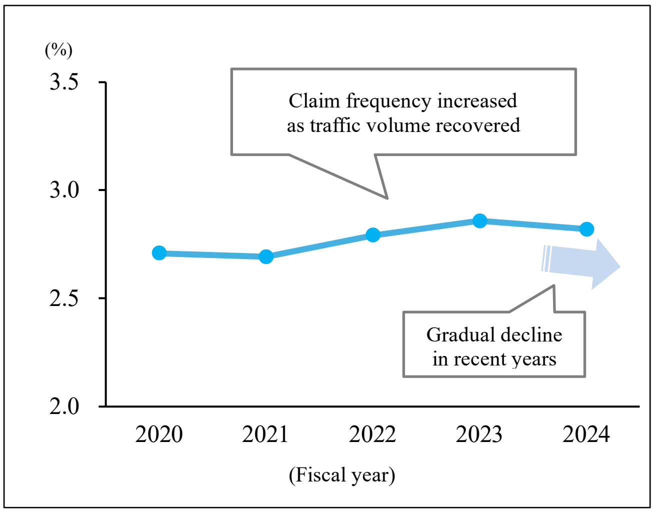


Figure 1. Trends in claim frequency
(Example: property damage liability coverage)

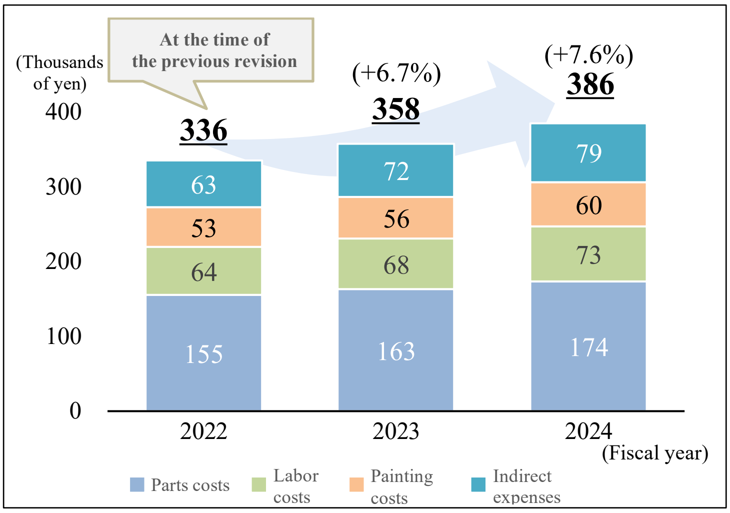


Figure 2. Trends in repair costs by category
(Example: property damage liability coverage)

The breakdown of factors contributing to the rise in average claim payment under property damage liability coverage, along with their respective degrees of impact (contribution rates), is shown in Figure 3.

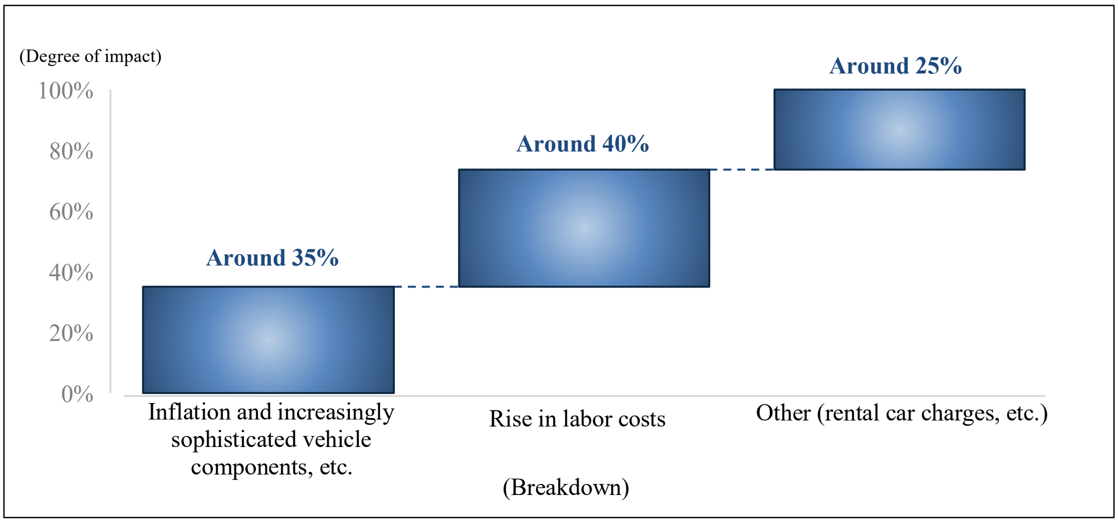
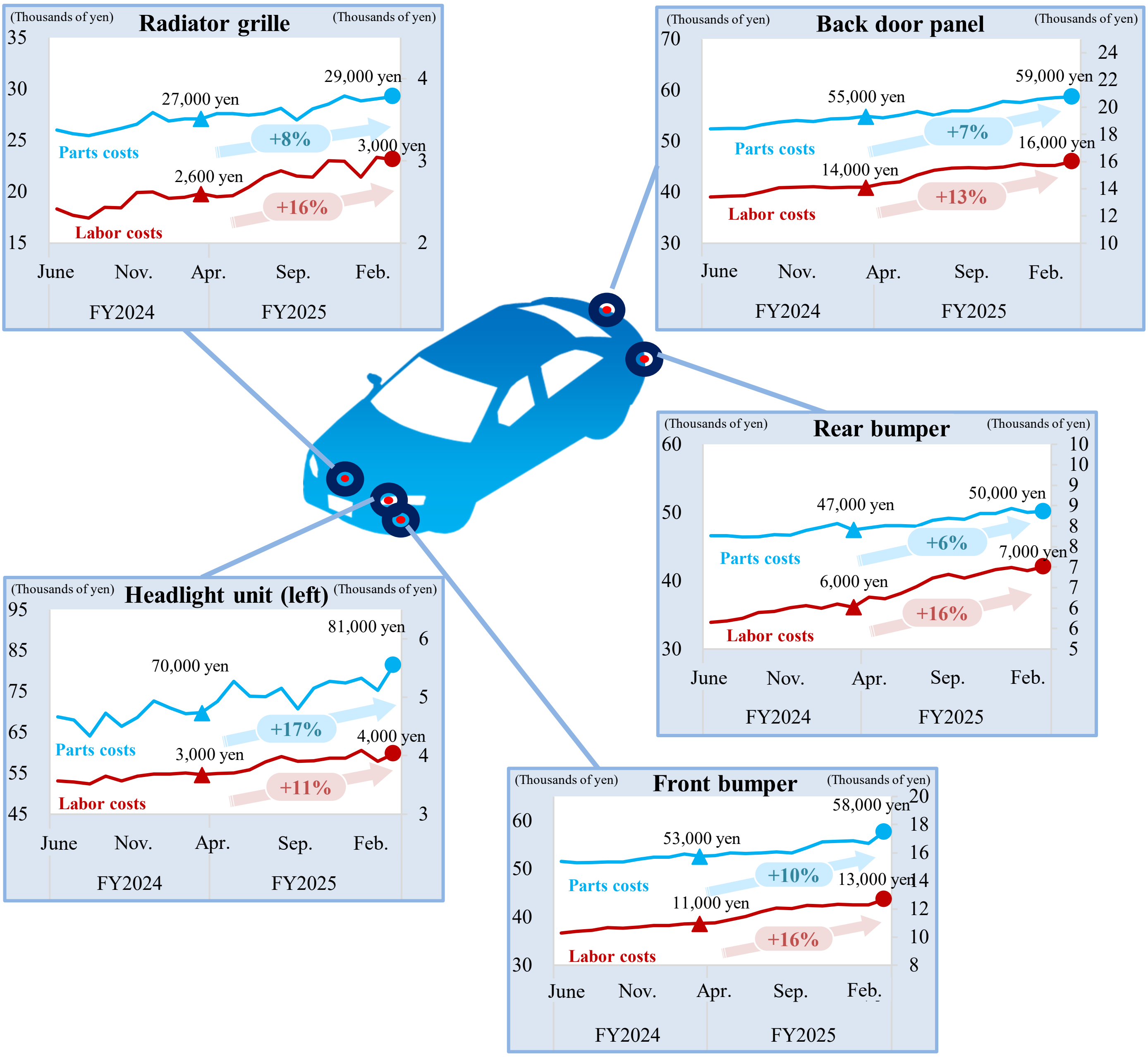


Figure 3. Breakdown of factors contributing to the rise in average claim payment and their relative impact
(Example: property damage liability coverage)

In addition, the latest trends in repair cost estimates for damaged vehicle parts are shown in Figure 4.



Source: Data on repair estimates for property damage liability coverage compiled using Cognivision's cogniSEVEN+

- The left axis of the graph represents parts costs, and the right axis represents labor costs.
- "Parts costs" refers to the monthly average cost of parts at the time of replacement.
- "Labor costs" refers to the monthly average labor costs associated with replacement, disassembly and adjustment.
- ▲ represents the value as of March 2025, ● represents the value as of March 2026, and % represents the increase ratio during that period.

Figure 4. Recent trends in repair cost estimates by vehicle part
(Example: property damage liability coverage)

(2) Establishment of new rating category for drivers' driving behavior

In recent years, the widespread adoption of devices such as dashcams that can record and transmit vehicle driving data has made it possible to grasp drivers' driving behavior, such as harsh acceleration/braking. An analysis combining driving data with insurance data revealed that the lower the frequency of harsh acceleration/braking while driving, the lower the risk of an accident (Figure 5).

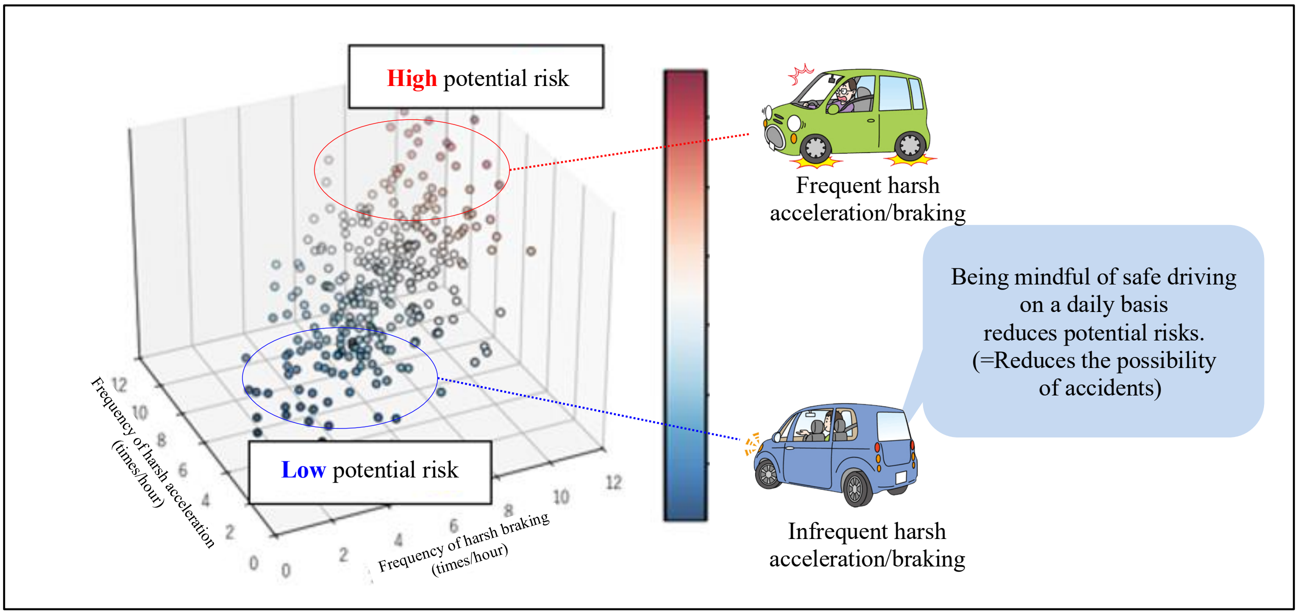


Figure 5. Relationship between harsh acceleration/braking and potential risk

Based on the findings, we have established a new rating category that determines different insurance premiums according to driving behavior. As this system becomes more widespread, it is expected to raise awareness of safe driving throughout society and reduce traffic accidents.

The new rating category will consist of three tiers—1 through 3 (with "1" representing the lowest risk and the lowest premium)—and premiums will be determined based on the frequency of harsh acceleration/braking measured by in-vehicle devices such as dashcams. Safe driving can lower insurance premiums (Figure 6).

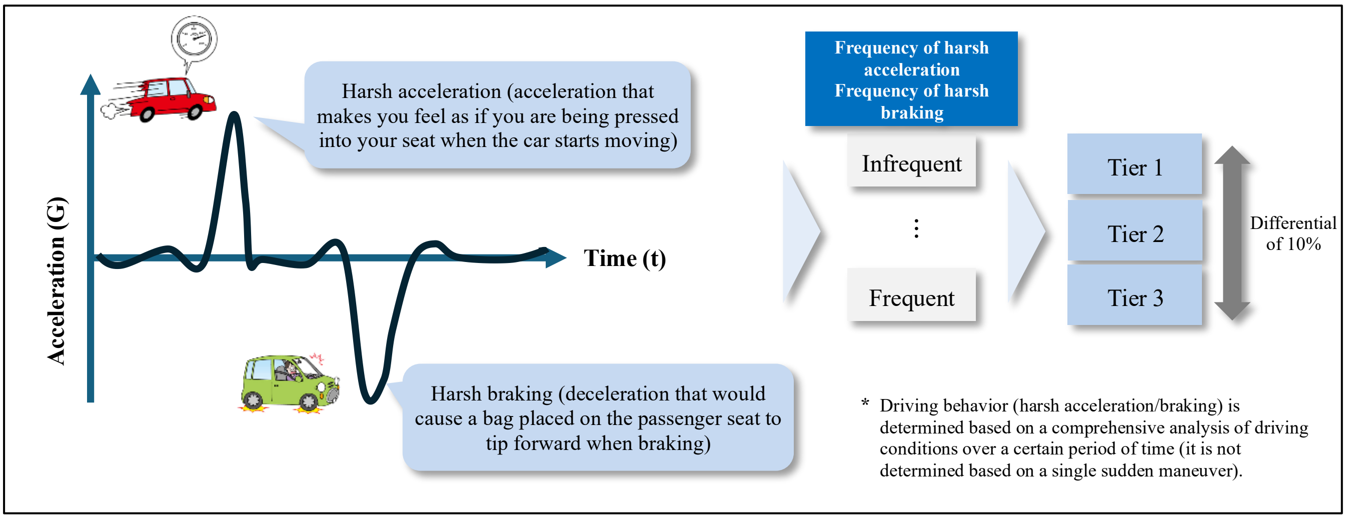


Figure 6. Process for determining premium tiers based on the frequency of harsh acceleration/braking

2. Examples of percentage changes

The percentage changes for sample policies for typical purposes of use and vehicle types are shown in the table below.

Please note that revisions to the premiums paid by policyholders vary by insurance company.

Sample policy*	Purpose of use and vehicle type	Percentage change
• **Bodily injury liability coverage** • **Property damage liability coverage** • **Bodily injury indemnity coverage** • **Physical damage coverage** Policies that include the above	Private standard-size passenger automobile Private small-size passenger automobile	+17.2%
	Private light four-wheeled passenger automobile	+17.5%
Policies that include the above **except physical damage coverage**	Private standard-size passenger automobile Private small-size passenger automobile	+16.4%
	Private light four-wheeled passenger automobile	+15.8%

*[Policy terms] Private standard-size passenger automobile / Private small-size passenger automobile

☐ Named insured (age)/Age terms
Personal (45 years old)/Coverage for 26 years of age and older

☐ Vehicle model class
- Bodily injury liability coverage: 7
- Property damage liability coverage: 7
- Bodily injury indemnity coverage: 7
- Physical damage coverage: 7

☐ ASV discount (Note): Not applicable

☐ Discount based on elapsed time since initial registration: Not applicable

☐ Driving behavior category: Not applicable because no vehicle driving data are available

☐ Insured amount / deductible amount
- Bodily injury liability coverage: Unlimited
- Property damage liability coverage: Unlimited (no deductible)
- Bodily injury indemnity coverage: 30 million yen
- Physical damage coverage: 2 million yen (no deductible)
All-risk coverage

☐ Non-fleet grade: 20th grade (coefficient for claim-free)

☐ Eligible drivers: No restriction

☐ Region where automobile is used: Any prefecture excluding Okinawa

[Policy terms] Private light four-wheeled passenger automobile

☐ Named insured (age)/Age terms
Personal (45 years old)/Coverage for 26 years of age and older

☐ Vehicle model class
- Bodily injury liability coverage: 4
- Property damage liability coverage: 4
- Bodily injury indemnity coverage: 4
- Physical damage coverage: 4

☐ ASV discount (Note): Not applicable

☐ Discount based on elapsed time since initial registration: Not applicable

☐ Driving behavior category: Not applicable because no vehicle driving data are available

☐ Insured amount / deductible amount
- Bodily injury liability coverage: Unlimited
- Property damage liability coverage: Unlimited (no deductible)
- Bodily injury indemnity coverage: 30 million yen
- Physical damage coverage: 1 million yen (no deductible)
All-risk coverage

☐ Non-fleet grade: 20th grade (coefficient for claim-free)

☐ Eligible drivers: No restriction

☐ Region where automobile is used: Any prefecture excluding Okinawa

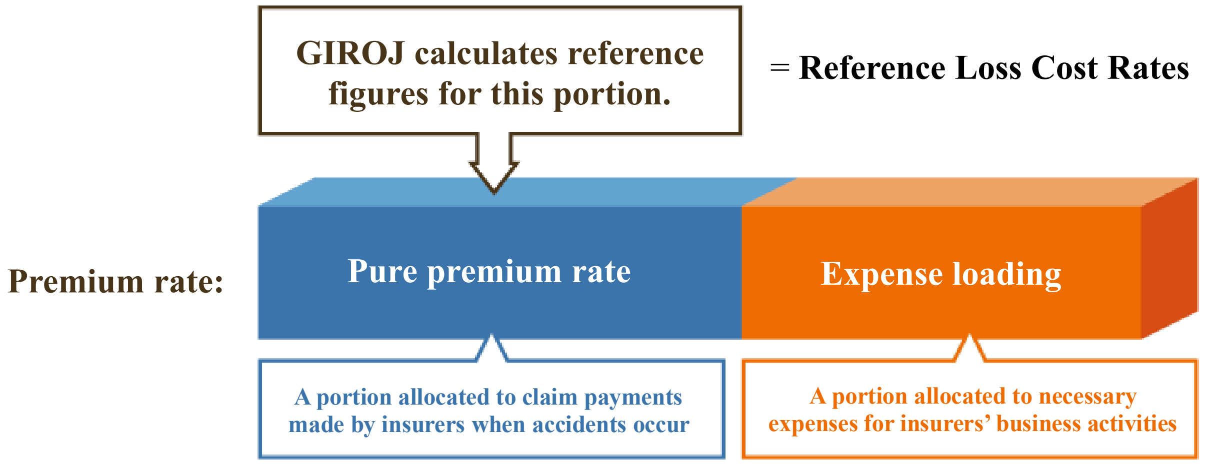
Note: ASV discount is a discount (9%) for a vehicle model equipped with an autonomous emergency braking system that was released within approximately the last three years.

Outline of Reference Loss Cost Rates

Insurance premium rates consist of pure premium rates (the portion of rates allocated for future claims payments by insurers) and expense loading (the portion of rates allocated for insurers' business and other expenses). GIROJ calculates Reference Loss Cost Rates using statistics and other data as reference figures for pure premium rates and provides them to its member insurers.

Member insurers of GIROJ can use the Reference Loss Cost Rates as they are. They may also use the figures with some modification based on the characteristics of their products and other factors. (Reference Loss Cost Rates are only reference figures with no obligation to be used, and insurers are allowed to calculate pure premium rates on their own without using them.) The premium rate paid by policyholders consists of the pure premium rate and expense loading, the latter of which is calculated by the insurer. For this reason, the percentage changes to Reference Loss Cost Rates, as well as other aspects of the revisions, may differ from those applied to insurance products sold by insurers.

Each insurer determines whether to adopt the revisions. Therefore, please note that actual insurance premiums are determined at the discretion of each insurer. In addition, each insurer also determines when to introduce the revised premiums.



About GIROJ

The General Insurance Rating Organization of Japan (GIROJ) is a non-profit organization established on the basis of the Act on Non-Life Insurance Rating Organization of Japan. Its members are general insurance companies. Its three main business activities are as follows.

Calculation and provision of premium rates	Investigation of claims for compulsory automobile liability insurance (mutual aid)	Data bank
Based on the principles of "reasonable, adequate, and not unfairly discriminatory," we calculate Reference Loss Cost Rates and Standard Full Rates and provide them to our member insurance companies.	With a motto of "fairness, promptness, and kindness," we investigate claims made for compulsory automobile liability insurance (mutual aid).	We compile a large volume of data related to different types of insurance and provide it to insurance companies and others. We also publish periodicals and data for consumers.