

2nd Conference of the OECD International Network
on the Financial Management of Large-scale Catastrophes
Bangkok, 24-25 September 2009
Day 1, Session II

Natural hazard awareness and disaster risk reduction education

**- The role of the private insurance sector in
natural hazard awareness and disaster risk
reduction education -**

Takashi Okuma
General Manager
The General Insurance Association of Japan
(GIAJ)

The General Insurance Association of Japan (GIAJ)

◆ Members

27 general licensed insurers

GIAJ members account for about 95% of the market

◆ Activities

1. Policy Proposals and Requests towards the Sound Development of the Insurance Market
2. Information Service to Consumers
3. Development of Consumer Confidence
4. Promotion of **Disaster Prevention** and Traffic Safety
5. **Environmental Preservation** and Support for NPOs
6. Prevention of Social Problems such as Automobile Theft/Fraud
7. International Advocacy



Outline

1. Natural disasters in Japan
2. Risk finance in Japan
3. Activities by the GIAJ and Japanese insurance industry
 - Provision of risk reduction tools
 - Risk reduction education
 - Data collection and analysis
 - Promotion of environmental friendliness
4. Conclusion

1. Natural disasters in Japan

- ◆ Large-scale disasters such as typhoons, earthquakes and tsunamis frequently hit Japan.
- ◆ Damage has diminished since the 1960's thanks to improvement of social infrastructure and disaster prevention measures.

Major storm and flood damage since 1945

Date	Killed/ Missing	Fully / partially destroyed bldgs	Flooded bldgs
Sept. 1945	3,756	89,839	273,888
Sept. 1947	1,930	9,298	384,743
Sept. 1948	838	18,017	120,035
Sept. 1950	508	56,131	166,605
Oct. 1951	943	221,118	138,273
June 1953	1,013	34,655	454,643
July 1953	1,124	10,889	86,479
Sept. 1953	478	86,398	495,875
Sept. 1954	1,761	207,542	103,533
Sept. 1958	1,269	16,743	521,715
Sept. 1959	5,098	833,965	363,611
Sept. 1961	202	499,444	384,120
Sept. 1976	169	11,193	442,317
Aug. 1982	95	5,312	113,902

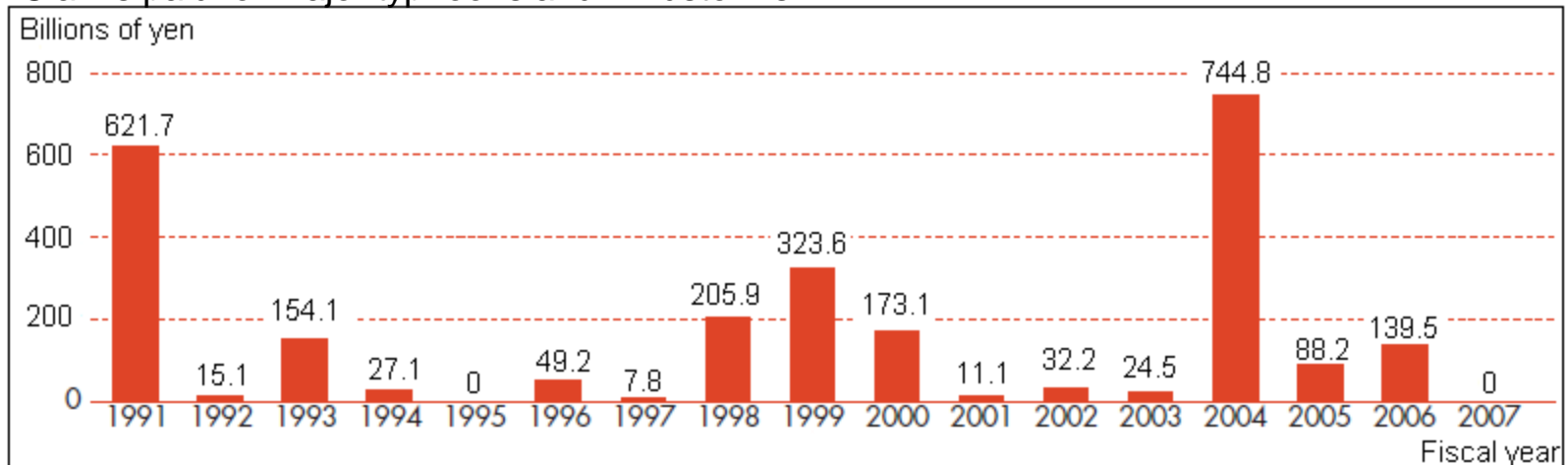
Date	Killed/ Missing	Fully / partially destroyed bldgs	Flooded bldgs
Sept. 1982	38	651	136,308
Aug. 1986	21	2,683	105,072
Sept. 1991	62	170,447	22,965
Sept. 1993	48	1,892	10,447
Sept. 1998	18	21,165	8,692
Sept. 1999	36	47,150	23,218
Sept. 2000	10	312	71,291
Aug. 2004	18	8,627	46,581
Sept. 2004	47	57,466	10,026
Oct. 2004	99	19,235	54,850
Sept. 2006	11	9,251	934

2. Risk finance in Japan

- Storm and flood damage -

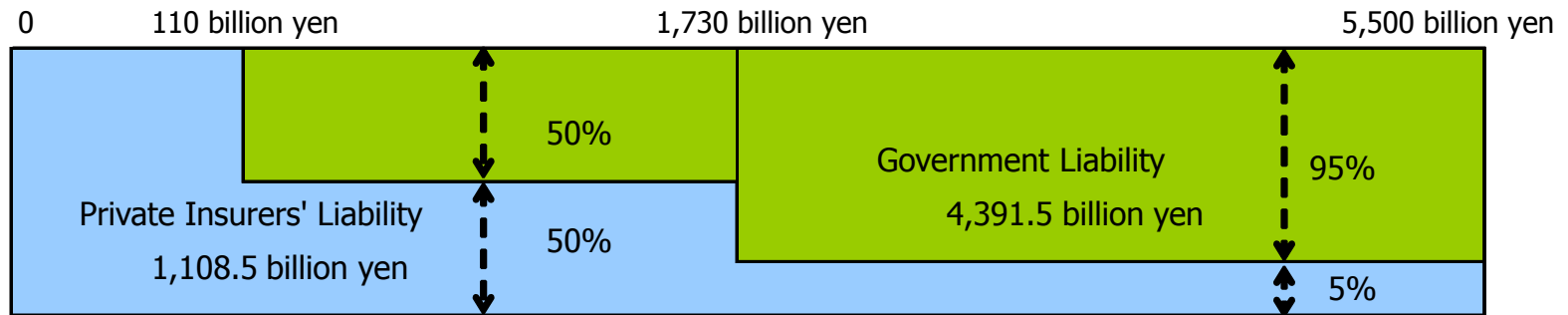
- ◆ Covered by householders' comprehensive insurance, the most popular type of non-life insurance product
- ◆ Supported by global reinsurance network, responding to large-scale payments following frequent disasters
- ◆ Direct fire insurance premiums (excluding maturity-refund type): **1,149 billion yen** (Fiscal 2008)

Claims paid for major typhoons and windstorms



2. Risk finance in Japan - Earthquake damage -

- ◆ Liability sharing scheme between the government and private insurers



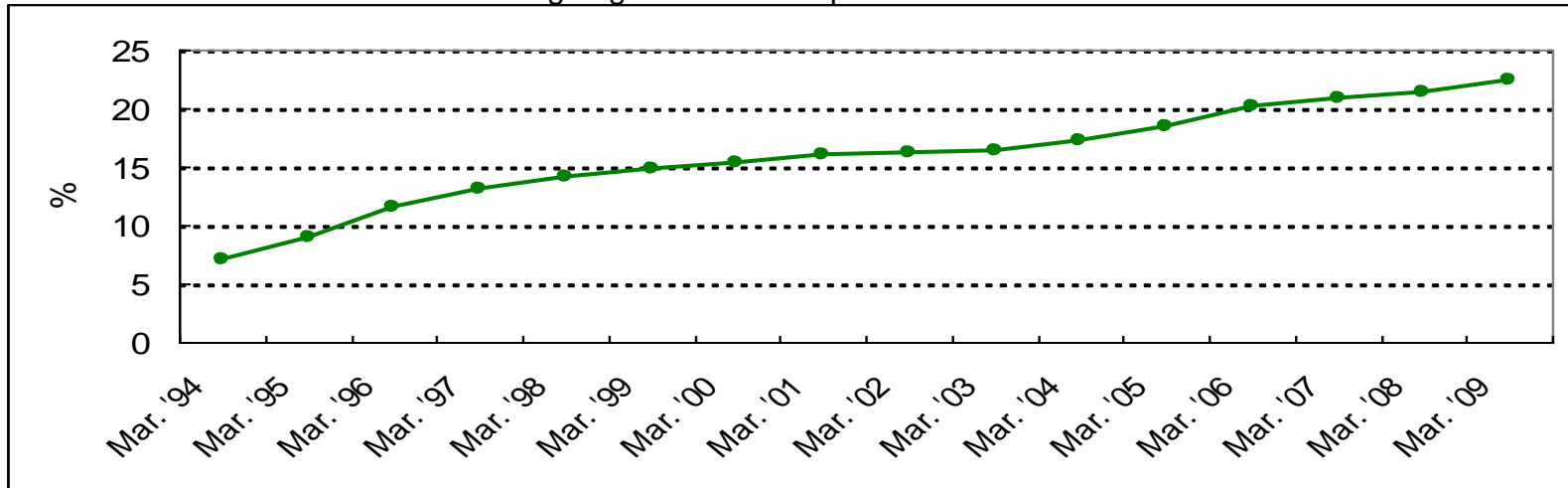
- ◆ The earthquake insurance law was revised in 2008 and the aggregate limit of liability per one event was raised from 5,000 billion yen to 5,500 billion yen.
- ◆ Government backstop is essential to maintain the scheme.

2. Risk finance in Japan

- Ownership of earthquake insurance policies -

(excluding mutual insurance)

Source: The Non-Life Insurance Rating Organization of Japan



- ◆ Total amount of claims paid for Great Hanshin-Awaji earthquake in January 1995 was **78.3 billion yen** due to low ownership rate.

- Ownership of earthquake insurance (March 1994):

National average 7%, Hyogo Pref. 2.8%, Osaka Pref. 4.9%

- ◆ National average (March 2009): Earthquake 22.4%, Fire 49.8%

(excluding mutual insurance)

2. Risk finance in Japan

- Issues to be addressed -

- ◆ Further promotion and development of disaster insurance to encourage and increase the use of insurance products as risk management tools
- ◆ Promotion of understanding of the importance of disaster insurance, risk awareness and educational activities

3. Activities by GIAJ and Japanese insurance industry

- Provision of risk reduction tools -

“... products can also provide incentives for individuals and businesses to adopt cost-effective risk reduction measures”

(p.17, Draft Policy Handbook)

- ◆ Application of premium rates for each risk grade
- ◆ Premium tax deduction system for quake insurance on dwelling risks
 - GIAJ had made annual requests to the government for the creation of a tax deduction system since fiscal 1996.
 - The system was launched in 2007.

3. Activities by GIAJ and Japanese insurance industry - Provision of risk reduction tools -

Promotion of earthquake insurance

◆ PR activities

- TV and radio ads / programs
- Newspaper ads
- Internet ads
- Posters and brochures



- ##### ◆ Increase in ownership of earthquake insurance policies since Great Hanshin-Awaji earthquake in January 1995 thanks to PR efforts

7.0% (March 1994) >>>>> **22.4% (March 2009)**

3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

“The insurance industry can also provide industry experts as volunteers in order to inform and educate the public and in particular children on natural hazards and risk reduction measures”

(p.18, Draft Policy Handbook)

Exploration for Disaster Prevention

- ◆ GIAJ and Nippon Volunteer Network Active in Disaster, NPO in Kobe, jointly developed the program in 2003.
- ◆ Designed for elementary school students
- ◆ Children can enjoy learning about disaster prevention and risks in daily life.



3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

Exploration for Disaster Prevention

- ◆ Children explore their communities and find facilities related to disaster and crime prevention including fire stations, hospitals, police stations, fire hydrants, etc. Then, they collate their experiences in a prevention map and make presentations in class.
- ◆ Since 2004, the GIAJ has been hosting, with UNESCO, Asahi Shimbun newspaper and the NPO, a “Disaster Prevention Map Contest”, supported by govt. organizations including Cabinet Office and education ministry.
- ◆ In the 2009 contest, 241 groups in 46 out of 47 prefectures in Japan created 1235 maps.



3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

Exploration for Disaster Prevention

- ◆ Providing training programs for volunteer exploration group leaders in cooperation with universities, as part of their curricula and society activities, and local community groups



3. Activities by GIAJ and Japanese insurance industry - Risk reduction education - Exploration for Disaster Prevention



3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

Exploration for Disaster Prevention

“Through this project, we learned where the evacuation sites and disaster prevention equipment are in our area.” (Participant, 4th grade)

“Now we know which parts of the community could be dangerous for us and elderly people, in everyday life and in time of disaster.”
(Participant, 5th grade)

“This project gave our children a precious opportunity to talk to and get to know more about the people living in the neighborhood.”
(Group leader)

“It is a very effective project to encourage children’s ability to predict risks hidden in their daily life.” (Group leader)

3. Activities by GIAJ and Japanese insurance industry

- Risk reduction education -

Exploration for Disaster Prevention

◆ Why do we support and promote this program?

- Useful for raising children's awareness and knowledge of disaster prevention
- Could also influence parents and local communities through children's activities
- Encourage ties in communities and interaction between people of different age groups
- Simple and inexpensive
- Can be tailored according to participants

3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

“Promote the inclusion of disaster risk reduction knowledge in relevant sections of school curricula at all levels and the use of other formal and informal channels to reach youth and children with information”

(Hyogo Framework for Action 2005-2015)

- ◆ GIAJ has asked the government to include insurance- and risk-related content in the school curriculum guidelines.
- ◆ Currently it is scheduled to be included in the education ministry’s curriculum guidelines, as part of home economics subject.
 - Learning about various risks and enhancing understanding of types of insurance to deal with these risks

3. Activities by GIAJ and Japanese insurance industry - Risk reduction education -

“Provide easily understandable information on disaster risks and protection options...to encourage and enable people to take action to reduce risks and build resilience.

The information should incorporate relevant traditional and indigenous knowledge and cultural heritage”

(Hyogo Framework for Action 2005-2015)

- ◆ Provision of educational tools based on lessons learned from the true story of "Inamura No Hi"

The story is about a village chief who saved villagers from a big tsunami disaster. He sacrificed his harvest by setting rice sheaves on fire in order to issue an emergency warning to villagers.

http://www.adrc.or.jp/publications/inamura/materials/english_inamura.pdf



3. Activities by GIAJ and Japanese insurance industry - Data collection and analysis -

“The insurance and reinsurance industry have a key role to play in developing hazard mapping and risk modelling, in partnership with the public sector”

(p.17, Draft Policy Handbook)

“Establish and strengthen the capacity to record, analyze, summarize, disseminate, and exchange statistical information and data on hazard mapping, disaster risks, impact, and losses; support the development of common methodologies for risk assessment and monitoring”

(Hyogo Framework for Action 2005-2015)

3. Activities by GIAJ and Japanese insurance industry

- Data collection and analysis -

Compilation of Hazard maps

- ◆ Conducting studies and research into the making of hazard maps
- ◆ In 2002 and 2005, the GIAJ digitally compiled all the hazard maps produced by different municipalities in Japan into a CD-Rom, and distributed it free of charge.
- ◆ Aiming to facilitate the production of hazard maps and ultimately, limit the property, economic and human loss
- ◆ Other activities include technical assistance to local organizations, interviews with municipalities, making reports and hosting academic society meetings.

3. Activities by GIAJ and Japanese insurance industry

- Data collection and analysis -

Compilation of Hazard maps

- ◆ Provision of hazard maps could enhance people's awareness of various risks, flood risk in particular, enabling them to effectively respond to disasters.
- ◆ Municipalities utilize maps in strengthening their crisis management systems and promoting risk communication with local people. Reductions in damage to the public lead to cost reductions for municipalities at the same time.
- ◆ Maps are also beneficial for the insurers as they can enhance understanding of local flood risks and give proper advice to customers.
- ◆ Ministry of Land, Infrastructure, Transport and Tourism sets its goal to have about 1,800 municipalities release flood maps by March 2010.

3. Activities by GIAJ and Japanese insurance industry

- Data collection and analysis -

Compilation of Hazard maps

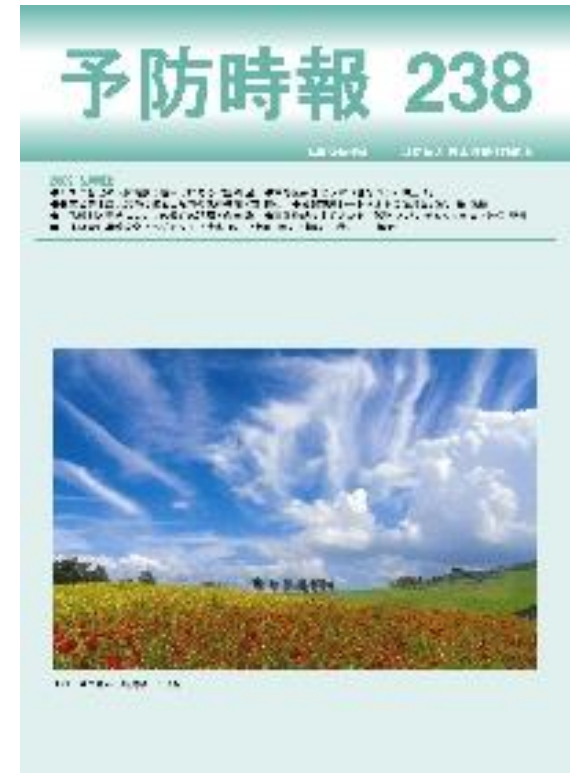
- Issues to be addressed -

- ◆ Many municipalities are suffering from financial difficulties.
- ◆ Municipal mergers, which have often taken place across Japan for the past 20 years, could raise an issue of coordination between related parties.
- ◆ Some are unwilling to join the initiative because land prices could fall according to the risk levels indicated on maps.

3. Activities by GIAJ and Japanese insurance industry - Data collection and analysis -

Publication of research journal

- ◆ Since 1950, the GIAJ has published quarterly journals to enhance awareness of disaster prevention and safety in general.
- ◆ It publishes 7,700 copies of each issue, distributed to libraries, fire departments, meteorological bureaus and the public.
- ◆ The specialists who have written for the journal include former Environment Minister Yuriko Koike, Astronaut Chiaki Mukai and Novelist Kunio Yanagida.



3. Activities by GIAJ and Japanese insurance industry - Promotion of environmental friendliness-

- ◆ GIAJ and Japanese general insurers are actively involved in environmental preservation efforts to cope with global warming, a potential cause of the recent increase in natural disasters.
- ◆ In 2001, the GIAJ became the first financial trade body in Japan to obtain the ISO 14001 Certificate.
- ◆ It promotes the Eco and Safe Driving Program, useful not only in saving fuel and reducing CO2 emissions but also in reducing the number of traffic accidents. In addition, it supports the campaign for greater use of recycled parts for automobile repairs.
- ◆ Member companies are trying to reduce CO2 emissions through various efforts such as carbon offsetting, tree-planting initiatives, and educational and publicity activities related to environmental protection. These activities are listed on the GIAJ homepage.

<http://www.sonpo.or.jp/eco/index.html> (in Japanese)

4. Conclusion

- ◆ It is crucial to ensure both the development of risk reduction tools and the broad use of them.
 - While promoting its products, the insurance industry needs to cooperate with other interested parties to enhance people's risk awareness and promote risk reduction education.
- ◆ The Handbook and other reports such as the stocktaking report are useful in learning better/best practices.
- ◆ From a long-term standpoint, we will also make efforts to deal with environmental issues to lessen the impact of natural disasters.



Thank You!

<http://www.sonpo.or.jp/en/>
kokusai@sonpo.or.jp