

# **AUTOMOBILE LIABILITY SECURITY LAW**

**&**

**RELATED CABINET ORDINANCE,  
MINISTERIAL ORDINANCE  
AND NOTIFICATION**

Including:  
Policy Conditions for Automobile Liability Insurance

As of July 1, 2005

Translated and published by

***NLIRO***

Non-Life  
Insurance  
Rating  
Organization  
of Japan

## REMARKS:

Please note that this English translation is prepared for the convenience of foreign nationals, and that authentic texts of the law, ordinances, notification and policy conditions contained herein are those written in the original Japanese language.

本資料は試訳であり、あくまでも参考資料としての位置付けにあることから、ご利用に際しては必ず日本語の原文をご参照くださいますようお願い申し上げます。

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The law, ordinances, notification and policy conditions contained herein remained in effect up to July 1, 2005.

この冊子に掲載されている法律・政令・省令・告示・約款は、2005 年 7 月 1 日現在公布されているものです。

# AUTOMOBILE LIABILITY SECURITY LAW

(Law No. 97, July 29, 1955)

## History of Amendment

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No. 68, August 1, 1969	
No. 46, May 4, 1970	
No. 62, June 12, 1972	
No. 78, December 2, 1983	
No. 25, May 8, 1984	
No. 46, May 8, 1986	
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No. 82, December 19, 1989	
No. 15, March 30, 1991	
No. 87, June 26, 1992	
No. 8, March 31, 1993	
No. 86, July 4, 1994	
No. 106, June 7, 1995	
No. 137, December 20, 1995	
No. 94, June 21, 1996	
No. 59, May 23, 1997	
No. 102, June 20, 1997	
No. 74, May 27, 1998	
No. 106, June 15, 1998	
No. 107, June 15, 1998	
No.131, October 16, 1998	
No. 87, July 16, 1999	
No. 102, July 16, 1999	
No.160, December 22, 1999	
No. 83, June 29, 2001	

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## CHAPTER I. GENERAL PROVISIONS

(Purposes of this Law)

**Article 1.** This Law, by establishing a system for securing compensation for damage in the case of death of or bodily injury to person caused by the operation of automobile, aims to protect the victims and also to contribute to sound development of transportation by automobiles.

(Definitions)

**Article 2.** The term “automobile” used in this Law means any automobile as stipulated in paragraph 2, Article 2 of the Road Vehicles Act (Law No. 185, 1951) (excluding small-size special purpose automobile manufactured for the purpose of use in agricultural work) and motorcycle as stipulated in paragraph 3 of the same Article.

2. The term “operation” used in this Law means to use an automobile in accordance with the proper use of the devices thereof, whether or not it carries persons or goods.
3. The term “owner” used in this Law means the owner of an automobile or any other person entitled to use it, who operates such automobile for his /her benefit.
4. The term “driver” used in this Law means a person who drives or assists in driving an automobile for another person's benefit.

## CHAPTER II. AUTOMOBILE LIABILITY

(Automobile liability)

**Article 3.** If a person operating an automobile for his/her benefit causes death of or bodily injury to any other person through such operation, such person shall be liable to compensate for damage to the victim. However, he/she shall not be liable if he/she proves that neither he/she nor the driver failed to exercise due diligence in operating the automobile and that there was an intention or negligence on the part of the victim or a third party other than the driver and that there was no structural defect or functional disorder in the automobile.

(Application of the Civil Code)

**Article 4.** Besides the provision of the preceding Article, the provisions of the Civil Code (Law No. 89, 1896) shall be applied to the liability for compensation of a person who operates an automobile for his/her benefit.

## CHAPTER III. AUTOMOBILE LIABILITY INSURANCE AND AUTOMOBILE LIABILITY MUTUAL AID

### Section 1. Compulsory Conclusion of Automobile Liability Insurance Contract or Automobile Liability Mutual Aid Contract

(Compulsory conclusion of contract for the liability insurance or liability mutual aid)

**Article 5.** No automobile shall be operated unless a contract for automobile liability insurance (hereinafter referred to as “liability insurance”) or a contract for automobile liability mutual aid (hereinafter referred to as “liability mutual aid”) as provided in this Law has been concluded.

(Insurer and insurer of mutual aid liability)

**Article 6.** The insurer of the liability insurance (hereinafter referred to as “insurance company”) shall be a non-life insurance company as stipulated in paragraph 4, Article 2 of the Insurance Business Law (Law No. 105, 1995) or a foreign non-life insurance company, etc. as stipulated in paragraph 9 of the same Article who underwrites the liability insurance.

2. The insurer of mutual aid liability for liability mutual aid shall be a cooperative society (hereinafter referred to as “cooperative”) as set forth in each of the following items:

(1) an agricultural cooperative or a federation of agricultural cooperatives (hereinafter referred to as “agricultural cooperatives, etc.”) engaged in the liability mutual aid business under the Agricultural Cooperatives Society Law (Law No. 132, 1947)

(2) a consumer cooperative or a federation of consumer cooperatives (hereinafter referred to as “consumer cooperatives, etc.”) engaged in the liability mutual aid business under the Consumer Livelihood Cooperative Society Law (Law No. 200, 1948)

(3) a common facility cooperative or a federation of common facility cooperatives (hereinafter referred to as “common facility cooperatives, etc.”) engaged in the liability of mutual aid business under the Law on Cooperative of Small and Medium Enterprises, etc. (Law No. 181, 1949)

(Certificate of automobile liability insurance)

**Article 7.** The insurance company shall issue a certificate of automobile liability insurance to the policyholder on the automobile if the premium is paid.

2. If there is any change in the matters described in the said certificate of automobile liability

insurance, the policyholder shall have the insurance company enter such changes on the certificate of automobile liability insurance.

3. If the insurance company receives a request for an entry pursuant to the provision of the preceding paragraph, such insurance company shall make the entry without delay. However, it shall not be necessary in the case where, in spite of having made a claim pursuant to the provision of paragraphs 3 or 4 of Article 22, the payment has not been made.
4. If the certificate of automobile liability insurance is lost or damaged or becomes indiscernible, the policyholder may require the insurance company to reissue it.
5. Matters to be described in and other details concerning the certificate of automobile liability insurance shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Maintaining the certificate of automobile liability insurance)

**Article 8.** No automobile shall be operated unless the certificate of automobile liability insurance (the certificate of automobile liability insurance so entered in the case of the certificate of automobile liability insurance to be entered the changed matter pursuant to the provision of paragraph 2 of the preceding Article; the same shall be applied in the following Article) is kept therein.

(Presentation of the certificate of automobile liability insurance)

**Article 9.** A person who intends to receive any of the dispositions as stipulated in Article 4, paragraph 1 of Article 34, paragraph 3 of Article 36-2, paragraph 1 of Article 60, paragraph 2 of Article 62 (including cases where the provision shall be applied mutatis mutandis in paragraph 3 of Article 63 and paragraph 4 of Article 67), paragraph 1 of Article 67 (only the part related to the change in the user of an automobile), paragraph 4 of Article 71 or Article 97-3 of the Road Vehicles Act shall present the certificate of automobile liability insurance to the competent administrative agencies concerned (or the Light Automobile Inspection Organization if the provision of Article 74-4 of the same Law are applied; the same shall be applied in the following paragraph to paragraph 5). However, in the case where a safety regulation conforming certificate is presented pursuant to the provision of paragraph 8, Article 94-5 of the same Law, if the person intends to receive a disposition as stipulated in paragraph 2, Article 62 of the same Law, such person may, in place of presentation of the certificate of automobile liability insurance, submit a copy of the certificate of automobile liability insurance prepared according to the method as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

2. In the case of the main text of the preceding paragraph, a person who intends to receive any of the dispositions provided in the main text of said paragraph may, as provided in the Cabinet Ordinance, by entrusting the insurance company, provide the items that should be described in the said certificate of automobile liability insurance by electromagnetic means (meaning means utilizing an electronic information processing system or other means utilizing information and communications technology as provided in Ministry of Land, Infrastructure and Transport Ordinance) to registration information processing organizations provided in paragraph 4 of Article 7 of the Road Vehicles Act (referred to as “registration information processing organizations” in the following paragraph and paragraph 4).
3. If the items that should be described in the certificate of automobile liability insurance are provided to registration information processing organizations pursuant to the provisions of the preceding paragraph, a person who intends to receive any of the dispositions provided in the main text of paragraph 1 shall be considered to have presented the said certificate of automobile liability insurance to the competent administrative agencies.
4. In the case of the preceding paragraph, the competent administrative agencies shall refer necessary matters to registration information processing organizations as stipulated in the provisions of the Ministry of Land, Infrastructure and Transport Ordinance.
5. The competent administrative agencies concerned shall not exercise any of the dispositions mentioned in paragraph 1 unless the certificate of automobile liability insurance is presented or a copy thereof is submitted. The same shall be applied in the case where, with respect to automobile other than light automobile which is not subject to inspection as stipulated in paragraph 1, Article 58 of the Road Vehicles Act, the insurance period stated in the certificate of automobile liability insurance or a copy thereof presented or submitted does not cover the whole period up to the expiration date of the effective period to be stated in the motor vehicle inspection certificate concerned or of the effective period of permission for temporary operation or of a written permission for operation for forwarding the automobile to a certain location.
6. A person who intends to apply for issue of a safety regulations conforming certificate and a safety regulations conforming sticker pursuant to the provision of paragraph 1, Article 94-5 of the Road Vehicles Act shall present the certificate of automobile liability insurance to a designated automobile maintenance business operator under paragraph 1, Article 94-3 of the same Law.
7. If the certificate of automobile liability insurance is not presented pursuant to the

provision of the preceding paragraph or if the insurance period stated in the presented certificate of automobile liability insurance does not overlap the entire period up to the expiration date of the effective period of the motor vehicle inspection certificate as stipulated in paragraph 1, Article 61 of the Road Vehicles Act to be described therein in the case where the safety regulations conforming certificate was presented pursuant to the provision of paragraph 8, Article 94-5 of the same Law, notwithstanding the provision of paragraph 1 of Article 94-5 of the same Law, the designated automobile maintenance business operator shall not issue the safety regulations conforming certificate and the safety regulations conforming sticker.

(Insurance sticker)

**Article 9-2.** If the insurance company has issued the certificate of automobile liability insurance pursuant to the provision of paragraph 1, Article 7 on a light automobile which is not subject to inspection, a motorcycle or an automobile registered in the Contracting State (meaning an automobile registered in the Contracting State as stipulated in paragraph 2, Article 2 of the Law concerning Special Treatment, etc. to the Road Vehicles Act regarding the Enforcement of the Convention on Road Traffic (Law No. 109, 1964); the same shall be applied hereinafter), the insurance company shall issue an insurance sticker to the said policyholder.

2. On the insurance sticker, the expiration date of the insurance period shall be indicated as provided in the Ministry of Land, Infrastructure and Transport Ordinance.
3. The effective period of the insurance sticker shall coincide with that of the insurance period.
4. In the case where the insurance sticker is lost or damaged or becomes indiscernible or in other cases as provided in the Ministry of Land, Infrastructure and Transport Ordinance, the policyholder may require the insurance company to reissue it.
5. The form of and other details concerning the insurance sticker shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

**Article 9-3.** A light automobile which is not subject to inspection, a motorcycle or an automobile registered in the Contracting State shall not be operated unless an insurance sticker is displayed as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

2. The insurance sticker shall not be displayed on a light automobile which is not subject to inspection, a motorcycle or an automobile registered in the Contracting State other than

the said light automobile not subject to inspection, the said motorcycle or the said automobile registered in the Contracting State.

3. The insurance sticker, the effective period of which has expired, shall not be displayed on a light automobile which is not subject to inspection, a motorcycle or an automobile registered in the Contracting State.

(Certificate of automobile liability mutual aid and mutual aid sticker)

**Article 9-4.** The provisions of Article 7 and Article 9-2 shall be applied mutatis mutandis to the liability mutual aid. In this case, “insurance company” shall be read as “cooperative,” “premium” as “contribution,” “policyholder” as “policyholder of mutual aid,” “certificate of automobile liability insurance,” as “certificate of automobile liability mutual aid,” “insurance sticker” as “mutual aid sticker,” “insurance period” as “mutual aid period” in these provisions, and “paragraph 3 or paragraph 4, Article 22” as “paragraph 3 or paragraph 4, Article 22 which shall be applied mutatis mutandis in paragraph 1, Article 23-3” in paragraph 3, Article 7, and “paragraph 1, Article 7” as “paragraph 1, Article 7 which shall be applied mutatis mutandis in Article 9-4” in paragraph 1, Article 9-2.

**Article 9-5.** With respect to application of the provisions of Article 8 and Article 9 related to automobiles for which a contract of liability mutual aid is concluded, in Article 8 (including the title), the title of Article 9, and paragraph 1 through paragraph 3 and paragraph 5 through paragraph 7 of the same Article, “certificate of automobile liability insurance” shall be read as “certificate of automobile liability mutual aid”; in Article 8, “paragraph 2 of the preceding Article” as “paragraph 2, Article 7 which shall be applied mutatis mutandis in Article 9-4”; in paragraph 2, Article 9, “insurance company” as “cooperative”; in paragraph 5 and paragraph 7 of the same Article, “insurance period” as “mutual aid period.”

2. With respect to application of the provision of paragraph 1, Article 9-3 related to a light automobile which is not subject to inspection, a motorcycle and an automobile registered in the Contracting State for which a contract of liability mutual aid is concluded, “insurance sticker” in the same paragraph shall be read as “mutual aid sticker.”
3. The provisions of paragraph 2 and paragraph 3, Article 9-3 shall be applied mutatis mutandis with respect to the mutual aid sticker.

(Exceptions to application)

**Article 10.** The provisions of Article 5 and of Article 7 to the preceding Article shall not be applied to automobiles operated by the State or other persons as provided in the Cabinet Ordinances for business or use as provided in the Cabinet Ordinances and automobiles

operated solely in places other than roads (meaning as defined in the Road Law (Law No. 180, 1952) and motor roads and other places for public traffic as defined in the Road Transportation Law (Law No. 183, 1951); the same shall be applied hereinafter).

(Insurance/mutual aid exempt sticker)

Article 10-2. The Minister of Land, Infrastructure and Transport shall, as provided in the Ministry of Land, Infrastructure and Transport Ordinance, issue an insurance/mutual aid exempt sticker to the owner of a light automobile which is not subject to inspection or a motorcycle to which the provision of the preceding Article shall be applied (excluding those which are provided in the Cabinet Ordinance and operated solely in places other than roads).

2. The effective period of the insurance/mutual aid exempt sticker shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.
3. A light automobile which is not subject to inspection and a motorcycle as stipulated in paragraph 1 shall not be operated unless an insurance/mutual aid exempt sticker is displayed as provided in the Ministry of Land, Infrastructure and Transport Ordinance.
4. The provisions of paragraph 4 and paragraph 5, Article 9-2 and paragraph 2 and paragraph 3, Article 9-3 shall be applied mutatis mutandis to insurance/mutual aid exempt sticker.

## Section 2. Automobile Liability Insurance Contract and Automobile Liability Mutual Aid Contract

(Liability insurance contract and liability mutual aid contract)

Article 11. The liability insurance contract shall become effective through an agreement whereby the insurance company agrees to indemnify the owner for damage and the driver for damage if he/she assumed the liability to the victim in the case where the owner becomes liable pursuant to the provision of Article 3, and whereby the policyholder agrees to pay an premium to the insurance company.

2. The liability mutual aid contract shall become effective through an agreement whereby the cooperative agrees to indemnify the owner for damage and the driver for damage if he/she assumed the liability for compensation to the victim in the case where the owner becomes liable to compensate for damage pursuant to the provision of Article 3, and whereby the policyholder of mutual aid agrees to pay a mutual aid contribution to the cooperative.

Article 12. A liability insurance contract shall be concluded on each automobile separately.

(Limit of insurance)

Article 13. The limit of insurance shall be provided in the Cabinet Ordinance.

2. In the case where the Cabinet Ordinance is enacted or amended pursuant to the provision of the preceding paragraph, measures necessary for changing the current limit of insurance on automobiles at the time of enforcement of the Cabinet Ordinance to the limit of insurance as provided in the amended Cabinet Ordinance and interim measures incidental to the enactment or amendment may be provided in the Cabinet Ordinance.

(Exemption)

Article 14. The insurance company shall, except for the cases as stipulated in Article 82-3, be exempted from liability for indemnification only for damage caused by malicious intent of the policyholder or the insured.

(Insurance claim payment)

Article 15. The insured may make a claim for an insurance claim payment against the insurance company to the extent of the amount of compensation for damage paid by him/her to the victim.

(Claim for the amount of compensation for damage against the insurance company)

Article 16. If the owner has become liable to compensate for damage pursuant to the provision of Article 3, the victim may, as provided in the Cabinet Ordinance, make a claim for the amount of compensation for damage against the insurance company to the extent of the limit of insurance.

2. In the case where the insured has compensated the victim for damage, if the insurance company has indemnified the insured for such damage, such insurance company shall, to the extent of the amount indemnified by it, be exempted from its obligation to make payment under the preceding paragraph.
3. If the insurance company has paid the victim the amount of compensation for damage pursuant to the provision of paragraph 1, such insurance company shall be deemed to have indemnified the insured for his/her damage under the liability insurance contract, except for the case where the damage was caused by malicious intent of the policyholder or the insured.
4. In the case where the damage was caused by the malicious intent of the policyholder or

the insured, if the insurance company has paid the victim the amount of compensation for damage pursuant to the provision of paragraph 1, such insurance company may make a claim for reparation for the amount of damage paid by it to the government.

(Limit of insurance claim payment related to losses, etc. due to loss of earning)

**Article 16-2.** Out of the insurance claim payment to be paid by the insurance company to the insured or the amount of compensation for damage to be paid by it to the victim pursuant to the provision of paragraph 1 of the preceding Article (hereinafter referred to as “insurance claim payment, etc.” excluding paragraph 1, Article 28-4), the part related to losses due to the victim’s inability to work by reason of medical care or any other losses as provided in the Cabinet Ordinance shall be limited to the amount as provided in the Cabinet Ordinance.

(Standards for payment)

**Article 16-3.** If the insurance company pays an insurance claim payment, etc., it shall make such payment in accordance with the standards for payment as provided by the Minister of Land, Infrastructure and Transport and the Prime Minister for each separate death, permanent disabilities and injury (hereinafter referred to as “standards for payment”).

2. In the case where the Minister of Land, Infrastructure and Transport and the Prime Minister provide the standards for payment pursuant to the provisions of the preceding paragraph, they shall provide for such standards for payment by taking into consideration the need to ensure fair and prompt payment. The same shall be applied in the case of making changes to the standards for payment.

(Issuance of written statement)

**Article 16-4.** If the insurance company has received a claim for an insurance claim payment, etc., it shall issue without delay to the insured or the victim making such claim a written statement that describes a summary of the standards for payment and any other matters as provided in the Ministry of Land, Infrastructure and Transport Ordinances and the Cabinet Office Ordinance, as provided in the Ministry Transport Ordinance and the Cabinet Office Ordinance.

2. If the insurance company pays insurance claim payment, etc., it shall issue without delay to the insured or the victim making the claim pursuant to the provision of preceding paragraph a written statement that describes the amount of the insurance claim payment, etc. paid, the grade of the permanent disabilities comes to fall, the reasons for determining such grade comes to fall and all other material facts concerning the insurance claim payment, etc. as provided in the Ministry of Land, Infrastructure and Transport Ordinance

and the Cabinet Office Ordinance, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

3. If the insurance company determines that it will not pay an insurance claim payment, etc. because it has evidence of a matter pursuant to the proviso of Article 3 or for other reasons, it shall issue without delay to the insured or the victim making the claim pursuant to the provision of paragraph 1 a written statement describing the reasons for its decision of nonpayment, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.
4. As an alternative to issuance of a written statement pursuant to the provisions of the preceding three paragraphs, as provided in the Cabinet Ordinance, the insurance company may provide, subject to the acceptance of the insured or the victim, the items that should be described in said written statement by means utilizing an electronic information processing system or other means utilizing information and communications technology as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance. In such cases, the insurance company shall be considered to have issued the required written statement.

(Explanation, etc. by written statement)

**Article 16-5.** After having issued a written statement pursuant to the provision of paragraph 2 or paragraph 3 of the preceding Article, if the insurance company is requested by the insured or the victim to give an explanation by written statement, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance, regarding all material facts (excluding matters as provided in the Ministry of Land, Infrastructure and Transport Ordinance or the Cabinet Office Ordinance in paragraph 2 of the same Article) concerning payment of an insurance claim payment, etc. as provided in the Ministry of Land, Infrastructure and Transport Ordinance or the Cabinet Office Ordinance, or regarding the details of the reason as provided in the Ministry of Land, Infrastructure and Transport Ordinance or the Cabinet Office Ordinance for its decision of nonpayment as stipulated in paragraph 3 of the same Article, the insurance company must explain the matters requested by written statement to the person who requested the explanation, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance, except in the cases as stipulated in the first part of the following paragraph. In the case where the insurance company has the consent of the person who requested the explanation, however, the insurance company may give an explanation by means other than a written statement.

2. The insurance company shall be able not to give an explanation concerning all or part of

the matters requested for explanation if there is a fear to unduly harm the rights and benefits of a third party, or if the insurance company has other due reasons, in the case where the insurance company has received a request for an explanation pursuant to the provision of the preceding paragraph. In this case, the insurance company shall issue a written statement, describing that it will not give an explanation and its reasons, to the party that requested the explanation.

3. Issuance of a written statement pursuant to the provision of preceding paragraph or an explanation pursuant to the provision of paragraph 1 (referred to in the following paragraph as “explanation, etc.”) shall be made within 30 days from the date that the insurance company is requested to give an explanation pursuant to the provision of paragraph 1.
4. If the insurance company is unable to give an explanation, etc. within the period as stipulated in the preceding paragraph because of clerical processing difficulties or for other due reasons, it shall, within the period as stipulated in the preceding paragraph, notify the party that requested the explanation pursuant to the provision of paragraph 1 by written statement of reason why it is unable to give an explanation, etc. within the period as stipulated in the preceding paragraph and the due date by which the it shall give an explanation, etc.
5. As an alternative to an explanation by written statement pursuant to the provision of paragraph 1, issuance of a written statement pursuant to the provision of paragraph 2 or notification by written statement pursuant to the provision of the preceding paragraph (hereinafter referred to as “explanation, etc. by written statement”), as provided in the Cabinet Ordinance, the insurance company may, with the consent of the insured or the victim, provide the items that should be described in said written statement by means utilizing an electronic information processing system or other means utilizing information and communications technology, as provided in Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance. In such cases, the insurance company shall be deemed to have issued an explanation, etc. by written statement.

(Filing for payment, etc.)

**Article 16-6.** With regard to deaths or other damages provided in the Ministry of Land, Infrastructure and Transport Ordinance as matters of special importance to ensure proper payment of an insurance claim payment etc., the insurance company shall file with the Minister of Land, Infrastructure and Transport without delay if it pays an insurance claim payment etc. or if it issues a written statement pursuant to the provision of paragraph 3, Article 16-4, as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Reporting to the Minister of Land, Infrastructure and Transport)

**Article 16-7.** If facts applicable to any of the following matters exist concerning payment of an insurance claim payment, etc. by the insurance company or the procedures related to payment, the insured or the victim may report those facts to the Minister of Land, Infrastructure and Transport:

- (1) in the case the insurance company has not paid an insurance claim payment etc. in accordance with the standards for payment;
- (2) in the case the insurance company has not issued a written statement pursuant to the provision of paragraph 1 through paragraph 3, Article 16-4; or
- (3) in the case the insurance company has not given an explanation pursuant to the provision of paragraph 1, Article 16-5 or has not issued a written statement pursuant to the provision of paragraph 2, Article 16-5, or has not provided notification pursuant to the provision of paragraph 4, Article 16-5.

(Instructions, etc.)

**Article 16-8.** In the case where the Minister of Land, Infrastructure and Transport receives a filing pursuant to the provision of Article 16-6 or a report pursuant to the provision of the preceding Article or in other situations, if the Minister determines that the payment or procedures related to the payment of an insurance claim payment, etc. by the insurance company come under any of paragraphs of the same Articles, the Minister shall issue instructions to the insurance company to make payment in accordance with the standards for payment, issue a written statement pursuant to the provision of paragraphs 1 through 3, Article 16-4 or an explanation pursuant to the provision of paragraph 1, Article 16-5, or issue a written statement pursuant to the provision of paragraph 2, Article 16-5 or a notification pursuant to the provision of paragraph 4, Article 16-5.

2. The Minister of Land, Infrastructure and Transport shall notify the Prime Minister without delay if the Minister has given instructions as stipulated in the preceding paragraph.
3. If the insurance company has received instructions as stipulated in paragraph 1 and has not acted according to those instructions without due reasons, the Minister of Land, Infrastructure and Transport may announce this information publicly.
4. After the insurance company has received instructions as stipulated in paragraph 1 and the Minister of Land, Infrastructure and Transport has announced publicly as stipulated in the preceding paragraph that the insurance company has not followed those instructions, if the

insurance company shall not take steps to follow those instructions without due reasons, the Minister of Land, Infrastructure and Transport may issue an order to the insurance company to take steps to follow those instructions.

5. The Minister of Land, Infrastructure and Transport shall obtain the consent of the Prime Minister in advance if the Minister decides to make a public announcement as stipulated in paragraph 3 or issue an order as stipulated in the preceding paragraph.

(Provisional payment to the victim)

**Article 17.** If the owner has caused death of or bodily injury to any other person by operation of an automobile covered by the liability insurance contract, the victim may, as provided in the Cabinet Ordinance, claim payment against the insurance company of the amount provided in the Cabinet Ordinance as a provisional payment of the amount of compensation for damage to be paid pursuant to the provision of paragraph 1 of Article 16.

2. If the insurance company has received a claim under the preceding paragraph, such insurance company shall pay the amount claimed to the victim without delay.
3. If the amount of the provisional payment under paragraph 1 exceeded the amount of compensation for damage to be paid, the insurance company may make a claim for refund of the amount of such excess.
4. In the case where the owner is not liable to compensate for any damage, if the insurance company has paid a provisional payment under paragraph 1, such insurance company may ask the Government to repair for the amount paid provisionally.

(Prohibition of attachment)

**Article 18.** No right of claim pursuant to the provision of paragraph 1 of Article 16 and paragraph 1 of the preceding Article shall be attached.

(Prescription)

**Article 19.** The right of claim pursuant to the provision of paragraph 1 of Article 16 and paragraph 1 of Article 17 shall be extinct due to prescription after the lapse of two years.

(Material facts, etc. to be disclosed)

**Article 20.** In so far as the liability insurance contract is concerned, the material facts or matters as stipulated in Article 644 of the Commercial Code (Law No. 48, 1899) shall be as follows:

- (1) the automobile registration number or the vehicle number pursuant to the provisions of the Road Vehicles Act , the identification plate number as stipulated in paragraph 3, Article 446 of the Local Taxes Law (Law No. 226 of 1950) (including the case where the provisions shall be applied mutatis mutandis in paragraph 2, Article 1 of the same Law) or the registration number pursuant to the provisions of the Convention on Road Traffic (in case where there is no such number, the chassis number); and
- (2) category of automobile as provided in the Cabinet Ordinance.

(Cancellation, etc. of the liability insurance contract)

**Article 20-2.** The parties to the liability insurance contract may cancel the liability insurance contract only in the cases:

- (1) where the automobile has come to fall under any of the automobiles as stipulated in Article 10;
  - (2) where the case falls pursuant to the provisions of Article 644 of the Commercial Code;
  - (3) where another liability insurance contract or liability mutual aid contract has been concluded on the automobile , and their expiration date of the insurance period or the mutual aid period is same as or later than that of the liability insurance contract concerned; or
  - (4) where as other cases provided in the Ministry of Land, Infrastructure and Transport Ordinance.
2. The parties to the liability insurance contract shall neither cancel the contract by mutual agreement nor attach any condition subsequent to the contract.
  3. The cancellation pursuant to the provisions of paragraph 1 (excluding the part related to item (2)) shall be effective only for the future.

(Effect of cancellation of the contract for reason of breach of the duty of disclosure)

**Article 21.** If the insurance company has canceled a liability insurance contract pursuant to the provisions of Article 644 of the Commercial Code, such cancellation shall become effective for the future after the lapse of seven days counting from the date on which the policyholder receives the notice of cancellation.

2. Notwithstanding the provisions of paragraph 2 of Article 645 of the Commercial Code, in

the case where a peril has arisen before the cancellation pursuant to the preceding paragraph becomes effective, the insurance company shall be liable to compensate for damage. In this case, if the insurance company has compensated for damage, such insurance company may claim against the policyholder to pay back the amount compensated by it.

(Change of contract due to increase or decrease of risks)

**Article 22.** If any risk increases or decreases during the insurance period, the liability insurance contract shall be deemed to have been changed to a contract which covers new risks.

2. If the policyholder or the insured is aware of an increase of risks during the insurance period, he/she shall notify thereof to the insurance company without delay.
3. In the case where a peril has arisen after increase of risks during the insurance period and the insurance company has compensated for damage, and if the policyholder or the insured failed to notify under the preceding paragraph, the insurance company may claim against the policyholder to pay back the amount compensated by it.
4. In the case of paragraph 1, if the risk increases, the insurance company may claim to pay the premium for the amount corresponding to increase from the policyholder as provided in the Cabinet Ordinance.
5. In the case of paragraph 1, if the risk decreases, the policyholder may claim against the insurance company to refund the premium for the amount corresponding to the decrease as provided in the Cabinet Ordinance.

(Application of the Commercial Code)

**Article 23.** Unless otherwise provided in this Law, the provisions of Sub-section 1, Section 1, Chapter X, Title III of the Commercial Code shall be applied to the liability insurance contract.

(Reports and on-the-spot inspections)

**Article 23-2.** To the extent of necessity to implement the provisions of Article 11 through Article 23, the Minister of Land, Infrastructure and Transport may order insurance companies to provide reports concerning the liability insurance business, or instruct officials to enter the insurance companies' sales offices, business offices or other premises and inspect the conditions of the liability insurance business or examine their books,

documents and other things, or to question related persons, as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

2. The officials who conduct on-the-spot inspections or question as stipulated in the provision of the preceding paragraph shall carry proof of their identities, and shall show this identification if they are requested by the related persons.
3. The authority to conduct on-the-spot inspections or question pursuant to paragraph 1 shall not be interpreted as authorizing any investigation of criminal activity.

(Application mutatis mutandis of the provisions, etc. concerning the liability insurance contract)

**Article 23-3.** The provisions of Article 12 through Article 19 and Article 22 and the preceding Article shall be applied mutatis mutandis to the liability mutual aid contract. In such case, in these provisions, the words “liability insurance contract” shall be read as “liability mutual aid contract,” “liability insurance” as “liability mutual aid,” “limit of insurance” as “limit of mutual aid”, “insurance company” as “cooperative,” “policyholder” as “policyholder of mutual aid,” “insured” as “insured of mutual aid,” “insurance claim payment” as “mutual aid claim payment,” “insurance claim payment, etc.” as “mutual aid claim payment, etc.,” “insurance period” as “mutual aid period,” “premium” as “contribution”; in Article 16-2, “paragraph 1 of the preceding Article” as “paragraph 1 of Article 16 which shall be applied mutatis mutandis in paragraph 1 of Article 23-3”; “excluding paragraph 1, Article 28-4, referred to below” as “referred to below”; in paragraph 1 of Article 16-5, “paragraph 2 or paragraph 3 of the preceding Article” as “paragraph 2 or paragraph 3 of Article 16-4 which shall be applied mutatis mutandis in paragraph 1 of Article 23-3”; in Article 16-6, “paragraph 3, Article 16-4” as “paragraph 3, Article 16-4 which shall be applied mutatis mutandis in paragraph 1, Article 23-3”; in item (2) of Article 16-7 and in paragraph 1 of Article 16-8, “paragraphs 1 through 3, Article 16-4” as “paragraphs 1 through 3, Article 16-4 which shall be applied mutatis mutandis in paragraph 1, Article 23-3”; in item (3) of Article 16-7 and in paragraph 1 of Article 16-8, “paragraph 1, Article 16-5” as “paragraph 1, Article 16-5 which shall be applied mutatis mutandis in paragraph 1, Article 23-3”; in paragraph 1 of Article 16-8, “Article 16-6” as “Article 16-6 which shall be applied mutatis mutandis in paragraph 1, Article 23-3,” “the preceding Article” as “Article 16-7 which shall be applied mutatis mutandis in paragraph 1, Article 23-3”; in paragraph 2 and paragraph 5 of Article 16-8, “the Prime Minister” as “the administrative agency (which shall mean the administrative agency as stipulated in paragraph 1 of Article 27 in the case where services are provided by agricultural cooperatives, etc., the administrative agency as stipulated in paragraph 1 of Article 27

which shall be applied mutatis mutandis in an alternative reading of paragraph 1 of Article 27-2 in the case where services are provided by consumer cooperatives, etc., and the administrative agency as stipulated in paragraph 1 of Article 27 which shall be applied mutatis mutandis in an alternative reading of paragraph 2 of Article 27-2 in the case where services are provided by common facility cooperatives, etc)”; in paragraph 1 of Article 17, “paragraph 1, Article 16” as “paragraph 1, Article 16 which shall be applied mutatis mutandis in paragraph 1, Article 23-3”; in Article 18, “paragraph 1 of Article 16 and paragraph 1 of the preceding Article” and in Article 19, “paragraph 1 of Article 16 and paragraph 1 of Article 17” as “paragraph 1 of Article 16 which shall be applied mutatis mutandis in paragraph 1 of Article 23-3 and paragraph 1 of Article 17.”

2. If the Minister of Land, Infrastructure and Transport and the Prime Minister shall provide for or change the standards for payment as stipulated in paragraph 1, Article 16-3 which shall be applied mutatis mutandis in the preceding paragraph and if they enact or amend the Ministry of Land, Infrastructure and Transport Ordinance or the Cabinet Office Ordinance as stipulated in paragraph 1 and paragraph 5, Article 16-5 which shall be applied mutatis mutandis in the same paragraph and pursuant to Article 16-4 which shall be applied mutatis mutandis in the preceding paragraph, they shall consult beforehand with the Minister of Agriculture, Forestry and Fisheries, Minister of Health, Labour and Welfare and the minister having jurisdiction over the business provided as cooperative member qualifications in articles of association of cooperative societies, etc. (hereafter referred to as “minister with jurisdiction over the business”).
3. The provisions of Article 662 and Article 663 of the Commercial Code shall be applied mutatis mutandis to the liability mutual aid contract. In such case, in Article 662 of the same Code, the words “insurer” shall be read as “cooperative,” “insured” as “insured of mutual aid,” “policyholder” as “policyholder of mutual aid”; in Article 663 of the same Code, “limit of insurance” as “limit of the mutual aid,” “premium” as “contribution.”

(Cancellation of the liability mutual aid contract)

**Article 23-4.** The parties to the liability mutual aid contract may cancel the contract only in the cases:

- (1) where the automobile has come to fall under any of the automobiles as stipulated in Article 10;
- (2) where at the time of conclusion of the liability mutual aid contract, the policyholder of mutual aid failed to disclose or misrepresented the matters as set forth in each of the items of Article 20 to the cooperative by malicious intent or gross negligence;

- (3) where other liability insurance contracts or liability mutual aid contracts have been concluded on the automobile, and the expiration date of the insurance period or the mutual aid period is the same as or later than that of the liability mutual aid contract concerned; or
  - (4) where as otherwise provided in the Ministry of Land, Infrastructure and Transport Ordinance.
2. The provision of paragraph 2, Article 20-2 shall be applied mutatis mutandis to the liability mutual aid contract.
3. The provision of paragraph 3, Article 20-2 shall be applied mutatis mutandis to cancellation pursuant to the provision of paragraph 1 (excluding the part related to item (2)).
4. The provisions of proviso of paragraph 1, and paragraph 2 of Article 644 of the Commercial Code as well as the provisions of Article 21 shall be applied mutatis mutandis to cancellation pursuant to the provisions of item (2) of paragraph 1. In such case, in these provisions of the Commercial Code, the words “insurer” shall be read as “cooperative”; in Article 21, “policyholder” as “policyholder of mutual aid”; in paragraph 2 of the same Article, “insurance company” as “cooperative.”

## Section 2-2. Designated dispute settlement bodies

(Designation, etc. of designated dispute settlement bodies)

**Article 23-5.** The Minister of Land, Infrastructure and Transport and the Prime Minister may designate as bodies, that submit applications, to engage in dispute settlement activities those legal persons established pursuant to the provision of Article 34 of the Civil Code for the purpose of protecting victims through the fair and accurate settlement of disputes involving insurance claim payment, etc. or mutual aid claim payment, etc. and are judged to satisfy the criteria as set forth below concerning the activities as stipulated in paragraph 1 of the following Article (hereinafter referred to as “dispute settlement activities.”)

- (1) That a plan concerning employees, procedures for executing dispute settlement activities and other matters related to execution of dispute settlement activities are appropriate to ensure accurate execution of dispute settlement activities.
- (2) That it possesses a sufficient financial and technical foundation to appropriately implement its plan concerning the execution of dispute settlement activities in the

preceding item.

- (3) That there is no possibility that the composition of officers and employees create obstructions to the fair execution of dispute settlement activities.
  - (4) That, in the case where the body is engaged in activities other than dispute settlement activities, there is no possibility that executing such activities create obstructions to the fair execution of dispute settlement activities.
  - (5) That, other than as provided in the preceding items, the body is capable of fairly and accurately executing dispute settlement activities.
2. If the Minister of Land, Infrastructure and Transport and the Prime Minister have made a designation pursuant to the provisions of the preceding paragraph (hereinafter referred to as “designation”), they shall publicly disclose the name and address of the designated entity (hereinafter referred to as “designated dispute settlement body”), the locations of the business offices where it will execute its dispute settlement activities and the date on which it will begin dispute settlement activities.
  3. If a designated dispute settlement body decides to change its name or address or the location of an office where it executes its dispute settlement activities, it shall file the Minister of Land, Infrastructure and Transport and the Prime Minister to that effect and the date on which it plans to make the changes no later than two weeks before the date on which it will make the changes.
  4. If the Minister of Land, Infrastructure and Transport and the Prime Minister have received the filing pursuant to the provision of the preceding paragraph, they shall publicly disclose the matters related to the filing.
  5. A designated dispute settlement body shall display at its offices in a location that is easy for the general public to see a notice of its status as a designated dispute settlement body as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

(Activities)

**Article 23-6.** A designated dispute settlement body shall engage in the activities as set forth in the following items:

- (1) to execute dispute mediation (hereinafter referred to as “dispute settlement”) based on an application from the insurance company, the cooperative, the insured, the

insured of mutual aid, or the victim who are parties to a dispute concerning insurance claim payment, etc. or mutual aid claim payment, etc.; and

- (2) to execute activities that are incidental to the activities as set forth in the preceding item.
2. The procedures for the application referred to in item (1) of the preceding paragraph shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

(Dispute settlement members)

**Article 23-7.** A designated dispute settlement body shall select at least the number of dispute settlement members as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance among highly principled persons who possess intelligence and sound judgment.

2. If a designated dispute settlement body engages in dispute settlement, it shall have persons execute the dispute settlement who have been appointed for each case by the head of the designated dispute settlement body from among the dispute settlement members selected pursuant to the provision of the preceding paragraph. In such case, the head of the designated dispute settlement body shall not appoint any dispute settlement member to the case when the dispute settlement member has an interest with the parties involved or any circumstances that will prevent fair dispute settlement.
3. One or more of the dispute settlement members who are appointed pursuant to the provision of the preceding paragraph shall be an attorney-at-law.

(Selection and dismissal of officers, etc.)

**Article 23-8.** Selection and dismissal of officers of designated dispute settlement bodies engaged in dispute settlement activities (including dispute settlement members; the same shall be applied in the next paragraph and in the next Article,) shall not be effective unless such adoption and dismissal have received approval from the Minister of Land, Infrastructure and Transport and the Prime Minister.

2. If an officer of a designated dispute settlement body has violated the dispute settlement activities bylaws approved pursuant to paragraph 1, Article 23-11, or if an officer has engaged in remarkably inappropriate conduct concerning dispute settlement activities, or if a designated dispute settlement body no longer conforms to the criteria as set forth in item (3) of paragraph 1, Article 23-5 because of the presence of an officer, the Minister of

Land, Infrastructure and Transport and the Prime Minister may order the designated dispute settlement body to dismiss the officer.

(Duty, etc. to protect confidentiality)

**Article 23-9.** The officers, employees and former officers and employees of a designated dispute settlement body shall not disclose any confidential information they have learned in relation to dispute settlement activities, or use such information for their personal gain.

2. Persons who are engaged in dispute settlement activities as officers and employees of a designated dispute settlement body shall be regarded as employees engaged in public service as provided in laws and regulations in the case of applying the Penal Code (Law Number 45 of 1907) and other penal provisions.

(Duty of dispute settlement activities)

**Article 23-10.** If a designated dispute settlement body has been requested to provide dispute settlement activities, it shall perform its dispute settlement activities without delay except the case where it has due reasons.

(Dispute settlement activities bylaws)

**Article 23-11.** A designated dispute settlement body shall stipulate bylaws concerning its dispute settlement activities (hereinafter referred to as “dispute settlement activities bylaws”) and receive approval from the Minister of Land, Infrastructure and Transport and the Prime Minister. The same shall be applied if a designated dispute settlement body intends to change the bylaws.

2. The matters to be provided in the dispute settlement activities bylaws shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.
3. If the dispute settlement activities bylaws approved in paragraph 1 are determined to be unsuitable for the fair and accurate execution of dispute settlement activities, the Minister of Land, Infrastructure and Transport and the Prime Minister shall order that the dispute settlement activities bylaws to be amended.

(Requests for submission of explanations or materials)

**Article 23-12.** To the extent of necessity to perform its dispute settlement activities, a designated dispute settlement body may request for insurance companies or cooperatives to submit materials or explanations in writing or orally.

2. If an insurance company or a cooperative has received a request pursuant to the provision of the preceding paragraph, it shall not reject the request unless it has due reasons.

(Non-disclosure of dispute settlement procedures)

**Article 23-13.** The dispute settlement procedures performed by a designated dispute settlement body shall not be disclosed publicly. However, a designated dispute settlement body may allow parties, whom it deems appropriate, to attend the procedures.

(Business plan, etc.)

**Article 23-14.** A designated dispute settlement body shall make a business plan and a budget of each business year regarding its dispute settlement activities as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance, and shall have approval from the Minister of Land, Infrastructure and Transport and the Prime Minister before the beginning of the relevant business year (in the case where a business year falls under a date of designation, receive such approval without delay after the designation.) The same shall be applied if a designated dispute settlement body intends to change the business plan and annual budget.

2. A designated dispute settlement body shall make a business report and financial statements of each business year regarding its dispute settlement activities as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance, and shall submit these to the Minister of Land, Infrastructure and Transport and the Prime Minister within three months following the close of the relevant business year.

(Suspension or termination, etc. of activities)

**Article 23-15.** A designated dispute settlement body shall not suspend all or part of its dispute settlement activities, or terminate its dispute settlement activities, without receiving the permission of the Minister of Land, Infrastructure and Transport and the Prime Minister.

2. If the Minister of Land, Infrastructure and Transport and the Prime Minister have permitted the termination of all dispute settlement activities pursuant to the provision of the preceding paragraph, the designation related to that permission shall become invalid.
3. If the Minister of Land, Infrastructure and Transport and the Prime Minister permit pursuant to paragraph 1, they shall publicly disclose information to that effect.

(Furnishing, etc. of books)

**Article 23-16.** A designated dispute settlement body shall furnish books describing for

matters related to dispute settlement activities as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance, and shall retain these books, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

(Reports and on-the-spot inspections)

**Article 23-17.** To the extent of necessity to ensure the fair and accurate execution of dispute settlement activities, the Minister of Land, Infrastructure and Transport and the Prime Minister may order designated dispute settlement bodies to provide reports concerning their dispute settlement activities, or instruct official to enter the designated dispute settlement bodies' offices and inspect the conditions of their dispute settlement activities or examine their books, documents and other things, or to question related persons, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

2. The provisions of paragraph 2 and paragraph 3, Article 23-2 shall be applied mutatis mutandis to the on-the-spot inspections or questions pursuant to the provision of the preceding paragraph.

(Supervisory orders)

**Article 23-18.** If the Minister of Land, Infrastructure and Transport and the Prime Minister determine it to be necessary to ensure the fair and accurate execution of dispute settlement activities, they may issue to a designated dispute settlement body any orders necessary for supervision concerning its dispute settlement activities.

(Cancellation, etc. of designation)

**Article 23-19.** If any of the following items are applicable to a designated dispute settlement body, the Minister of Land, Infrastructure and Transport and the Prime Minister may cancel the designation or issue an order to suspend all or part of the body's dispute settlement activities for a prescribed period of time:

- (1) in the case the body is determined to no longer conform to the criteria as set forth in each item in paragraph 1, Article 23-5;
- (2) in the case of a violation of the provisions in paragraph 3 or paragraph 5 of Article 23-5, Article 23-7, paragraph 1 of Article 23-8, Article 23-10, Article 23-13, Article 23-14 or paragraph 1 of Article 23-15;
- (3) in the case of a violation of an order pursuant to the provision of paragraph 2 of Article 23-8, paragraph 3 of Article 23-11 or the preceding Article;

- (4) in the case the body has executed its dispute settlement activities in a manner that is not in accordance with the approved dispute settlement activities bylaws in paragraph 1, Article 23-11;
  - (5) in the case the designated dispute settlement body or its officers have engaged in remarkably inappropriate conduct concerning dispute settlement activities; or
  - (6) in the case the organization has received its designation by inappropriate means.
2. If the Minister of Land, Infrastructure and Transport and the Prime Minister cancel the designation or suspend all or part of the body's dispute settlement activities pursuant to the provision of the preceding paragraph, they shall publicly disclose the matters related to the order.

(Provision of information, etc. to a designated dispute settlement body)

Article 23-20. The Minister of Land, Infrastructure and Transport and the Prime Minister shall provide to designated dispute settlement bodies all information and materials necessary for the execution of dispute settlement activities.

(Delegation to the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance)

Article 23-21. In addition to those stipulated in this section, matters necessary concerning designated dispute settlement bodies and dispute settlement activities shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

### Section 3. Automobile Liability Insurance Business and Automobile Liability Mutual Aid Business

(Obligation to conclude the liability insurance contract and the liability mutual aid contract)

Article 24. Except for the case where there is any due reason as provided in the Cabinet Ordinance, the insurance company shall not refuse to conclude the liability insurance contract.

2. Except for the case as set forth in each of the following items and the case where there is any due reason as provided in the Cabinet Ordinance, the cooperative shall not refuse to conclude the liability mutual aid contract:

- (1) where the cooperative comes to violate the provisions of the proviso of paragraph 26,

Article 10 of the Agricultural Cooperative Society Law;

- (2) where the cooperative comes to violate the provisions of paragraph 3, Article 12 of the Consumer Livelihood Cooperative Society Law; or
- (3) where the cooperative comes to violate the provisions of the proviso of paragraph 3, Article 9-2 of the Law on Cooperatives of Small and Medium Enterprises, etc. (including the case where the provisions shall be applied mutatis mutandis in paragraph 4, Article 9-9 of the same Law).

(Standards for the premium rates and contribution rates)

**Article 25.** Premium rates of the liability insurance and the contribution rates of the liability mutual aid shall be as lower as possible within the range of compensating reasonable cost under the efficient management.

(Examination, etc. of premium rates)

**Article 26.** In the case where an application for a license under paragraph 1, Article 3 or paragraph 1, Article 185 of the Insurance Business Law has been filed, if the Prime Minister conducts its examination as to whether such application conforms to the standards as set forth in item (4), paragraph 1, Article 5 of the same Law (including the case where the provisions shall be applied mutatis mutandis in paragraph 5, Article 187 of the same Law; hereinafter the same shall be applied in this paragraph), in respect of the liability insurance, the Prime Minister shall, in addition to the standards as set forth in item (4), paragraph 1, Article 5 of the same Law, examine as to whether such application conforms to the provisions of the preceding Article.

2. The matters related to the liability insurance shall not be included in the matters as provided in the Cabinet Office Ordinance under in paragraph 1, Article 123 of the Insurance Business Law (including the case where the provisions shall be applied mutatis mutandis in Article 207 of the same Law).
3. In the case where an application for approval under paragraph 1, Article 123 of the Insurance Business Law has been made (including the case where the provisions shall be applied mutatis mutandis in Article 207 of the same Law), if the Prime Minister conducts its examination under Article 124 of the same Law (including the case where the provisions shall applied mutatis mutandis in Article 207 of the same Law; hereinafter the same shall be applied in this paragraph), in respect of matters related to the premium rates of the liability insurance, the Prime Minister shall, in addition to the standards as provided in item (2), Article 124 of the same Law, examine as to whether such application

conforms to the provisions of the preceding Article.

**Article 26-2.** With respect to the liability insurance, the provisions of Article 10-2, Article 10-3, paragraph 2 and the latter part of paragraph 3, Article 10-4, paragraph 4, Article 10-5 and paragraph 1 through paragraph 4, Article 10-6 of the Law concerning Non-life Insurance Rating Organization (Law No. 193, 1948) shall not be applied.

2. With respect to application of the provisions of paragraph 1 and the former part of paragraph 3, Article 10-4 of the Law concerning Non-life Insurance Rating Organization in respect of the liability insurance, in paragraph 1 of the same Article, the words “premium rates within a fixed range centering on the standard full rates related to the filing (hereinafter referred to as “range rates” in this Article)” shall be read as “standard full rates”; in the former part of paragraph 3 of the same Article, “range rates” as “standard full rates” and “to have been approved or to have filed pursuant to the provision of Paragraph 2 of the same article” as “to have been approved.”
3. With respect to application of the provisions of paragraph 1 through paragraph 3, Article 10-5 of the Law concerning Non-life Insurance Rating Organization in respect of the liability insurance, in paragraph 1 of the same Article, the words “upon lapse of the period as stipulated in Paragraphs 1 and 2, Article 10-2 on the standard full rates, and, furthermore, upon recognition of the standard full rates conforming to the provision of Article 8” shall be read as “upon recognition of the said standard full rates conforming to the provision of Article 8, and Article 25 of the Automobile Liability Security Law (Law No. 97, 1955)”; in paragraph 2 of the same Article, “hearing of opinions and examination of conformability pursuant to the provisions of paragraph 1 or paragraph 2, Article 10-3” as “examination of conformability to the provisions of Article 8, and Article 25 of the Automobile Liability Security Law”; in paragraph 3 of the same Article, “upon recognition that the standard full rates do not conform to the provision of Article 8” as “upon recognition that the standard full rates do not conform to the provision of Article 8, or Article 25 of the Automobile Liability Security Law.”

**Article 26-3.** If the Prime Minister considers that the premium of the liability insurance exceeds the reasonable cost under the efficient management, the Prime Minister may order the insurance company or the non-life insurance rating organization as stipulated in item (3), paragraph 1, Article 2 of the Law concerning Non-life Insurance Rating Organization to change the premium rates of the liability insurance or the standard full rates (referred to as “standard full rates” in Article 28 and Article 29-2) as set forth in item (6) of the same paragraph.

(Examination, etc. of the mutual aid rules related to the business of liability mutual aid performed by the agricultural cooperatives, etc.)

**Article 27.** In the case where the administrative agency (meaning the administrative agency as stipulated in paragraph 1, Article 98 of the Agricultural Cooperative Society Law, including Prefectural Governors who are stipulated to do service belonging to authorities of the Minister of Agriculture, Forestry and Fisheries pursuant to the provision of paragraph 11 of the same Article) intends to give its approval of the mutual aid rules in respect of the business of the liability mutual aid pursuant to the provision of paragraph 1, Article 11-7 of the same Law to the agricultural cooperatives, etc. which intends to conduct the business of the liability mutual aid (including the business of the re-mutual aid of the liability mutual aid assumed by a contract of the liability mutual aid (hereinafter referred to as “re-mutual aid”) or the business of the retrocession-mutual aid of the re-mutual aid assumed by a contract of the re-mutual aid (hereinafter referred to as “retrocession-mutual aid”; hereinafter the same shall be applied)), such agency shall examine as to whether the said agricultural cooperatives, etc. conforms to the standards as set forth in item (1) and item (2), and as to whether those matters related to the method of implementation of the business, the mutual aid contract or the contribution out of those matters as described in the said mutual aid rules conform to the standards as set forth in item (3) of the preceding paragraph.

- (1) That the said agricultural cooperatives, etc. owns the property basis sufficient to soundly and efficiently carry out the business of the liability mutual aid, and an estimated balance of earnings and expenses related to the business of the liability mutual aid is good.
- (2) That the said agricultural cooperatives, etc., in view of its personnel structure etc., is possessed of knowledge and experience to perform the business of the liability mutual aid in an accurate, fair and effective manner, and has sufficient social credibility.
- (3) That matters as described in the liability mutual aid rules conform to the following standards:
  - (a) That there is no possibility that the content of the mutual aid contract is lacking in protection of the policyholder of mutual aid, the insured of mutual aid, the person who should receive the amount of mutual aid and other related persons (hereinafter referred to as “policyholder of mutual aid, etc.” in this item.)
  - (b) That, as for the content of the mutual aid contract, such content shall not be unfairly discriminatory against any specified person.

- (c) That there is no possibility that the content of the liability mutual aid contract promotes or induces any act impairing the public order or the good morals.
  - (d) That rights and obligations of the policyholder of mutual aid, etc. and the contents of the liability mutual aid contract are clearly and plainly provided to the policyholder of mutual aid, etc.
  - (e) That the contribution conforms to the provision of Article 25 and is reasonable and appropriate, and also shall not be unfairly discriminatory against any specified person.
  - (f) Any other standards as provided in the Ministry of Agriculture, Forestry and Fisheries Ordinance.
2. In the case where the administrative agency as stipulated in the preceding paragraph gives its approval on any change of the liability mutual aid rules in respect of the business of the liability mutual aid pursuant to the provisions of paragraph 3, Article 11-7 of the Agricultural Cooperative Society Law to any agricultural cooperatives, etc. which performs the business of the liability mutual aid, such agency shall examine whether the implementation method of the business and the matters related to the liability mutual aid contract or the contribution out of those matters described in the liability mutual aid rules conform to the standards as set forth in paragraph 3 of the preceding paragraph.
  3. If the administrative agency as stipulated in paragraph 1 deems that the contribution exceeds the reasonable cost under the efficient management, such agency may order change of the contribution rates to the agricultural cooperatives, etc.

(Examination, etc. of the mutual aid business rules related to the business of liability mutual aid to be performed by the consumer cooperatives, etc. and the common facility cooperatives, etc.)

**Article 27-2.** The provisions of the preceding Article shall be applied mutatis mutandis to the case where the consumer cooperatives, etc. performs the business of the liability mutual aid. In such case, in the same Article, “administrative agency (meaning the administrative agency as stipulated in paragraph 1, Article 98 of the Agricultural Cooperative Society Law, and including Prefectural Governors who are stipulated to do service belonging to authorities of the Minister of Agriculture, Forestry and Fisheries pursuant to the provision of paragraph 11 of the same Article)” shall be read as “administrative agency (meaning the said administrative agency as stipulated in Article 97 of the Consumer Livelihood Cooperative Society Law, and including Prefectural Governors who are stipulated to do

service belonging to authorities of the Minister of Health, Labor and Welfare pursuant to the provision of paragraph 2, Article 97-2 of the same law),” “agriculture cooperative society, etc.” as “consumer cooperatives, etc.,” “approval of the liability mutual aid rules in respect of the business of the liability mutual aid pursuant to the provision of paragraph 1, Article 11-7 of the same Law” as “approval of establishment of the rules in respect of the business of the liability mutual aid pursuant to the provisions of paragraph 4, Article 43 of the same Law (hereinafter referred to as “liability mutual aid business rules”),” “liability mutual aid rules” as “liability mutual aid business rules,” “Ministry of Agriculture, Forestry and Fisheries Ordinance” as “Ministry of Health, Labor and Welfare Ordinance,” “acknowledgment of change in the liability mutual aid rules in respect of the business of the liability mutual aid pursuant to the provisions of paragraph 3, Article 11-7 of the Agricultural Cooperative Society Law” as “approval of change in the liability mutual aid business rules in respect of the business of the liability mutual aid pursuant to the provisions of paragraph 4, Article 43 of the Consumer Livelihood Cooperative Society Law.”

2. The provisions of the preceding Article shall be applied mutatis mutandis to the case where the common facility cooperatives, etc. do business of the liability mutual aid. In such case, in the same Article, “administrative agency (meaning the administrative agency as stipulated in paragraph 1, Article 98 of the Agricultural Cooperative Society Law, and including Prefectural Governors who are stipulated to do service belonging to authorities of the Minister of Agriculture, Forestry and Fisheries pursuant to the provision of paragraph 11 of the same Article)” shall be read as “administrative agency (meaning the administrative agency as stipulated in paragraph 1, Article 111 of the Law on Cooperatives of Small and Medium Enterprises, etc. and including the Prefectural Governors who are stipulated to do service belonging to authorities of the competent Minister pursuant to the provision of paragraph 3 of the same article and the head of the local bureaus and branches who are entrusted a part of authorities of the competent Minister pursuant to the provisions of paragraph 4 of the same Article),” “agriculture cooperatives, etc.” as “common facility cooperatives, etc.,” “acknowledgment of the mutual aid rules in respect of the business of the liability mutual aid pursuant to the provision of paragraph 1, Article 11-7 of the same Law” as “approval of the mutual aid rules in respect of the business of the liability mutual aid pursuant to provision of paragraph 1, Article 9-6-2 of the same Law (including the case where the provisions shall be applied mutatis mutandis in paragraph 4, Article 9-9 of the same Law),” “Ministry of Agriculture, Forestry and Fisheries Ordinance” as “Ministerial Ordinance as provided by the Minister with jurisdiction over the business,” “acknowledgment of change in the liability mutual aid rules in respect of the business of the liability mutual aid pursuant to the provision of

paragraph 3, Article 11-7 of the Agricultural Cooperative Society Law” as “approval of change in the liability mutual aid rules in respect of the business of the liability mutual aid pursuant to the provisions of paragraph 3, Article 9-6-2 of the Law on Cooperatives of Small and Medium Enterprise, etc. (including the case where the provisions shall be applied mutatis mutandis in paragraph 4, Article 9-9 of the same Law).”

(Consent)

**Article 28.** In the case where the Prime Minister receives an application for license under paragraph 1, Article 3 or paragraph 1, Article 185 of the Insurance Business Law (in respect of the liability insurance, only in the case where it is necessary to examine as to whether such application conforms to the standards as set forth in item (3) and item (4), paragraph 1, Article 5 of the same Law (including the case where the provisions shall be applied mutatis mutandis in paragraph 5, Article 187 of the same Law) and the provisions of Article 25), the Prime Minister shall, if the Prime Minister intends to give the said license, obtain the consent of the Minister of Land, Infrastructure and Transport in advance.

2. With respect to the part concerning the liability insurance out of the matters provided in documents as set forth in item (3) or item (4), paragraph 2, Article 4 or item (3) or item (4), paragraph 3, Article 187 of the Insurance Business Law, if the Prime Minister intends to give approval pursuant to the provision of paragraph 1, Article 123 of the same Law (including the case where the provision shall be applied mutatis mutandis in Article 207 of the same Law) or issues an order pursuant to the provision of Article 131 or Article 203 of the same law, the Prime Minister shall obtain the consent of the Minister of Land, Infrastructure and Transport in advance.
3. With respect to the standard full rates of the liability insurance, in the case where a filing pursuant to the provisions of paragraph 1, Article 9-3 of the Law concerning Non-life Insurance Rating Organization has been made, if the Prime Minister intends to shorten the period of lapse of ninety days as stipulated in paragraph 1, article 10-4 of the same Law pursuant to the provisions of paragraph 1, Article 10-5 of the same Law which is read as pursuant to the provisions of paragraph 3, Article 26-2, to a period deemed appropriate, the Prime Minister shall obtain the consent of the Minister of Land, Infrastructure and Transport in advance. Also if the Prime Minister determines not to give an order pursuant to the provisions of paragraph 3, Article 10-5 of the same Law, the same shall be applied.
4. With respect to the premium rates or the standard full rates of the liability insurance, if the Prime Minister intends to give an order for change pursuant to the provisions of Article 26-3 or an order pursuant to the provision of paragraph 5, Article 10-6 of the Law concerning Non-life Insurance Rating Organization, the Prime Minister shall obtain the

consent of the Minister of Land, Infrastructure and Transport in advance.

5. In the case where the insurance company violates this Law or any order under this Law or any disposition thereunder, or violates the Insurance Business Law or the Law concerning Non-life Insurance Rating Organization or any order thereunder or any disposition thereunder in respect of the policy conditions or the premium rates of the liability insurance, if the Prime Minister intends to make any disposition pursuant to the provision of Article 133 or Article 205 of the Insurance Business Law, the Prime Minister shall obtain the consent of the Minister of Land, Infrastructure and Transport in advance.

(Consent and consultation)

**Article 28-2.** If the administrative agency as stipulated in paragraph 1 of Article 27 intends to make disposition as set forth in each of the following items with respect to those rules related to the implementation method of business, the mutual aid contract or the contribution out of the mutual aid rules in respect of the business of the liability mutual aid, such agency shall obtain the consents of the Minister of Land, Infrastructure and Transport and the Prime Minister in advance.

- (1) Order for change pursuant to the provision of paragraph 3 of Article 27;
  - (2) Acknowledgment pursuant to the provisions of paragraph 1 or paragraph 3 of Article 11-7 of the Agricultural Cooperative Society Law; or
  - (3) Disposition pursuant to the provision of paragraph 2 of Article 94-2 or the provision of Article 95 of the Agricultural Cooperative Society Law.
2. With respect to those rules related to the implementation method of the business, the mutual aid contract or contribution out of the mutual aid rules in respect of the business of the liability mutual aid, if the administrative agency as stipulated in the preceding paragraph intends to enact or change the Ministry of Agricultural, Forestry and Fisheries Ordinance under paragraph 2 of Article 11-7 of the Agricultural Cooperative Society Law, such agency shall consult with the Minister of Land, Infrastructure and Transport and the Prime Minister in advance.
  3. With respect to those rules related to the implementation method of business, the mutual aid contract or the contribution out of the mutual aid business bylaws in respect of the business of the liability mutual aid, if the administrative agency as stipulated in paragraph 1 of Article 27 which shall be read as and applied mutatis mutandis in paragraph 1 of Article 27-2 intends to make disposition as set forth in each of the following items, such agency shall obtain the consents of the Minister of Land, Infrastructure and Transport and

the Prime Minister in advance.

- (1) Order for change pursuant to the provision of paragraph 3 of Article 27 which shall be read as and applied mutatis mutandis in paragraph 1 of Article 27-2;
  - (2) Approval pursuant to the provision of paragraph 4, Article 43 of the Consumer Livelihood Cooperative Society Law; or
  - (3) Disposition pursuant to the provision of Article 94-2, paragraph 1 or paragraph 2 of Article 95, or Article 95-2 of the Consumer Livelihood Cooperative Society Law.
4. With respect to those rules related to the implementation method of the business, the mutual aid contract or the contribution out of the mutual aid business bylaws in respect of the business of the liability mutual aid, if the administrative agency as stipulated in the preceding paragraph intends to enact or change the Ministry of Health, Labor and Welfare Ordinance under paragraph 1 of the same Article which shall be read as and applied mutatis mutandis pursuant to the provision of paragraph 2 of Article 26-3 of the Consumer Livelihood Cooperative Society Law, such agency shall consult with the Minister of Land, Infrastructure and Transport and the Prime Minister in advance.
5. With respect to those rules related to the implementation method of the business, the mutual aid contract or the contribution out of the mutual aid rules in respect to the business of the liability mutual aid, the administrative agency as stipulated in paragraph 1 of Article 27 which shall be read as and applied mutatis mutandis in paragraph 2 of Article 27-2 shall, if such agency intends to make disposition as set forth in each of the following items, obtain consents of the Minister of Land, Infrastructure and Transport and the Prime Minister in advance.
- (1) Order for change pursuant to the provision of paragraph 3 of Article 27 which shall be read as and applied mutatis mutandis in paragraph 2 of Article 27-2;
  - (2) Approval pursuant to the provision of paragraph 1 or 3, Article 9-6-2 of the Law on Cooperatives of Small and Medium Enterprise, etc. (including the case where the provisions shall be applied mutatis mutandis in paragraph 4, Article 9-9 of the same Law); or
  - (3) Disposition pursuant to the provision of Article 105-5 or paragraphs 1 through 3 of Article 106 of the Law on Cooperatives of Small and Medium Enterprise, etc.
6. With respect to those rules related to the implementation method of the business, the mutual aid contract or the contribution out of the mutual aid rules in respect of the

business of the liability mutual aid, if the administrative agency as stipulated in the preceding paragraph intends to enact or change the Ministerial Ordinance under paragraph 2 of Article 9-6-2 of the Law on Cooperatives of Small and Medium Enterprises, etc. (including the case where the provisions shall be applied mutatis mutandis in paragraph 4 of Article 9-9 of the same Law), such agency shall consult with the Minister of Land, Infrastructure and Transport and the Prime Minister in advance.

(Reserve funds)

**Article 28-3.** Notwithstanding the provision of Article 116 of the Insurance Business Law, the insurance company shall accumulate the total amount of balances of revenue and expense and of invested assets of the business of the liability insurance as reserve funds as provided in the competent Ministerial Ordinance. In such case, the reserve funds accumulated shall not, except the case where the reserve funds are appropriated to cover any deficient balance of the business of the liability insurance and other cases as provided in the competent Ministerial Ordinance, be drawn down.

2. The provision of the preceding paragraph shall be applied mutatis mutandis to the agricultural cooperatives, etc. In any such case, in the same paragraph, “insurance company” shall be read as “agricultural cooperatives, etc.,” “notwithstanding the provision of Article 116 of the Insurance Business Law” as “notwithstanding the provision of Article 11-13 of the Agricultural Cooperative Society Law,” and “business of the liability insurance” as “business of the liability mutual aid.”
3. The provision of paragraph 1 shall be applied mutatis mutandis to the consumer cooperatives, etc. In any such case, in the same paragraph, “insurance company” shall be read as “consumer cooperatives, etc.,” “notwithstanding the provision of Article 116 of the Insurance Business Law” as “notwithstanding the provision of Article 50-5 of the Consumer Livelihood Cooperative Society Law,” and “business of the liability insurance” as “business of the liability mutual aid.”
4. The provision of paragraph 1 shall be applied mutatis mutandis to the common facility cooperatives, etc. In any such case, in the same paragraph, “insurance company” shall be read as “common facility cooperatives, etc.,” and “notwithstanding the provision of Article 116 of the Insurance Business Law”, “business of liability insurance” and “business of the liability insurance” as “business of the liability mutual aid.”
5. The competent Ministerial Ordinance under paragraph 1 (including the case where the provisions shall be applied mutatis mutandis in the preceding three paragraphs) shall be an order jointly issued by the Prime Minister, the Minister of Health, Labor and Welfare,

the Minister of Agriculture, Forestry and Fisheries, the Minister of Land, Infrastructure and Transport and the Minister with jurisdiction over the business.

(Joint pooling affairs)

**Article 28-4.** The insurance company and the cooperative (excluding the cooperative which concluded a contract in which the whole of the liability mutual aid assumed by conclusion of a contract of the liability mutual aid is caused to be covered by the re-mutual aid with other cooperatives, and the cooperative which concluded a contract under which the whole of the re-mutual aid assumed by conclusion of a contract of the re-mutual aid is caused to be covered by the retrocession-mutual aid with other cooperatives; the same shall be applied in this Article) shall perform jointly each other the affairs of calculation, allocation and collection of the premium, and insurance claim payment, etc. (hereinafter referred to as “joint pooling affairs” in this Article) as set forth in the following items.

- (1) The balance of the premium of the liability mutual aid and other amount of money received by the insurance company pursuant to the provision of this Law or the contribution, the re-contribution of the re-mutual aid or the retrocession-contribution of the retrocession-mutual aid, and other amount of money received by the cooperative pursuant to the provisions of this Law from which the amount of money paid to the Government pursuant to the provisions of Article 78 and expenses for carrying out the business of the liability insurance of the insurance company (meaning the balance of the premium from which the amount expected to be appropriated to the payment of the insurance claim payment and the amount expected to be paid to the Government pursuant to the provisions of the same Article in the future are deducted) or expenses for carrying out the business of the liability mutual aid of the cooperative (meaning the balance of the contribution, re-mutual aid contribution or retrocession-mutual aid contribution from which the amount expected to be appropriated to the payment of the mutual aid claim payment, re-mutual aid claim payment or retrocession-mutual aid claim payment and the amount expected to be paid to the Government in the future pursuant to the provisions of the same Article are deducted) are deducted shall be allocated to the insurance company and the cooperative according to the ratio by the insurance company and the cooperative (hereinafter referred to as “allocation ratio” in this Article) as provided in the bylaws of the following paragraph.
- (2) The balance obtained from the amount of the insurance claim payment and other amount paid by the insurance company pursuant to the provisions of this Law or as provided in the contract of the liability insurance or the liability mutual aid claim

payment, the re-mutual aid claim payment or the retrocession-mutual aid claim payment and other money paid by the cooperative pursuant to the provisions of this Law or as provided in the contract of liability mutual aid, re-mutual aid or retrocession-mutual aid from which any amount of money received from the Government pursuant to the provisions of paragraph 4, Article 16 or paragraph 4, Article 17 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3) are deducted shall be collected from the insurance company and the cooperative according to the allocation ratio.

2. The insurance company and the cooperative shall prepare bylaws providing the necessary matters concerning the allocation ratio and the joint pooling affairs, and the insurance company shall file the bylaws to the Minister of Land, Infrastructure and Transport and the Prime Minister and the cooperative shall file those to the Minister of Land, Infrastructure and Transport and the Minister of Health, Labor and Welfare, the Minister of Agriculture, Forestry and Fisheries or the Minister with jurisdiction over the business. If the bylaws are changed, the same shall be applied.
3. The Minister of Land, Infrastructure and Transport may, in order to look into the management situation of the joint pooling affairs, to the extent of necessity, request the insurance company or the cooperative to submit necessary reports or materials concerning such joint pooling affairs. In any such case, the Minister of Land, Infrastructure and Transport shall consult with the Prime Minister, the Minister of Health, Labor and Welfare, the Minister of Agriculture, Forestry and Fisheries or the Minister with jurisdiction over the business in advance.
4. The Minister of Land, Infrastructure and Transport, the Prime Minister, the Minister of Health, Labor and Welfare, the Minister of Agriculture, Forestry and Fisheries and the Minister with jurisdiction over the business may, if it is deemed that the content of the bylaws filed pursuant to the provisions of paragraph 2 violates the laws and regulations or wrongfully and discriminatory treats specified persons, or if it is deemed that the joint pooling affairs is not properly carried out, give an order to the insurance company or the cooperative to the effect that they should jointly change the bylaws and take other necessary measures.

(Filing concerning concerted activity)

**Article 29.** With respect to concerted activity concerning the business of the liability insurance as set forth in item (1), paragraph 1 of Article 101 of the Insurance Business Law (including the case where the provisions shall be applied mutatis mutandis in Article 199 of the same Law), if the Prime Minister has given its approval pursuant to the provision of

paragraph 1 of Article 102 of the same Law (including the case where the provisions shall be applied mutatis mutandis in Article 199 of the same Law), the Prime Minister shall notify to the effect to the Minister of Land, Infrastructure and Transport.

(Duty of report of loss ratios, etc.)

Article 29-2. To the person which is designated by the Prime Minister (referred to as “rating organization” in the following paragraph) out of those which are non-life insurance rating organizations and perform calculation of the standard full rates of the liability insurance as provided in the Cabinet Office Ordinance, the insurance company and the cooperative shall report loss ratios and necessary matters for calculation of the insurance rates of the liability insurance or the contribution rates.

2. The cooperative may request the rating organization to furnish materials that have been used as the bases for calculation of the standard full rates of the liability insurance.
3. The Prime Minister shall, if he/she intends to enact or change respectively the Cabinet Office Ordinance under paragraph 1, consult with the Minister of Land, Infrastructure and Transport and the Minister of Health, Labor and Welfare, the Minister of Agriculture, Forestry and Fisheries and the Ministry with jurisdiction over the business in advance.

(Agency contract)

Article 30. The insurance companies or agricultural cooperatives, etc. shall conclude agency contracts concerning the liability insurance with organizations or others established for the purpose of promoting automobile transportation and transportation business and which are deemed to be appropriate in smoothly carrying out the business of the liability insurance or the liability mutual aid.

#### Section 4. Automobile Liability Insurance Council

(Establishment)

Article 31. The Automobile Liability Insurance Council (hereinafter referred to as “Council”) shall be established in the Financial Services Agency.

Article 32. Deleted.

(Reference to the Council, etc.)

Article 33. In the case as stipulated in paragraph 1 of Article 28, if the Prime Minister intends to make a disposition as stipulated in the same paragraph or if the Prime Minister intends to

make a disposition as stipulated in paragraph 2 or paragraph 4 of the same Article, the Prime Minister shall refer the disposition to the Council. In the case as stipulated in paragraph 3 of the same Article, if the Prime Minister intends to shorten the period as stipulated in the former part of the same paragraph or the Prime Minister intends not to give an order as stipulated in the latter part of the same paragraph, the same shall be applied.

2. If the Prime Minister intends to give its consent pursuant to the provisions of paragraph 1, paragraph 3 or paragraph 5 of Article 28-2, the Prime Minister shall refer the matter to the Council.
3. The Council shall, in response to the inquiry pursuant to the provisions of the preceding paragraph, investigate and deliberate with respect to the consent of the Prime Minister pursuant to the provisions of paragraph 1, paragraph 3 or paragraph 5 of Article 28-2.

Article 34. Deleted.

(Members)

Article 35. Member of Council shall be appointed by the Prime Minister as provided in the Cabinet Ordinance upon obtaining the consent of the Minister of Land, Infrastructure and Transport.

Article 36 through Article 38. Deleted.

(Delegation to the Cabinet Ordinance)

Article 39. Organization, members, staff and other necessary matters regarding the Council other than those stipulated in Article 31, Article 33 and Article 35 shall be provided in the Cabinet Ordinance.

Article 40 through Article 70. Deleted.

#### CHAPTER IV. GOVERNMENT'S AUTOMOBILE LIABILITY COMPENSATION BUSINESS

(Automobile Liability Compensation Business)

Article 71. The Government shall carry out Automobile Liability Compensation Business pursuant to the provisions of this Law.

(Contents of business)

Article 72. In the case where a person has been killed or injured by operation of an

automobile, if the victim is unable to make a claim for damage pursuant to the provision of Article 3 for reason that the owner of the automobile is not identified, the Government shall, at the victim's request, indemnify the victim for damage to the extent of the amount as provided in the Cabinet Ordinance. In the case where a person other than the insured of liability insurance and the insured of mutual aid is liable to compensate for damage pursuant to the provision of Article 3 (excluding the case where such liability arises due to operation of any automobile as stipulated in Article 10), the Government shall, at the victim's request, indemnify the victim for damage to the extent of the amount as provided in the Cabinet Ordinance.

2. When the Government received a claim pursuant to the provision of paragraph 4, Article 16 or paragraph 4, Article 17 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3), the Government shall make reparation pursuant to these provisions.
3. The procedures for the claim under the preceding two paragraphs shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Adjustment, etc. with benefits given under other laws and regulations)

**Article 73.** In the case where the victim is entitled to receive a payment of benefit corresponding to the indemnity for damage pursuant to the provision of paragraph 1 of the preceding Article under the Health Insurance Law (Law No. 70, 1922), the Workmen's Accident Compensation Insurance Law (Law No. 50, 1947) or other laws and regulations as provided in the Cabinet Ordinance, the Government shall not indemnify for damage pursuant to the provision of paragraph 1 of the preceding Article to the extent of the amount corresponding to such benefit.

2. In the case of the latter part of paragraph 1 of the preceding Article, if the victim has received compensation for damage from the person who is liable to compensate for such damage pursuant to the provision of Article 3, the Government shall not indemnify for damage pursuant to the provision of the latter part of paragraph 1 of the preceding Article to the extent of the amount the victim has received.

(Prohibition of attachment)

**Article 74.** The right of claim pursuant to the provision of paragraph 1 of Article 72 may not be attached.

(Prescription)

**Article 75.** The right of claim pursuant to paragraph 4 of Article 16 or paragraph 4 of Article 17 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3) or paragraph 1, Article 72 shall become extinct by prescription after the lapse of two years.

(Subrogation, etc.)

**Article 76.** If the Government has made indemnity for damage pursuant to the provision of paragraph 1 of Article 72, the Government shall acquire the right that the victim has against the person who is liable to compensate for damage, to the extent of such amount of compensation.

2. In the case where any damage caused by malicious intent of the policyholder or the insured or the policyholder of mutual aid or the insured of mutual aid, if the insurance company or a cooperative has paid the amount of compensation for damage to the victim pursuant to the provision of paragraph 1, Article 16 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3), the Government shall acquire the right owned by the victim against the policyholder or the insured or the policyholder of mutual aid or the insured of mutual aid, to the extent of the amount paid.
3. In the case where the owner's liability for compensation for damage has not arisen, if the insurance company or the cooperative has made the provisional payment to the victim pursuant to the provision of paragraph 1, Article 17 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3), the Government may claim the refund thereof against the victim.

(Entrustment of business)

**Article 77.** The Government may, as provided in the Cabinet Ordinance, entrust the insurance company or the cooperative with a part of its business pursuant to the provision of paragraph 1 of Article 72.

2. Notwithstanding the provisions as set forth in each of the following items, the cooperative may conduct the business entrusted pursuant to the provision of the preceding paragraph:
  - (1) Article 10 of the Agricultural Cooperative Society Law;
  - (2) Article 10 of the Consumer Livelihood Cooperative Society Law; and
  - (3) Article 9-2 or Article 9-9 of the Law on Cooperative of Small and Medium

Enterprises, etc.

3. The Minister of Land, Infrastructure and Transport shall, if the Minister of Land, Infrastructure and Transport has entrusted pursuant to the provision of paragraph 1, make a public notice of the name of the insurance company or the cooperative which accepted such entrustment and other matters as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Automobile Liability Compensation Business Contribution)

**Article 78.** The insurance company, cooperative and person who operates automobile as provided in the Cabinet Ordinance out of those as stipulated in Article 10 shall, as provided in the Ministry of Land, Infrastructure and Transport Ordinance, pay to the Government the amount as provided in the Cabinet Ordinance as Automobile Liability Compensation Business Contribution.

(Negligence fine)

**Article 79.** If the Government has indemnified for damage pursuant to the provision of the latter part of paragraph 1 of Article 72, the Government may collect the amount as provided in the Cabinet Ordinance as negligence fine from the person who is liable to compensate for damage.

(Disposition for failure to pay the levy)

**Article 80.** If there is any person who fails to pay Automobile Liability Compensation Business Contribution under Article 78 or the negligence fine under the preceding Article, the Minister of Land, Infrastructure and Transport shall press the person for payment thereof providing the deadline of payment.

2. The Minister of Land, Infrastructure and Transport shall, if the Minister of Land, Infrastructure and Transport presses for payment pursuant to the provision of the preceding paragraph, dispatch a letter of pressing to the person who is obligated to pay. In this case, the deadline which should be provided in such letter of pressing shall be the date after the lapse of ten or more days counting from the date of dispatch of the letter.
3. Notwithstanding the provision of Article 153 of the Civil Code, the pressing pursuant to paragraph 1 shall have the effect of interruption of prescription.
4. If the person who was pressed pursuant to the provision of paragraph 1 fails to pay Automobile Liability Compensation Business Contribution or the negligence fine within the deadline provided in the same paragraph, the Minister of Land, Infrastructure and

Transport shall make a disposition against the person according to the example of disposition for failing to pay the national taxes.

(Order of preferential rights)

Article 81. The preferential right of Automobile Liability Compensation Business Contribution under Article 78 and the negligence fine under Article 79 shall be ranked after those of the national taxes and local taxes.

(Transfer of expenditure concerning the Automobile Liability Compensation Business)

Article 82. The Government shall, with respect to automobiles as stipulated in Article 10 (excluding those as provided in the Cabinet Ordinance under Article 78 and those operated solely at places other than roads), every fiscal year, as provided in the budget, transfer the amount corresponding to Automobile Liability Compensation Business Contribution under Article 78 from the General Account of the Government to the Automobile Liability Compensation Business Special Account.

2. The Government shall, every fiscal year, as provided in the budget, transfer a part of expenditure required for the execution of the business of the Automobile Liability Compensation Business as stipulated in this Law from the General Account of the Government to the Special Account of the automobile liability reinsurance.

(Reports and on-the-spot inspections)

Article 82-2. To the extent of necessity to implement the provisions of Article 78, the Minister of Land, Infrastructure and Transport may order insurance companies or cooperatives to provide reports concerning their business or financial condition, or instruct officials to enter the insurance companies or cooperatives' sales offices, business offices or other premises and inspect the conditions of their business or examine their books, documents and other things, or to question related persons, as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

2. The provisions of paragraph 2 and paragraph 3 of Article 23-2 shall be applied mutatis mutandis to the on-the-spot inspections and questions pursuant to the provision of the preceding paragraph.

## CHAPTER V. MISCELLANEOUS PROVISIONS

(Exemption in the case of double contracts)

Article 82-3. In the case where two or more liability insurance contracts or liability mutual

aid contracts are concluded with respect to one unit of automobile, the insurance company or the cooperative shall, with respect to contracts other than the contract concluded at the earliest time among them, be exempted from the liability for indemnity for damage, payment of the amount of compensation for damage pursuant to the provision of paragraph 1, Article 16 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3), payment of the provisional payment pursuant to the provision of paragraph 1, Article 17 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3) (referred to as “indemnity, etc. for damage” in the succeeding paragraph) related to the accident by operation of an automobile which occurred during the insurance periods or the mutual aid periods which overlap the insurance period or the mutual aid period of the contract concluded at the earliest time among them.

2. In the case of the preceding paragraph, if there are two or more contracts which were concluded at the earliest time, the insurance company or the cooperative shall, with respect to one contract out of these contracts, be exempted from the liability for the indemnity, etc. for damage with respect to any amount exceeding the amount obtained by dividing the amount to be paid for the indemnity, etc. for damage regarding such contract by the number of contracts.
3. In the case where the insurance company or the cooperative has, with respect to contracts other than the contract concluded at the earliest time under paragraph 1, received the claim for payment of the amount of compensation for damage pursuant to the provision of paragraph 1, Article 16 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3) or payment of the provisional payment pursuant to the provision of paragraph 1, Article 17 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3) (hereinafter referred to as “payment of the amount of compensation for damage, etc.” in this paragraph and the succeeding paragraph), if such insurance company or such cooperative has made the payment of the amount of compensation for damage, etc., except for the case where such insurance company or such cooperative or the victim was aware of the fact that the contract concerned with such claim was a contract other than those which was concluded at the earliest time under paragraph 1, to the extent of the amount paid, such insurance company or such cooperative shall acquire the right that the victim has against the person who is liable to compensate for damage and shall lose the right to claim for refund of the benefit paid to the victim.
4. The provision of the preceding paragraph shall be applied mutatis mutandis to the case where the insurance company or the cooperative has, with respect to the contract concluded at the earliest time under paragraph 1, paid the amount which such insurance

company or the cooperative should have been exempted from the liability for payment of the amount of compensation for damage, etc. pursuant to the provision of paragraph 2. In this case, in the preceding paragraph, “the fact contract concerned with the claim was a contract other than those which was concluded at the earliest time in paragraph 1” shall be read as “the fact that there is a contract which was concluded at the earliest time in paragraph 1,” and “the amount paid” as “the amount which should be exempted from liability for payment of the amount of compensation for damage, etc. pursuant to the provision of paragraph 2.”

(Supervision of business)

**Article 83.** The business of the Government concerning the automobile liability reinsurance business, the automobile liability mutual aid insurance business and the Automobile Liability Compensation Business shall be supervised by the Minister of Land, Infrastructure and Transport.

(Delegation of authorities)

**Article 84.** The Prime Minister shall delegate authorities under this Law (excluding those as provided in the Cabinet Ordinance) to the Director-General of the Financial Services Agency.

2. Matters belonging to the authorities of the Minister of Land, Infrastructure and Transport pursuant to the provision of Article 10-2, the preceding Chapter and Article 85 may cause the Directors-General of District Transport Bureaus to perform them as provided in the Cabinet Ordinance.

(Prohibited acts, etc.)

**Article 84-2.** No person shall forge or alter an insurance sticker, a mutual aid sticker or an insurance/mutual aid exempt sticker, for the purpose of use thereof, nor shall use such forged or altered sticker.

2. No person shall manufacture the article bearing external appearance similar to the insurance/mutual aid exempt sticker for the purpose of use thereof nor shall use such articles.
3. No person shall, except in the case pursuant to the provisions of this Law and other cases where there is any due reason, issue an insurance sticker or mutual aid sticker to other persons.
4. Matters to be observed by the insurance company or the cooperative with respect to

securing proper issue of the insurance sticker or mutual aid sticker shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Presentation of certificate)

**Article 85.** If the Minister of Land, Infrastructure and Transport deems it necessary for achieving the purpose under Article 1, the Minister of Land, Infrastructure and Transport may cause official to request any person driving an automobile to present the certificate of automobile liability insurance or the certificate of automobile liability mutual aid on the road or in any other place where the automobile is located.

2. The official mentioned in the preceding paragraph shall carry the voucher showing their status with them and show such voucher to related persons if they are requested to do so.

(Delegation to the Cabinet Ordinance)

**Article 85-2.** In addition to those as stipulated in this Law, matters necessary for enforcement of this Law shall be provided in the Cabinet Ordinance.

(Duty of the Minister of Land, Infrastructure and Transport)

**Article 86.** The Minister of Land, Infrastructure and Transport shall, in exercising his/her authorities as stipulated in this Law, endeavor not to fail to protect the victims.

## CHAPTER VI. PENAL PROVISIONS

**Article 86-2.** A person who has violated the provision of paragraph 1 of Article 84-2 shall be sentenced to the penal servitude for a period not exceeding three years or a fine not exceeding one million yen, or to both.

**Article 86-3.** A person who comes under any of the following items shall be sentenced to penal servitude for a period not exceeding one year or a fine not exceeding five hundred thousand yen:

- (1) a person who has violated the provisions of Article 5;
- (2) a person who has violated the provisions of paragraph 1, Article 23-9, by having divulged confidential information learned concerning such business or used such information for personal gain; or
- (3) a person who has violated the provisions of paragraph 2 or paragraph 3 of Article 84-2.

**Article 87.** A person who has, by fraudulent or other wrongful means, been issued or reissued an automobile liability insurance certificate or an automobile liability mutual aid certificate or an insurance sticker, mutual aid sticker or insurance/mutual aid exempt sticker shall be sentenced to penal servitude for a period not exceeding six months or a fine not exceeding two hundred thousand yen.

**Article 87-2.** A person who has violated an order pursuant to the provisions of paragraph 4, Article 16-8 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3) shall be sentenced to a fine not exceeding one million yen.

**Article 88.** A person who comes under any of the following items shall be sentenced to a fine not exceeding three hundred thousand yen:

- (1) a person who has violated the provisions of Article 8 or paragraph 1 or paragraph 2 of Article 9-3 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 3, Article 9-5 and paragraph 4, Article 10-2);
- (2) a person who does not submit a report, or submit a false report, or prevents, obstructs or evades an inspection, or does not respond to or responds falsely to questions, pursuant to the provisions of paragraph 1, Article 23-2 (including the case where the provisions shall be applied *mutatis mutandis* in paragraph 1, Article 23-3) or in paragraph 1, Article 82-2; or
- (3) a person who does not submit a report or materials, or submits a false report or materials pursuant to the provisions of paragraph 3, Article 28-4.

**Article 88-2.** If any of the following items apply, an officer or employee of a designated dispute settlement body who has engaged in illegal conduct shall be sentenced to a fine not exceeding three hundred thousand yen:

- (1) in the case of terminating all dispute settlement activities without receiving permission pursuant to the provision of paragraph 1, Article 23-15;
- (2) in the case of not furnishing books, or not making entries in books, or making false entries in books, or not retaining books in violation of the provisions of Article 23-16; or
- (3) in the case of not submitting a report, or submitting a false report, or rejecting, obstructing or evading an inspection, or not responding to or responding falsely to questions pursuant to the provision of paragraph 1, Article 23-17.

**Article 89.** A person who comes under any of the following items shall be sentenced to the fine not exceeding two hundred thousand yen:

- (1) a person who has violated the provision of paragraph 3, Article 9-3 (including the case where the provisions shall be applied mutatis mutandis in paragraph 3, Article 9-5);
- (2) a person who has violated the provisions of the Ministry of Land, Infrastructure and Transport Ordinance under the provision of paragraph 4, Article 84-2; or
- (3) a person who has refused or disturbed the presentation pursuant to the provision of paragraph 1, Article 85.

**Article 90.** If a representative of a legal person or an agent, employee or any other person of a legal person or a person has committed any of the offenses under item (1) or item (2) of Article 86-3 or Article 87 through the preceding Article with respect to the business or property of the legal person or person, not only the person who has committed the offence shall be punished but also the legal person or person concerned shall also be sentenced to the fine as respectively mentioned in this Article.

**Article 91.** In the case where any of the following items applies to the insurance company or the cooperative, director or officer of such insurance company (in the case of the foreign insurance company, etc. as stipulated in paragraph 9, Article 2 of the Insurance Business Law, the representative of such foreign insurance company in Japan; hereinafter the same shall be applied) or director of such cooperative shall be sentenced to a fine not exceeding one million yen:

- (1) in the case of not submitting a filing, or submitting a false filing, pursuant to the provisions of Article 16-6 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3);
  - (2) in the case of not submitting a report or materials, or submitting a false report of materials, pursuant to the provisions of paragraph 2, Article 23-12;
  - (3) in the case of violating the provisions of paragraph 1 or paragraph 2 of Article 24; or
  - (4) in the case of violating an order pursuant to the provisions of paragraph 4, Article 28-4.
2. If the insurance company or the non-life insurance rating organization has violated an order pursuant to the provisions of Article 26-3, director or officer of the insurance

company or director of such non-life insurance rating organization shall be sentenced to the fine not exceeding one million yen.

3. If the cooperative has violated an order pursuant to the provisions of paragraph 3, Article 27 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1 and paragraph 2 of Article 27-2), director of such cooperative shall be sentenced to a fine not exceeding one million yen.

**Article 92.** A person who has received an explanation (including an explanation in a case regarded as an explanation etc. by written statement pursuant to the provisions (including cases where the provision shall be applied mutatis mutandis in paragraph 1, Article 23-3) of paragraph 5, Article 16-5) pursuant to the provisions of paragraph 1, Article 16-5 (including the case where the provision shall be applied mutatis mutandis in paragraph 1, Article 23-3) by fraudulent or other wrongful means shall be sentenced to a fine not exceeding one hundred thousand yen.

#### Supplementary Provisions [Extract]

(Effective date)

1. The effective date of this Law shall be provided in the Cabinet Ordinance within a time limit not to exceed eight months counting from the date of promulgation.

(Special exceptions to transfer from the General Account)

2. The provisions of paragraph 2, Article 82 shall not be applied until further notice.
3. In the case of the preceding paragraph, in Article 3 of the Automobile Liability Compensation Business Special Account Law (Law No. 134, 1955; hereinafter referred to as “the Special Account Law”), the words “funds transferred from the General Account pursuant to the provision of paragraph 2 of the same Article, Article 76 of the Law” shall be read as “Article 76 of the Law.”

(Automobile accident prevention program)

4. In order to improve protection for victims and contribute to the prevention of automobile accidents, until further notice the Minister of Land, Infrastructure and Transport shall make or amend programs concerning projects related to measures to improve protection for victims or prevent the occurrence of automobile accidents (hereinafter referred to as “automobile accident prevention program”) by appropriating assets that have been accrued to the Automobile Accident Prevention Account pursuant to the provision of

paragraph 3 of the Special Account Law Supplement, after conversion pursuant to the provisions of paragraph 15 of the Special Account Law Supplement as stipulated by paragraph 4, Article 4 of the Supplement to the Law to Partially Amend the Automobile Liability Security Law and the Automobile Liability Reinsurance Special Account Law (Law No. 83, 2001).

5. Based on the automobile accident prevention programs, the government shall stably provide the subsidies in Article 46 of the General Law of Independent Administrative Agencies (Law No. 103, 1999), the fund in paragraph 3, Article 5 of the Independent Administrative Agency National Organization for Automotive Safety and Victims' Aid Law (Law No. 183, 2002) and the loans in paragraph 1, Article 18 of the same Law to the Independent Administrative Agency National Organization for Automotive Safety and Victims' Aid, as well as the subsidies to the Independent Administrative Agency National Organization for Automotive Safety and Victims' Aid's and persons who implement projects pursuant to the automobile accident prevention programs.
6. If the Minister of Land, Infrastructure and Transport make or amend automobile accident prevention programs, the Minister shall consult in advance with the Minister of Finance and the National Public Safety Commission.

(Subsidies appropriated for premiums, etc.)

7. In order to appropriate for the premiums partially for liability insurance contracts or the contribution for liability mutual aid contracts that policyholders and policyholders of mutual aid should pay to insurance companies or cooperatives for liability insurance contracts or liability mutual aid contracts that will become effective during the period from April 1, 2002 until March 31, 2008, within the scope of the budget the government shall grant a subsidy corresponding to the amount that should be appropriated (hereinafter referred to as "subsidies appropriated for premiums, etc.") to insurance companies or cooperatives as provided in the Cabinet Ordinance.
8. The subsidies appropriated for premiums, etc. shall be granted without delay by the fiscal year following the fiscal year that includes the date on which the liability insurance or liability mutual aid becomes effective.

Supplementary Provisions (Law No. 107, June 18, 2004) [Extract]

(Effective date)

Article 1. This Law shall take effect as from April 1, 2005. (The rest is omitted.)

# ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

(Cabinet Ordinance No. 286, October 18, 1955)

## History of Amendment

No. 170, June 23, 1960	No. 198, June 28, 1989
No. 227, August 4, 1960	No. 4, January 22, 1991
No. 233, June 1, 1962	No. 259, July 24, 1992
No. 288, July 9, 1962	No. 276, September 13, 1996
No. 326, September 13, 1963	No. 84, March 28, 1997
No. 8, January 20, 1964	No. 258, August 1, 1997
No. 250, July 16, 1964	No. 262, September 3, 1999
No. 291, September 1, 1964	No. 312, June 7, 2000
No. 203, June 29, 1966	No. 419, December 21, 2001
No. 203, July 24, 1967	No. 275, September 15, 2004
No. 274, September 1, 1967	No. 315, October 15, 2004
No. 12, February 5, 1968	No. 187, May 27, 2005
No. 270, October 31, 1969	
No. 310, December 19, 1969	
No. 263, September 18, 1970	
No. 254, September 4, 1973	
No. 331, October 30, 1973	
No. 350, November 27, 1973	
No. 11, January 24, 1975	
No. 202, June 27, 1975	
No. 347, December 5, 1975	
No. 48, March 31, 1977	
No. 261, June 27, 1978	
No. 13, January 30, 1979	
No. 11, January 30, 1981	
No. 141, April 21, 1981	
No. 6, January 21, 1983	
No. 110, May 24, 1983	
No. 35, March 17, 1984	
No. 176, June 6, 1984	
No. 268, September 7, 1984	
No. 4, January 22, 1985	

(Provision of the items that should be described in the certificate of automobile liability insurance by electromagnetic means)

**Article 1.** If a person who intends to receive any of the dispositions provided in the main text of paragraph 1 of Article 9 of the Automobile Liability Security Law (hereinafter referred to as “Law”) is to provide the matters that should be described in the certificate of automobile liability insurance to registration information processing organizations pursuant to the provision of paragraph 2 of the same Article, he/she must, as stipulated in the provisions of the Ministry of Land, Infrastructure and Transport Ordinance, in advance entrust the insurance company in writing or by electromagnetic means.

(Owners of automobiles which are not required to effect the liability insurance or the liability mutual aid and scope of business thereof)

**Article 1-2.** The persons as provided in the Cabinet Ordinance under Article 10 of the Law and such persons’ business as provided in the Cabinet Ordinance under the same Article shall be as follows:

- (1) The State: The business necessary for executing the duties of the Self-Defense Forces as stipulated in the Self-Defense Forces Law (Law No. 165, 1954) in the case of using automobiles to which the provisions of the Road Vehicles Act (Law No. 185, 1951) are not applied pursuant to the provisions of Paragraph 1, Article 114 of the Self-Defense Forces Law;
- (2) The forces of the United States of America stationed in Japan under the Treaty of Mutual Cooperation and Security between Japan and the United States of America: The business necessary for executing the duties; and
- (3) The forces of United Nations stationed in Japan under the Agreement on the Status of the United Nations’ Forces in Japan: The business necessary for executing the duties.

(Automobiles unnecessary to issue insurance/mutual aid exempt sticker)

**Article 1-3.** The light automobiles which is not subject to inspection and motorcycles as provided in the Cabinet Ordinance under Paragraph 1, Article 10-2 of the Law shall be the light automobiles not subject to inspection and motorcycles which are put into operation for the purpose of the business as set forth in each item of the preceding article by the persons as set forth in each item concerned.

(Limit of insurance)

**Article 2.** The limit of insurance under Paragraph 1, Article 13 of the Law shall be the

following per dead or injured person:

- (1) A dead person
  - (a) For damage due to death (excluding the damage as set forth in subitem (b)): ¥30,000,000
  - (b) For damage due to injury resulting in death: ¥1,200,000
- (2) An injured person resulting in permanent disabilities requiring nursing care (meaning the impediments remained in a body when injuries have been cured; hereinafter the same.)
  - (a) For damage (excluding damage as set forth in subitem (b)) due to permanent disabilities requiring nursing care in the case of permanent disabilities that require nursing care (including the case where two permanent disabilities requiring nursing care come under the same grades) in the case the permanent disabilities that require nursing care come under the grades as provided in Appendix List 1: The amount as provided in the same List corresponding to the grade which said permanent disabilities requiring nursing care comes to fall
  - (b) For damage from injuries extending to permanent disabilities requiring nursing care: ¥1,200,000
- (3) An injured person (excluding persons as set forth in the preceding item)
  - (a) For damage due to injury (excluding damage as set forth in subitem (b) to subitem (f)): ¥1,200,000
  - (b) For damage due to two or more permanent disabilities which come under the 5th or higher grades as provided in Appendix List 2: The amount as provided in the same List corresponding to the grade which is higher by three grades than the grade under which the heavier permanent disability comes to fall
  - (c) For damage due to two or more permanent disabilities which come under the 8th or higher grades as provided in Appendix List 2 (excluding the case as set forth in subitem (b)): The amount as provided in the same List corresponding to the grade which is higher by two grades than the grade under which the heavier permanent disability comes to fall
  - (d) For damage due to two or more permanent disabilities which come under the

13th or higher grades as provided in Appendix List 2 (excluding the case as set forth in subitem (b) and subitem (c)): The amount as provided in the same List corresponding to the grade which is higher by one grade than the grade under which the heavier permanent disability comes to fall (if the amount concerned exceeds the aggregate of the respective grades as provided in the same List, the amount shall be the aggregate.)

- (e) For damage due to two or more permanent disabilities which come under the grades as provided in Appendix List 2 (excluding the case as set forth in subitem (b) to subitem (d)): The amount as provided in the same List corresponding to the grade under which the heavier permanent disability comes to fall
- (f) For damage due to permanent disability which comes under any of the grades as provided in Appendix List 2 (excluding the case as set forth in subitem (b) to subitem (e)): The amount as provided in the same List corresponding to the grade under which said permanent disability comes to fall

2. The limit of insurance under paragraph 1, Article 13 of the Law, in respect of the damage due to the permanent disability in the event that a person already suffering from permanent disability is to be aggravated by another injury to the same part of his/her body, shall be the amount obtained by deducting, from the amount as provided in Appendix List 1 or Appendix List 2 corresponding to the grade of said aggravated permanent disability as provided in these same Lists, the amount as provided in these same Lists corresponding to the grade as provided in these same Lists falling under the permanent disability already existed.

(Claim for payment of the amount of compensation for damage against the insurance company)

**Article 3.** A claim for payment of the amount of compensation for damage under Paragraph 1, Article 16 of the Law shall be made by written statement prescribing the following matters:

- (1) Name and address of the claimant;
- (2) In the case of a claim for a dead person, the personal relationship between him/her and the claimant;
- (3) Names and addresses of the defendant and victim, and the date and location of the accident;

- (4) The automobile registration number or the vehicle number of the automobile involved in the accident as provided in the provisions of the Road Vehicles Act, the plate number of such automobile as stipulated in Paragraph 3, Article 446 of the Local Taxes Law (Law No. 226, 1950) (including the case where the provision shall be applied mutatis mutandis in Paragraph 2, Article 1 of the same Law), or the registration number of such automobile as provided in the provisions of the Convention on Road Traffic (in the case where there is no such number, the chassis number);
  - (5) Name and address of the policyholder; and
  - (6) Amount claimed and basis for calculation thereof.
2. The written statement under the preceding paragraph shall be accompanied by the following documents:
- (1) A medical certificate or coroner's certificate;
  - (2) Written statements sufficient to prove the matters under item (2) and item (3) of the preceding paragraph; and
  - (3) Written statements sufficient to prove such basis of calculation under item (6) of the preceding paragraph.

(Kind and amount of limit of loss, in which the payment of the amount of compensation or indemnity by insurance claim payment is to be limited)

**Article 3-2.** The loss as provided in the Cabinet Ordinance under Article 16-2 of the Law shall be the loss incurred from the victim's inability to work for reason of medical care, and the amount as provided in the Cabinet Ordinance under the same Article shall be ¥19,000 per day.

(Hearing, etc. of insured's opinion)

**Article 4.** If an insurance company intends to pay the amount of compensation for damage, such insurance company shall hear the insured's opinion in advance.

2. If an insurance company has paid the amount of compensation for damage, such insurance company shall notify the insured to that effect without delay.

(Procedure for using information and communications technology)

**Article 4-2.** If an insurance company wishes to submit items pursuant to the provision of

Paragraph 4, Article 16-4 as stipulated in that same paragraph of the Law, the insurance company shall explain to the insured or the victim the type and details of the means it will use as stipulated in the former part of the same paragraph (hereinafter referred to as “electromagnetic means”) and obtain their acceptance in writing or by electromagnetic means in advance, as provided in the Ministry of Land, Infrastructure and Transport Ordinance and the Cabinet Office Ordinance.

2. An insurance company that has obtained acceptance pursuant to the provision of the preceding paragraph shall not submit the items as stipulated in Paragraph 4, Article 16-4 of the Law to the insured or the victim by electromagnetic means if the insurance company has received request in writing or by electromagnetic means from the insured or the victim to the effect that the insured or the victim would not receive the items submitted by electromagnetic means. This shall not be applied, however, in the case where the insured or victim has again given his/her acceptance pursuant to the provision of the preceding paragraph.

**Article 4-3.** The provisions of the preceding Article shall be applied mutatis mutandis if the insurance company wishes to submit items as stipulated in the same paragraph pursuant to the provision of Paragraph 5, Article 16-5 of the law.

(Amount of provisional payment by the insurance company)

**Article 5.** The amount of the provisional payment under Paragraph 1, Article 17 of the Law per dead person or injured person shall be as follows:

- (1) Dead person: ¥2,900,000
- (2) Person who has sustained any of the following injuries: ¥400,000
  - (a) Having symptoms that spinal cord has been damaged due to fracture of spinal column
  - (b) Fracture of brachium or forearm, also having complication
  - (c) Fracture of thigh or lower leg
  - (d) Rupture of internal organs, also having peritonitis
  - (e) Injury necessitating hospitalization for fourteen days or more, and requiring doctor’s treatment for thirty days or more
- (3) Person who has sustained any of the following injuries (excluding injuries as set forth

in subitem (a) to subitem (e) of the preceding item): ¥200,000

- (a) Fracture of spinal column
  - (b) Fracture of brachium and forearm
  - (c) Rupture of internal organs
  - (d) Injury necessitating hospitalization and requiring doctor's treatment for thirty days or more
  - (e) Injury necessitating hospitalization for fourteen days or more
- (4) Person who has sustained injury which requires doctor's treatment for eleven days or more (excluding any injury as set forth in subitem (a) to subitem (e) of item (2), and subitem (a) to subitem (e) of the preceding item): ¥50,000

(Claim, etc. for provisional payment against the insurance company)

**Article 6.** The provision of Article 3 (except the part concerning the basis of calculation of the amount claimed) shall be applied mutatis mutandis to the claim for provisional payment under Paragraph 1, Article 17 of the Law.

2. The provision of Paragraph 2 of Article 4 shall be applied mutatis mutandis to the case where the provisional payment under Paragraph 1, Article 17 of the Law has been paid.

(Submission of medical certificate of the designated doctor)

**Article 7.** If it is regarded particularly necessary, an insurance company may request a person, who has made a claim for insurance claim payment, compensation for damages under Paragraph 1, Article 16 of the Law or the provisional payment under Paragraph 1, Article 17 of the Law, to submit a medical certificate of a doctor designated by the insurance company. In such case, any necessary expenses shall be borne by the insurance company.

(Omission of documents to be attached)

**Article 8.** Notwithstanding the provisions of Paragraph 2, Article 3 (including the case where the provision shall be applied mutatis mutandis in Article 6), documents under item (1) and item (2) of the same paragraph shall not be required to submit in the case of the following claims:

- (1) Claim for the provisional payment under Paragraph 1, Article 17 of the Law to be made simultaneously with the claim for compensation for damage under Paragraph 1,

Article 16 of the Law;

- (2) Claim for compensation for damage under Paragraph 1, Article 16 of the Law to be made after the claim for the provisional payment under Paragraph 1, Article 17 of the Law; or
- (3) Claim for the provisional payment under Paragraph 1, Article 17 of the Law to be made after the claim for compensation for damage under Paragraph 1, Article 16 of the Law.

(Category of automobile)

Article 9. Category of automobile under item (2), Article 20 of the Law shall be as follows:

- (1) Bus: Automobiles used for transportation of persons, with the passenger capacity of eleven or more (excluding automobiles under item (5) and item (15) to item (17));
- (2) Commercial passenger automobile: Automobiles used for motor transport business, with the passenger capacity of ten or less (excluding automobiles under item (5), item (12), item (13), item (14-2), item (16) and item (17));
- (3) Private passenger automobile: Automobiles used for transportation of persons but not for motor transport business, with the passenger capacity of ten or less (excluding automobiles under item (5), item (12), item (13), and item (14-2) to item (18));
- (4) Tractor of trailer bus: Automobiles used for pulling the vehicle under the succeeding item (excluding automobiles under item (12), item (13), item (14-2) and item (16) to item (18));
- (5) Trailer bus: Automobiles with no engine used for transportation of persons (excluding automobiles under item (12), item (13) and item (14-2) to item (18));
- (6) Standard-size freight automobile: Standard-size automobiles under Article 3 of the Road Vehicles Act used for transportation of goods (excluding automobiles under item (8), item (16) and item (17));
- (7) Tractor of standard-size trailer freight automobile: Automobiles used for pulling the automobile under the succeeding item (excluding automobiles under item (12) to item (14-2), item (16) and item (17));
- (8) Standard-size trailer freight automobile: Standard-size automobiles with no engine, under Article 3 of the Road Vehicles Act, which are used for transportation of goods

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- (excluding automobiles under item (16) and item (17));
- (9) Small-size freight automobile: Small-size automobiles under Article 3 of the Road Vehicles Act used for transportation of goods (excluding automobiles under item (11), item (12), item (16) and item (17));
- (10) Tractor of small-size trailer freight automobile: Automobiles used for pulling the vehicle under the succeeding item (excluding automobiles under item (12) to item (14-2), item (16) and item (17));
- (11) Small-size trailer freight automobile: Small-size automobiles with no engine under Article 3 of the Road Vehicles Act used for transportation of goods (excluding automobiles under item (12), item (16) and item (17));
- (12) Small-size two-wheeled automobile: Small-size two-wheeled automobiles under Article 3 of the Road Vehicles Act (excluding automobiles under item (15) to item (17));
- (13) Light automobile: Light automobiles under Article 3 of the Road Vehicles Act (excluding automobiles under item (15) to item (17));
- (14) Large-size special purpose automobile: Large-size special purpose automobiles as stipulated in Article 3 of the Road Vehicles Act (excluding automobiles under item (1) to item (5) and item (15) to item (17));
- (14-2) Small-size special purpose automobile: Small-size special purpose automobiles under Article 3 of the Road Vehicles Act (excluding automobiles under the succeeding item and item (17));
- (15) Emergency automobile: Fire engines, ambulances and other automobiles for emergency use as provided in the Ministry of Land, Infrastructure and Transport Ordinance (excluding automobiles under the succeeding item and item (18));
- (16) Automobile for sale: Automobiles operated with the permission of temporary operation under Paragraph 1, Article 34 of the Road Vehicles Act (including the case where the provision shall be applied mutatis mutandis in Paragraph 2, Article 73 of the same Law) or with the permission under Paragraph 1, Article 36-2 of the same Law (including the case where the provision shall be applied mutatis mutandis in Paragraph 2, Article 73 of the same Law), or light automobiles showing the vehicle number plate as provided in the Ministry of Land, Infrastructure and Transport Ordinance operated for test run, forwarding or other special reasons;

(17) Specific automobile: sprinklers automobiles, advertising automobiles, hearses and other automobiles for specific use as provided in the Ministry of Land, Infrastructure and Transport Ordinance (excluding automobiles under the preceding item and the succeeding item);

(18) Motorcycle: Motor-driven cycles under Paragraph 3, Article 2, of the Road Vehicles Act; and

(19) Other automobile: Automobiles other than those under each of the preceding items.

(Payment or refund of premium in the case where risk has increased or decreased)

**Article 10.** The amount of premium, for which the insurance company may claim payment pursuant to the provision of Paragraph 4, Article 22 of the Law or the policyholder may claim refund pursuant to the provision of Paragraph 5 of the same Article, shall be the difference between the premium calculated on a per diem basis for the number of days from the day on which the risk is increased or decreased to the end of the insurance period out of the whole premium of the liability insurance contract covering the risk which existed prior to being increased or decreased, and the premium calculated on a per diem basis for the same number of days as the above out of the whole premium of the liability insurance contract covering a new risk for the same period as that of such insurance contract (in the case where the whole premium is changed after the commencement of the insurance period concerned, the premium is that prior to such change).

2. If the amount calculated pursuant to the provisions of the preceding paragraph contains a fractional amount less than ten yen, or if the amount calculated is less than one hundred yen, that fractional amount or the total of calculated amount shall be rounded down to zero.

(Reasons for refusal of concluding contracts of liability insurance and liability mutual aid)

**Article 11.** Due reasons as provided in the Cabinet Ordinance under Paragraph 1 and Paragraph 2 of Article 24 of the Law shall be as follows:

- (1) that the application for an insurance contract is on the automobiles as stipulated in Article 10 of the Law;
- (2) that it is apparent that the applicant has made any false statement with respect of any of the matters under each item, Article 20 of the Law;
- (3) that the premium in the case of the liability insurance or the contribution in the case of the liability mutual aid has not been paid; or

- (4) that the application shall be made for a contract in which the last date, which is counted from the date of the application, of the insurance period in the case of the liability insurance or the mutual aid period in the case of the liability mutual aid shall be on or over the period as provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Provision to be applied mutatis mutandis)

**Article 12.** The provisions of Article 1, Article 2 through Article 8 and Article 10 shall be applied mutatis mutandis to the liability mutual aid contract. In such case, in these provisions, the words “the certificate of automobile liability insurance” shall be read as “the certificate of automobile liability mutual aid,” “limit of insurance” as “limit of mutual aid,” “insurance company” as “cooperative,” “policyholder” as “policyholder of mutual aid,” “insurance claim payment” as “mutual aid claim payment,” “insured” as “insured of mutual aid,” “liability insurance” as “liability mutual aid,” “premium” as “contribution” and “insurance period” as “mutual aid period.”

**Article 13 through Article 19.** Deleted.

(Indemnity amount limit for damage provided by the automobile liability compensation business)

**Article 20.** The amount as provided in the Cabinet Ordinance under Paragraph 1, Article 72 of the Law shall be those respectively provided in Article 2 as a dead or an injured person.

2. The provisions of Article 3-2 shall be applied mutatis mutandis to the indemnity for damages to be conducted by the Government pursuant to the provisions of Paragraph 1, Article 72 of the Law.

(Laws and regulations to be provided in the Cabinet Ordinance under Paragraph 1, Article 73 of the Law)

**Article 21.** The laws and regulations to be provided in the Cabinet Ordinance under Paragraph 1, Article 73 of the Law shall be as follows:

- (1) The Mariners Insurance Law (Law No. 73, 1939);
- (2) The Labor Standard Law (Law No. 49, 1947; including the case where it follows this law in other laws);
- (3) The Mariners Law (Law No. 100, 1947; including the case where it follows this law in other laws);

- (4) The Disaster Relief Act (Law No. 118, 1947);
- (5) The Fire Service Formation Law (Law No. 226, 1947);
- (6) The Fire Service Law (Law No. 186, 1948);
- (7) The Flood Prevention Law (Law No. 193, 1949);
- (8) The Government Employees' Accident Compensation Law (Law No. 191, 1951; including the cases where the provisions shall be applied mutatis mutandis to other laws or it follows this law in other laws);
- (9) The Law concerning Disaster Benefits to whom Cooperated and Assisted in Duties of Police Officers (Law No. 245, 1952);
- (10) The Law concerning Disaster Benefits to whom Cooperated and Assisted in Maritime Safety Agents (Law No. 33, 1953);
- (11) The Law concerning Accident Compensation on Public Service by School Doctors, School Dentists and School Pharmacists of Public Schools (Law No. 143, 1957);
- (12) The Law concerning Benefits for Damage Sustained by Witnesses, etc. (Law No. 109, 1958);
- (13) The government Employees' Mutual Aid Society Law (Law No. 128, 1958; including the cases where the provisions shall be applied mutatis mutandis to other laws and it follows the instances in other laws);
- (14) The National Health Insurance Law (Law No. 192, 1958);
- (15) The Basic Law for Countermeasures against Disasters (Law No. 223, 1961);
- (16) The Local Government Employees' Mutual Aid Society Law (Law No. 152, 1962);
- (17) The Rivers Law (Law No. 167, 1964);
- (18) The Local Government Employees' Accident Compensation Law (Law No. 121, 1967);
- (19) The Law of Health and Medical Service System for the Aged (Law No. 80, 1982);
- (20) The Long-term Care Insurance Law (Law No.123, 1997); and

(21) The Law Concerning Measures to Protect Citizens in the Case of Armed Attack, etc. (Law No. 112, 2004).

(Entrustment of the automobile liability compensation business)

**Article 22.** The Government may entrust the insurance companies or the cooperatives, pursuant to the provisions of Paragraph 1, Article 77 of the Law, with the business of receipt of claims for payment of indemnity for damages, investigation of the amount of damage to be indemnified, payment of indemnity for damages and other business than the decision of the amount of indemnity for damage out of the businesses pursuant to the provisions of Paragraph 1, Article 72 of the Law.

2. As an entrustment fee, the Government shall pay to the insurance companies or the cooperatives, with which the business was entrusted pursuant to the provisions of the preceding paragraph, the amount which is to cover the appreciate cost incurred under efficient management.
3. The method of payment of the entrustment fee under the preceding paragraph and other general standards concerning the entrustment contract pursuant to the provisions of Paragraph 1 shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

(Delegation of authority)

**Article 23.** The authority as provided in the Cabinet Ordinance under Paragraph 1, Article 84 of the Law shall be the authority of the Prime Minister as stipulated in Article 35 of the Law.

2. The authority of the Minister of Land, Infrastructure and Transport as stipulated in Paragraph 4, Article 9-2 of the Law which shall be applied *mutatis mutandis* in Paragraphs 1 and 4 of Article 10-2 of the Law shall be exercised by the Directors-General of District Transport Bureaus.
3. The authority of the Minister of Land, Infrastructure and Transport as stipulated in Paragraph 1 of Article 85 of the Law may be exercised by the Directors-General of the District Transport Bureaus.

(Delegation to the Ministry of Land, Infrastructure and Transport Ordinance)

**Article 24.** In addition to those provided in this Cabinet Ordinance, the procedures and other matters necessary for enforcement of the Law and this Cabinet Ordinance shall be provided in the Ministry of Land, Infrastructure and Transport Ordinance.

## Supplementary Provisions

(Effective date)

1. This Cabinet Ordinance shall take effect as from December 1, 1955. However, the provisions of Paragraph 2 and Paragraph 3 of the Supplementary Provisions shall take effect as from October 20, 1955 and the provisions of Article 11, Article 17 through Article 21 and Article 23 shall take effect as from February 1, 1956.

(Grants of subsidies appropriated for premiums, etc.)

2. Subsidies appropriated for premiums, etc. pursuant to the provision of Article 7 of the Supplementary Provisions to the Law shall be granted based on application by an insurance company or cooperative.

(Payment or refund of premiums or contributions in the case of increased or decreased risk when subsidies appropriated for premiums, etc. will be granted)

3. Notwithstanding the provisions of Article 10 (including the case where the provision shall be applied mutatis mutandis in Article 12; the same shall be applied below in this paragraph,) the amount of the premium or contribution that an insurance company or cooperative may claim for payment pursuant to the provisions of Paragraph 4, Article 22 of the Law (including the case where the provision shall be applied mutatis mutandis in paragraph 1, Article 23-3 of the Law), or that a policyholder or policyholder of mutual aid may claim for refund pursuant to the provisions of Paragraph 5, Article 22 of the Law (including the case where the provision shall be applied mutatis mutandis in Paragraph 1, Article 23-3 of the Law) under contract for liability insurance or liability mutual aid that becomes effective during the period of time from April 1, 2002 to March 31, 2008 shall be as follows:

- (1) In the case where the risk increases: The amount determined by adding to the amount calculated pursuant to the provisions of Article 10 an amount corresponding to the subsidies appropriated for premiums, etc. allocated to part of the premium or contribution for the contract prior to the increase in risk based on the provisions of Paragraph 7 of the Supplementary Provisions to the Law, and by subtracting the amount of subsidies appropriated for premiums, etc. that should be applied in the case where the contract is formed after the increase in risk
- (2) In the case where the risk decreases: The amount determined by subtracting from the amount calculated pursuant to the provisions of Article 10 an amount corresponding to the subsidies appropriated for premiums, etc. allocated to part of the premium or

contribution for the contract prior to the decrease in risk based on the provisions of Paragraph 7 of the Supplementary Provisions to the Law, and by adding the amount of subsidies appropriated for premiums, etc. that should be applied in the case where the contract is formed after the decrease in risk

Supplementary Provisions (Cabinet Ordinance No. 315, October 15, 2004)

(Effective date, etc.)

**Article 1.** This Cabinet Ordinance shall take effect as from the date of promulgation, and the provisions of the revised Enforcement Ordinance of the Automobile Liability Security Law (hereinafter referred to as “new Ordinance”) shall be applied to accidents resulting from the operation of an automobile that occur on and after July 1, 2004.

(Interim measures)

**Article 2.** With regard to application of the provisions of the Appendix List 2 of the new Ordinance concerning accidents resulting from the operation of an automobile that occur on and after July 1, 2004 and until the date before this Cabinet Ordinance becomes effective; the words in item 6 of 7th Grade of the same List, “Loss of three digits including the thumb,” shall be read as “Loss of the thumb and the index finger, loss of three digits including the thumb or index finger”; in item 3 of 8th Grade, “Loss of two digits including the thumb” as “Loss of the thumb and one finger other than the index finger,” “other than the thumb” as “other than the thumb and the index finger”; in item 4 of the same Grade, “Loss of the use of three digits including the thumb,” as “Loss of the use of the thumb and the index finger, loss of the use of three digits including the thumb or index finger”; in item 13 of 9th Grade of the same List, “Loss of the use of two digits including the thumb” as “Loss of the use of the thumb and one finger other than the index finger,” “other than the thumb” as “other than the thumb or index finger”; in item 7 of 10th Grade of the same List, “Loss of the use of the thumb on one hand, or loss of the use of two digits” as “Loss of the index finger on one hand, or loss of the use of the thumb or two digits”; in item 8 of 11th Grade of the same List, “Loss of the index finger, the middle finger or the ring finger” as “Loss of the middle finger or the ring finger on one hand, or loss of the use of the index finger”; in item 10 of 12th Grade of the same List, “the index finger, the middle finger” as “the middle finger”; in item 7 of 13th Grade of the same List, “the thumb ” as “the thumb or the index finger,” “on one hand” as “on one hand, or inability to bend and stretch the distal interphalangeal joint of the index finger on one hand”; in items 6 and 7 of 14th Grade of the same List, “the thumb” shall be read as “the thumb or the index finger.”

Supplementary Provisions (Cabinet Ordinance No. 187, May 27, 2005) [Extract]

(Effective date)

**Article 1.** This Cabinet Ordinance shall take effect as from the day the Law for Partial Revision of the Road Vehicles Act, etc. for Activation of Electronic Information Processing Systems in Automobile Related Procedures (hereinafter referred to as “Revision Law”) takes effect (December 26, 2005).

ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

Appendix List 1 (Related to Article 2)

Grade	Permanent disability requiring nursing care	Limit of insurance
1st grade	(1) Severe disabilities in the functions of the nervous system or in mentality, requiring nursing care at all times.  (2) Severe disabilities in the functions of the thorax and abdominal organs, requiring nursing care at all times.	¥40,000,000
2nd grade	(1) Severe disabilities in the functions of the nervous system or in mentality, requiring nursing care from time to time.  (2) Severe disabilities in the functions of the thorax and abdominal organs, requiring nursing care from time to time.	¥30,000,000

Note: Permanent disabilities, which do not fall under those stated in the Appendix List but their conditions correspond to those of the respective grades stated in the Appendix List, shall be deemed to fall under the said grades.

Appendix List 2 (Related to Article 2)

Grade	Permanent disability	Limit of insurance
1st grade	(1) Loss of sight of both eyes.  (2) Loss of functions of both mastication and speech.  (3) Loss of both upper limbs upwards of the elbow joint.  (4) Total loss of the functions of both upper limbs.  (5) Loss of both lower limbs upwards of the knee joint.  (6) Total loss of the functions of both lower limbs.	¥30,000,000
2nd grade	(1) Loss of sight of one eye and partial loss of vision of the other eye to 0.02 or less.	¥25,900,000

Grade	Permanent disability	Limit of insurance
	<ul style="list-style-type: none"> <li>(2) Partial loss of vision of both eyes to 0.02 or less.</li> <li>(3) Loss of both upper limbs upwards of the wrist joint.</li> <li>(4) Loss of both lower limbs upwards of the ankle joint.</li> </ul>	
3rd grade	<ul style="list-style-type: none"> <li>(1) Loss of sight of one eye and partial loss of vision of the other eye to 0.06 or less.</li> <li>(2) Loss of the functions of either mastication or speech.</li> <li>(3) Severe disabilities in the functions of the nervous system or in mentality, causing inability to engage in work for the remainder of the victim's life.</li> <li>(4) Severe disabilities in the functions of the thorax and abdominal organs, causing inability to engage in work for the remainder of the victim's life.</li> <li>(5) Loss of all digits on both hands.</li> </ul>	¥22,190,000
4th grade	<ul style="list-style-type: none"> <li>(1) Partial loss of vision of both eyes to 0.06 or less.</li> <li>(2) Severe disabilities in the functions of both mastication and speech.</li> <li>(3) Total loss of hearing of both ears.</li> <li>(4) Loss of one upper limb upwards of the elbow joint.</li> <li>(5) Loss of one lower limb upwards of the knee joint.</li> <li>(6) Loss of the use of all digits on both hands.</li> <li>(7) Loss of both legs upwards of the Lisfranc's joints.</li> </ul>	¥18,890,000
5th grade	<ul style="list-style-type: none"> <li>(1) Loss of sight of one eye and partial loss of vision of the other eye to 0.1 or less.</li> <li>(2) Severe disabilities in the functions of the nervous system or in mentality, causing inability to engage in anything but very light</li> </ul>	¥15,740,000

ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

Grade	Permanent disability	Limit of insurance
	<p>work.</p> <p>(3) Severe disabilities in the functions of the thorax and abdominal organs, causing inability to engage in anything but very light work.</p> <p>(4) Loss of one upper limb upwards of the wrist joint.</p> <p>(5) Loss of one lower limb upwards of the ankle joint.</p> <p>(6) Total loss of the use of one upper limb.</p> <p>(7) Total loss of the use of one lower limb.</p> <p>(8) Loss of all toes on both feet.</p>	
6th grade	<p>(1) Partial loss of vision of both eyes to 0.1 or less.</p> <p>(2) Severe disabilities in the functions of either mastication or speech.</p> <p>(3) Partial loss of hearing of both ears to such a degree of inability to hear a loud voice unless it is close to the ear.</p> <p>(4) Total loss of hearing of one ear and partial loss of hearing of the other ear to such a degree of inability to hear a normal speaking voice at a distance of 40 centimeters or more.</p> <p>(5) Severe deformity or motor impediment of the spinal column.</p> <p>(6) Loss of the use of two of the three major joints in one upper limb.</p> <p>(7) Loss of the use of two of the three major joints in one lower limb.</p> <p>(8) Loss of five digits on one hand, or loss of four digits including the thumb on one hand.</p>	¥12,960,000
7th grade	<p>(1) Loss of sight of one eye and partial loss of vision of the other eye to 0.6 or less.</p> <p>(2) Partial loss of hearing of both ears to such a degree of inability to</p>	¥10,510,000

Grade	Permanent disability	Limit of insurance
	<p>hear a normal speaking voice at a distance of 40 centimeters or more.</p> <p>(3) Total loss of hearing of one ear and partial loss of hearing of the other ear to such a degree of inability to hear a normal speaking voice at a distance of 1 meter or more.</p> <p>(4) Disabilities in the functions of the nervous system or in mentality, causing inability to engage in anything but light work.</p> <p>(5) Disabilities in the functions of the thorax and abdominal organs, causing inability to engage in anything but light work.</p> <p>(6) Loss of three digits including the thumb on one hand, or loss of four digits other than the thumb on one hand.</p> <p>(7) Loss of the use of five digits on one hand, or loss of the use of four digits including the thumb on one hand.</p> <p>(8) Loss of one leg upwards of the Lisfranc's joints.</p> <p>(9) Pseudoarthrosis with a severe motor impediment of one upper limb.</p> <p>(10) Pseudoarthrosis with a severe motor impediment of one lower limb.</p> <p>(11) Loss of the use of all toes on both feet.</p> <p>(12) Severe deformity of female's appearance.</p> <p>(13) Loss of both testicles.</p>	
8th grade	<p>(1) Loss of sight of one eye or partial loss of vision of one eye to 0.02 or less.</p> <p>(2) Motor impediment of the spinal column.</p> <p>(3) Loss of two digits including the thumb on one hand, or loss of three digits other than the thumb on one hand.</p>	¥8,190,000

ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

Grade	Permanent disability	Limit of insurance
	<ul style="list-style-type: none"> <li>(4) Loss of the use of three digits including the thumb on one hand, or loss of the use of four digits other than the thumb on one hand.</li> <li>(5) Shortening of one lower limb by five centimeters or more.</li> <li>(6) Loss of the use of one of three major joints in one upper limb.</li> <li>(7) Loss of the use of one of three major joints in one lower limb.</li> <li>(8) Pseudoarthrosis in one upper limb.</li> <li>(9) Pseudoarthrosis in one lower limb.</li> <li>(10) Loss of all toes on one foot.</li> <li>(11) Loss of a spleen or one kidney on one side.</li> </ul>	
9th grade	<ul style="list-style-type: none"> <li>(1) Partial loss of vision of both eyes to 0.6 or less.</li> <li>(2) Partial loss of vision of one eye to 0.06 or less.</li> <li>(3) Hemianopsia, contraction of the visual field or distortion of the visual field of both eyes.</li> <li>(4) Severe loss of both eyelids.</li> <li>(5) Loss of nose with severe disabilities in the functions thereof.</li> <li>(6) Disabilities in the functions of both mastication and speech.</li> <li>(7) Partial loss of hearing of both ears to such a degree of inability to hear a normal speaking voice at a distance of one meter or more.</li> <li>(8) Partial loss of hearing of one ear to such a degree of inability to hear a loud voice unless it is close to the ear, and partial loss of hearing of the other ear to such a degree of difficulty to hear a normal speaking voice at a distance of one meter or more.</li> <li>(9) Total loss of the hearing of one ear.</li> <li>(10) Disabilities in the functions of the nervous system or in mentality, causing inability to engage in anything but limited work to a</li> </ul>	¥6,160,000

Grade	Permanent disability	Limit of insurance
	<p>considerable extent.</p> <p>(11) Disabilities in the functions of the thorax and abdominal organs, causing inability to engage in anything but limited work to a considerable extent.</p> <p>(12) Loss of the thumb on one hand, or loss of two digits other than the thumb on one hand.</p> <p>(13) Loss of the use of two digits including the thumb on one hand, or loss of the use of three digits other than the thumb on one hand.</p> <p>(14) Loss of two or more toes on one foot including big toe.</p> <p>(15) Loss of the use of all toes on one foot.</p> <p>(16) Severe disabilities of the genital organs.</p>	
10th grade	<p>(1) Partial loss of vision of one eye to 0.1 or less.</p> <p>(2) Diplopia in the case of looking forward.</p> <p>(3) Disabilities in the functions of either mastication or speech.</p> <p>(4) Dental prostheses on fourteen teeth or more.</p> <p>(5) Partial loss of hearing of both ears to such a degree of difficulty to hear a normal speaking voice at a distance of one meter or more.</p> <p>(6) Partial loss of hearing of one ear to such a degree of inability to hear a loud voice unless it is close to the ear.</p> <p>(7) Loss of the use of the thumb on one hand, or loss of the use of two digits other than the thumb on one hand.</p> <p>(8) Shortening of one lower limb by three centimeters or more.</p> <p>(9) Loss of the big toe on one foot, or loss of four toes other than the big toe on one foot.</p> <p>(10) Severe disabilities in the functions of one of three major joints of</p>	¥4,610,000

ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

Grade	Permanent disability	Limit of insurance
	<p>one upper limb.</p> <p>(11) Severe disabilities in the functions of one of three major joints of one lower limb.</p>	
11th grade	<p>(1) Severe disabilities in focusing or motor impediments of both eyeballs.</p> <p>(2) Severe motor impediments of both eyelids.</p> <p>(3) Severe residual loss of one eyelid.</p> <p>(4) Dental prostheses on ten teeth or more.</p> <p>(5) Partial loss of hearing of both ears to such a degree of inability to hear a small voice at a distance of one meter or more.</p> <p>(6) Partial loss of hearing of one ear to such a degree of inability to hear a normal speaking voice at a distance of forty centimeters or more.</p> <p>(7) Deformity of the spinal column.</p> <p>(8) Loss of the index finger, the middle finger or the ring finger on one hand</p> <p>(9) Loss of the use of two or more toes on one foot including big toe.</p> <p>(10) Disabilities of any thorax or abdominal organs.</p>	¥3,310,000
12th grade	<p>(1) Severe disabilities in the function of focusing or motor impediments of one eyeball.</p> <p>(2) Severe motor impediments of one eyelid.</p> <p>(3) Dental prostheses on seven teeth or more.</p> <p>(4) Loss of major part of auricle of one ear.</p> <p>(5) Severe deformity of the clavicle, sternum, ribs, scapula or pelvis.</p> <p>(6) Disabilities in the functions of one of three major joints of one</p>	¥2,240,000

Grade	Permanent disability	Limit of insurance
	<p>upper limb.</p> <p>(7) Disabilities in the functions of one of three major joints of one lower limb.</p> <p>(8) Deformity of a long pipe bone.</p> <p>(9) Loss of the little finger on one hand.</p> <p>(10) Loss of the use of the index finger, the middle finger or the ring finger on one hand.</p> <p>(11) Loss of the second toe on one foot, loss of two toes including the second toe on one foot, or loss of all of the third to fifth toes on one foot.</p> <p>(12) Loss of the use of the big toe on one foot, or loss of the use of four toes other than the big toe on one foot.</p> <p>(13) Obstinate nervous symptoms in affected parts.</p> <p>(14) Severe deformity of male's appearance.</p> <p>(15) Deformity of female's appearance.</p>	
13th grade	<p>(1) Partial loss of vision of one eye to 0.6 or less.</p> <p>(2) Diplopia except in the case of looking forward.</p> <p>(3) Hemianopsia, contraction of the visual field, or distortion of the visual field of one eye.</p> <p>(4) Loss of parts of eyelids or residual baldness of eyelashes of both eyes.</p> <p>(5) Dental prostheses on five teeth or more.</p> <p>(6) Loss of the use of the little finger on one hand.</p> <p>(7) Loss of part of the bones of the thumb on one hand.</p>	¥1,390,000

ENFORCEMENT ORDINANCE OF THE AUTOMOBILE LIABILITY SECURITY LAW

Grade	Permanent disability	Limit of insurance
	(8) Shortening of one lower limb by one centimeter or more. (9) Loss of one or two of the third to fifth toes on one foot. (10) Loss of the use of the second toe on one foot, loss of the use of two toes including the second toe on one foot, or loss of the use of all of the third to fifth toes on one foot.	
14th grade	(1) Loss of a part of one eyelid, or residual baldness of eyelashes of one eye. (2) Dental prostheses on three teeth or more. (3) Partial loss of hearing of one ear to such a degree of inability to hear a small voice at a distance of one meter or more. (4) Palm-size ugly scar on the exposed part of one upper limb. (5) Palm-size ugly scar on the exposed part of one lower limb. (6) Loss of part of the bones of digit other than the thumb on one hand. (7) Inability to bend and stretch the distal interphalangeal joint of digit other than the thumb on one hand. (8) Loss of the use of one or two of the third to fifth toes on one foot. (9) Nervous symptoms in affected parts. (10) Deformity of male's appearance.	¥750,000

Remarks:

- (1) The measure of vision shall be made according to the international sight-testing chart. In the case of ametropia, such measure shall be made with respect to corrected vision.
- (2) Loss of the thumb, a finger or a digit shall mean loss of, as to the thumb, the part upwards of the interphalangeal joint, and as to a finger, the parts upwards of the proximal interphalangeal joint.
- (3) Loss of the use of the thumb, a finger or a digit shall mean loss of a half or more of the distal phalanx of the thumb and a finger, or severe motor impediments in the

metacarpophalangeal joint or the proximal interphalangeal joint (as to the thumb, the interphalangeal joint).

- (4) Loss of a toe shall mean loss of whole part thereof.
- (5) Loss of the use of a toe shall mean loss of the use of, as to the big toe, a half or more of the distal phalanx, and as to a toe other than the big toe, the distal interphalangeal joint or upwards, or severe motor impediments in the metatarsophalangeal joint or the proximal interphalangeal joint (as to the big toe, the interphalangeal joint).
- (6) Permanent disabilities which do not correspond to, but are equivalent to those stated in the said grades shall be deemed to fall under the respective grades.

# ENFORCEMENT REGULATIONS OF THE AUTOMOBILE LIABILITY SECURITY LAW

(Ministry of Transport Ordinance No. 66, December 1, 1955)

## History of Amendment

- |                            |                            |
|----------------------------|----------------------------|
| No. 1, January 13, 1956    | No. 7, February 27, 1995   |
| No. 27, May 21, 1956       | No. 50, September 13, 1996 |
| No. 19, May 25, 1960       | No. 61, November 25, 1996  |
| No. 39, July 14, 1962      | No. 39, November 29, 2000  |
| No. 55, September 29, 1962 | No. 149, December 21, 2001 |
| No. 50, October 1, 1963    | No. 79, June 28, 2002      |
| No. 2, February 1, 1964    | No. 83, August 17, 2004    |
| No. 65, September 5, 1964  | No. 57, May 20, 2005       |
| No. 46, July 30, 1966      |                            |
| No. 59, December 26, 1969  |                            |
| No. 10, February 20, 1970  |                            |
| No. 81, September 18, 1970 |                            |
| No. 92, December 17, 1970  |                            |
| No. 32, May 13, 1972       |                            |
| No. 57, September 29, 1972 |                            |
| No. 33, September 28, 1973 |                            |
| No. 37, October 30, 1973   |                            |
| No. 44, November 27, 1973  |                            |
| No. 58, December 22, 1973  |                            |
| No. 53, December 26, 1974  |                            |
| No. 22, June 27, 1975      |                            |
| No. 44, October, 30, 1975  |                            |
| No. 1, January 19, 1977    |                            |
| No. 36, June 27, 1978      |                            |
| No. 8, March 15, 1983      |                            |
| No. 18, June 22, 1984      |                            |
| No. 5, February 5, 1985    |                            |
| No. 12, April 11, 1988     |                            |
| No. 24, July 20, 1989      |                            |
| No. 15, May 24, 1991       |                            |
| No. 25, July 29, 1993      |                            |
| No. 48, November 1, 1994   |                            |

(Certificate of automobile liability insurance)

**Article 1.** The form of a certificate of automobile liability insurance under paragraph 1, Article 7 of the Automobile Liability Security Law (Law No. 97, 1955; hereinafter referred to as “Law”) shall be in accordance with Form No. 1.

(Method of preparing a copy of the certificate of automobile liability insurance)

**Article 1-2.** The method as provided in the Ministry of Land, Infrastructure and Transport Ordinance under the proviso of paragraph 1, Article 9 of the Law shall be as follows:

- (1) to copy the certificate of automobile liability insurance (including the certificate of automobile liability mutual aid; hereinafter the same shall be applied in this Article), using a copy machine;
- (2) to prepare a copy, on the paper in the same form as that of the certificate of automobile liability insurance, by the same handwriting as that for preparation of such certificate of automobile liability insurance, using a copy paper.
- (3) for the person who has issued the certificate of automobile liability insurance or who has been presented pursuant to the provision of paragraph 3, Article 9 of the Law to transfer the matters stated in such certificate of automobile liability insurance to the paper in the same form as that of such certificate of automobile liability insurance, and sign and seal thereon.

(Insurance sticker)

**Article 1-3.** The insurance sticker under paragraph 1, Article 9-2 of the Law shall be in accordance with Form No. 1-2.

2. The expiration date of the insurance period under paragraph 2, Article 9-2 of the Law shall be shown using the year and the month.
3. The insurance sticker shall be displayed by being stuck legibly from forward on the outer side of the windshield glass of the light automobile which is not subject to inspection (meaning light automobile which is not subject to inspection under paragraph 1, Article 58 of the Road Vehicles Act (Law No. 185, 1951; hereinafter the same shall be applied)), motorcycle (meaning motor driven cycle under paragraph 3, Article 2 of the Road Vehicles Act; hereinafter the same shall be applied) or automobile registered in the contracting state (meaning automobile registered in the contracting state under paragraph 1, Article 9-2 of the Law; hereinafter the same shall be applied). However, the insurance sticker shall be displayed by being stuck legibly respectively on the left upper part of the

vehicle number plate fixed on the rear of the vehicle in the case of the light automobile not subject to inspection which has no driver's room or the windshield glass and the light automobile not subject to inspection which is put into operation with a temporary operation number plate borrowed pursuant to the provision of paragraph 3, Article 63-2 of the Enforcement Regulations of the Road Vehicles Act (the Ministry of Transport Ordinance No. 74, 1951); in the case of the motorcycle which has no driver's room or the wind shield glass, on the left upper part (or on the front of the motorcycle in the case where there exists no indication plate or it is difficult to stick it on the indication plate) of the indication plate (meaning the indication plate as stipulated in paragraph 3, Article 446 (including the case where the provisions shall be applied mutatis mutandis in paragraph 2, Article 1 of the Law) of the Local Taxes Law (Law No. 226, 1950); hereinafter the same shall be applied); in the case of an automobile registered in the contracting state which has no driver's room or the windshield glass, legibly on the rear of the automobile registered in the contracting state.

**Article 1-4.** A person who requests reissue of the insurance sticker pursuant to the provision of paragraph 4, Article 9-2 of the Law shall present the certificate of automobile liability insurance to the insurance company.

2. The cases as provided in the Ministry of Land, Infrastructure and Transport Ordinance under paragraph 4, Article 9-2 of the Law shall be as follows:
  - (1) in the case where the windshield glass on which the insurance sticker is stuck has become unusable due to loss or damage;
  - (2) in the case where it has become unable to indicate the vehicle number plate or the indication plate on which the insurance sticker was stuck due to loss, damage or difficulty in identifying them; or
  - (3) in the case where it is regarded that there is any other due reason for receipt of the reissue.

(Description of basis for calculation of the amount claimed)

**Article 2.** The description of basis for calculation under item (6), paragraph 1, Article 3 of the Enforcement Ordinance of the Automobile Liability Security Law (the Cabinet Ordinance No. 286, 1955; hereinafter referred to as "Ordinance"), shall be made by specifying the particulars related to claim of medical fee, the contents and the grounds of the amount of damage.

(Damage which should be reported regarding payment, etc.)

**Article 3.** The damage as provided in the Minister of Land, Infrastructure and Transport Ordinance under Article 16-6 of the Law shall be damage which comes under subitem (a), item (1), paragraph 1, Article 2 of the Ordinance, damage which comes under subitem (a), item (2) of the same paragraph, damage which comes under subitem (b) through subitem (e) of item (3) of the same paragraph, damage which comes under subitem (f), item (3) of the same paragraph and the 1st grade through 3rd grade of Appendix List 1 of the Ordinance, damage which comes under paragraph 2 of the same Article, and damage which comes under Note 1 of Appendix List 1 of the Ordinance or Note 6 of Appendix List 2 of the Ordinance.

(Matters for filing)

**Article 3-2.** If an insurance company decides to file pursuant to the provisions of Article 16-6 of the Law, it shall submit to the Minister of Land, Infrastructure and Transport a filing describing the matters as set forth below:

- (1) Details of the circumstances of the accident;
- (2) The names, ages and addresses of the insured, wrongdoer and victim, and all other material facts related to the insured, wrongdoer and victim;
- (3) The amount of payment for each damage as set forth in paragraph 1, Article 2 of the Ordinance;
- (4) Specific details of the expenses incurred for payment due to the accident, profit lost due to the accident, pain and suffering and other damages, and the details of the calculations for each reported item;
- (5) In the case of permanent disabilities, the grade comes to fall and the details of the reason for determining such grade;
- (6) In the case of reducing the amount of damage for payment of an insurance claim payment, etc., the percentage of the reduction and the details of the reasons for such determination;
- (7) In the case where the insurance company has determined that the insured is not liable to compensate for damage, the details of the reason for such determination;
- (8) In the case where the insurance company has determined that damage did not result due to an accident, the details of the reason for such determination; and

- (9) In the case where the insurance company has determined that it is to be exempted from liability to indemnify for damage based on the provisions of Article 14 of the Law, the details of the reasons for such determination.

(Emergency automobile)

**Article 4.** Automobile as provided in the Ministry of Land, Infrastructure and Transport Ordinance under item (15), Article 9 of the Ordinance shall be police automobile equipped with the warning light and the siren as stipulated in paragraph 1, Article 49 of the Safety Regulations of Road Transportation Vehicles (the Ministry of Transport Ordinance No. 67, 1951).

(Vehicle number plate as provided in the Ministry of Land, Infrastructure and Transport Ordinance under item (16), Article 9 of the Ordinance)

**Article 4-2.** The vehicle number plate as provided in the Ministry of Land, Infrastructure and Transport Ordinance under item (16), Article 9 of the Ordinance shall be the temporary operation number plate borrowed as the vehicle number plate pursuant to the provision of proviso of paragraph 3, Article 63-2 of the Enforcement Ordinance of the Road Vehicles Act.

(Specific automobile)

**Article 5.** Automobiles as provided in the Ministry of Land, Infrastructure and Transport Ordinance under item (17), Article 9 of the Ordinance shall be as follows:

- (1) Automobile for medical treatment and epidemics prevention;
- (2) Automobile for machining work;
- (3) Wiring repair automobile;
- (4) Crane automobile;
- (5) Mobile mail automonile;
- (6) Sanitation automobile;
- (7) Automobile for sleeping;
- (8) Concrete-mixer automobile;
- (9) Radio automobile;
- (10) Library automobile;
- (11) Kitchen automobile;

- (12) Automobile for training drivers (meaning motor vehicle for the use of the designated driving school under paragraph 1 of Article 98 of the Road Traffic Law (Law No. 105, 1960) exclusively for training driving techniques); and
- (13) Other automobiles that are similar to those as set forth in each of the preceding items in terms of structures, devices and uses.

(Requirements for cancellation of contracts of the liability insurance)

Article 5-2. The policyholder may cancel contract of the liability insurance in the cases:

- (1) where, in respect to the registered automobile, the policyholder has received the permanent deletion registration pursuant to the provision of paragraph 1, Article 15 of the Road Vehicle Act, or a notice of the permanent deletion registration pursuant to the provision of paragraph 5 of the same Article (limited to the cases coming under the reasons as set forth in item(2), paragraph 1 of the same Article), where he/she has received the tentative deletion registration for export pursuant to the provision of paragraph 2, Article 15-2 of the same Law, or where he/she has received the temporary deletion registration pursuant to the provision of paragraph 2, Article 16 of the same Law;
- (2) where, in respect of the light automobile or small-sized motor vehicle with two wheels, the use thereof has been terminated and the vehicle number plate has been submitted to the Director-General of the Transport Supervision Department, the Chief of a Transport Branch Office or the Light Motor Vehicle Inspection Organization;
- (3) where, in respect of small-size special purpose automobile or motorcycle, the use thereof has been terminated (in the case where it is provided in the Ordinance of a special ward, city, town or village that small-size special purpose automobile or motorcycle shall be posted the indication plate issued by such special ward, city, town or village, limited to the case that such indication plate has been submitted to the head of the special ward, city, town or village);
- (4) where, in respect of automobile which have been issued the registration certificate (meaning the registration certificate under paragraph 1, Article 5 of the Law concerning Special Treatments, etc. to the Road Vehicles Act regarding the Enforcement of the Convention on Road Traffic (Law No. 109, 1964; hereinafter referred to as "Special Treatments Law"); hereinafter the same shall be applied), the export permission thereof under Article 67 of the Customs Law (Law No. 61, 1954) has been obtained for the use thereof in any of the contracting states under paragraph

2, Article 2 of the Special Treatments Law;

- (5) where, in respect of automobile registered in the contracting state, the export permission thereof under Article 67 of the Customs Law has been obtained;
- (6) where, in respect of motor vehicle put into operation with the permission for temporary operation under paragraph 1, Article 34 of the Road Vehicles Act (including the case where the provisions shall be applied mutatis mutandis in paragraph 2, Article 73 of the same Law), the temporary operation permission number plate has been returned to the competent administrative agencies;
- (6-2) where, in respect of motor vehicle put into operation with the permission under paragraph 1, Article 36-2 of the Road Vehicles Act (including the case where the provisions shall be applied mutatis mutandis in paragraph 2, Article 73 of the same Law), the forwarding operation permission number plate has been returned to the Director-General of the Transport Supervision Department or the Chief of a Transport Branch Office; or
- (7) where, in respect of light automobile not subject to inspection which is put into operation with the temporary operation number plate borrowed pursuant to the provision of paragraph 3 of Article 63-2 of the Enforcement Regulations of the Road Vehicles Act, the temporary driving number plate has been returned to the Director-General of the Transport Supervision Department or the Chief of a Transport Branch Office.

- 2. In the case where, at the time of conclusion of a contract of the liability insurance, the policyholder failed, without his/her negligence, to disclose any material fact as stipulated in each item of Article 20 of the Law or misrepresented the matters as stipulated in each item of the same Article due to malicious intent or gross negligence of the owner or the driver of the automobile other than the policyholder, and in the case where the insurance company was, without its negligence, unaware of that (excluding the case where one month or more has elapsed after such insurance company became aware of that), such insurance company may cancel such contract of the liability insurance.

(On-the-spot inspections)

**Article 6.** The proof of identity in paragraph 2, Article 23-2 (including the case where the provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3) shall be in accordance with Form No. 2.

(Time period as provided in the Minister of Land, Infrastructure and Transport Ordinance

under item (4), Article 11 of the Ordinance)

**Article 7.** The time period as provided in the Minister of Land, Infrastructure and Transport Ordinance under item (4), Article 11 of the Ordinance shall be as follows:

- (1) with regard to automobile under paragraph 1, Article 58 of the Road Vehicles Act (excluding automobile under item (3) hereof), the time period determined by adding one month to the effective period of motor vehicle inspection certificate pursuant to the provisions of the same Law;
- (2) with regard to small-size special purpose automobile under item (14-2), Article 9 of the Ordinance, light automobile which is not subject to inspection or motorcycle, the time period determined by adding one month to the insurance period or mutual aid period of the liability insurance contract or liability mutual aid contract that will be concluded; and
- (3) with regard to automobile for sale under item (16), Article 9 of the Ordinance, one year.

(Application mutatis mutandis in the provisions concerning liability insurance)

**Article 8.** The provisions of Article 1, Article 1-3 through Article 3-2 and Article 5-2 shall be applied mutatis mutandis to liability mutual aid.

**Article 9 through Article 26.** Deleted.

(Claim for indemnity for damage to the Government)

**Article 27.** The claim for indemnity for damage under paragraph 1, Article 72 of the Law shall be made in writing stating the following matters:

- (1) Name and address of the claimant;
- (2) In the case of a claim in respect of a dead person, the personal relations between the claimant and the dead;
- (3) Name and address of the victim, and the date, time and location of which an injurious act took place;
- (4) In the case of a claim pursuant to the provisions of the latter part of paragraph 1, Article 72 of the Law, the name and address of the wrongdoer;
- (5) Reasons for being able to make a claim for indemnity for damage to the Government

pursuant to the provision of paragraph 1, Article 72 of the Law;

- (6) The automobile registration number or the vehicle number, and in the case of the indication plate number or the registration number pursuant to the provisions of the Convention on Road Traffic (in the case where there is no such number, the chassis number) of the automobile concerned is known, such number;
  - (7) In the case where any benefit corresponding to indemnity for damage pursuant to the provision of paragraph 1, Article 72 of the Law shall be received in accordance with other laws and regulations, the basis of such benefit and the amount thereof; and
  - (8) The amount claimed and the basis of calculation thereof (the particulars related to the claim for medical fee, the contents of the amount of damage and basis therefor shall be specified).
2. The written statement in the preceding paragraph shall be attached by the following documents:
- (1) Medical certificate or coroner's certificate;
  - (2) A written statement sufficient to prove the matters under item (2) to item (5) and item (7) of the preceding paragraph; and
  - (3) A written statements sufficient to prove the basis for calculation under item (8) of the preceding paragraph.
3. The Minister of Land, Infrastructure and Transport may, if he/she deems it necessary, request the person who made a claim for indemnity for damage under paragraph 1, Article 72 of the Law to submit a medical certificate of a doctor designated by the Minister of Land, Infrastructure and Transport. In this case, any necessary expenses shall be borne by the Government.

(Claim for reparation to the Government)

**Article 28.** The claim for reparation to the Government under the provisions of paragraph 4, Article 16 or paragraph 4, Article 17 of the Law (including the case where these provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3 of the Law) shall be made in writing stating the following matters:

- (1) Name and address of the claimant;
- (2) Names and addresses of the wrongdoer and the victim, and date, time and place of

which the injurious act took place;

- (3) Reasons for being able to make a claim for reparation to the Government pursuant to the provisions of paragraph 4, Article 16 or paragraph 4, Article 17 of the Law (including the case where these provisions shall be applied mutatis mutandis in paragraph 1, Article 23-3 of the Law);
  - (4) The vehicle registration number or the vehicle number, the indication plate number or the registration number pursuant to the provisions of the Convention on Road Traffic (the chassis number, in the case where there is no such number) of the automobile concerned;
  - (5) Names and addresses of the policyholder or the policyholder of mutual aid; and
  - (6) The amount claimed and the basis for calculation thereof (the particulars related to the claim for medical fee, the contents of the amount of damage and basis therefor shall be specified).
2. The written statement in the preceding paragraph shall be attached by the following documents:
- (1) A written statement sufficient to prove the matters in item (2) and item (3) of the preceding paragraph; and
  - (2) A written statement sufficient to prove the basis for calculation in item (6) of the preceding paragraph.

(Payment, etc. of the automobile liability compensation business levy)

**Article 29.** The payment of automobile liability compensation business levy shall be made monthly in a lump.

2. The insurance company and the cooperative shall, if there arises any cause for payment of the automobile liability compensation business levy, submit a filing to that effect to the Minister of Land, Infrastructure and Transport without delay.

(Letter of pressing)

**Article 30.** The letter of pressing under paragraph 2, Article 80 of the Law shall be in accordance with Form No. 3.

(Voucher showing the status of official who attaches property)

**Article 31.** The voucher which the official executing disposition pursuant to the provisions of paragraph 4, Article 80 of the Law carries with him/her to show his/her official status in conformity with the instance of disposition for failure to pay the national taxes shall be in accordance with Form No. 4.

(On-the-spot inspections)

**Article 31-2.** The proof of identity under paragraph 2, Article 23-2 of the Law applied mutatis mutandis in paragraph 2, Article 82-2 of the Law shall be in accordance with Form 5.

(Matters to be observed by the insurance company or the cooperative)

**Article 31-3.** The matters to be observed by the insurance company or the cooperative for securing proper issue of the insurance stickers or the mutual aid stickers under paragraph 4, Article 84-2 of the Law shall be as follows:

- (1) Not to issue or reissue the insurance sticker or the mutual aid sticker showing different year and month from the year and month to which the expiration date of the insurance period or the mutual aid period of the contract of the liability insurance concerned or the contract of the liability mutual aid concerned; and
- (2) In the case where the commencement date of the insurance period or the mutual aid period of the contract of the liability insurance concerned or the contract of the liability mutual aid concerned is fixed to be on and after the day following the date of conclusion of such contract, to issue the insurance sticker or the mutual aid sticker shall be issued within one month prior to the commencement date of the period of such contract.

(Voucher showing the status of official who requests to present the certificate of automobile liability insurance, etc.)

**Article 32.** The certificate showing the status under paragraph 2, Article 85 of the Law shall be in accordance with Form No. 6.

### Supplementary Provisions [Extract]

(Effective date)

1. This Ministerial Ordinance shall take effect as from April 1, 2002.

(Interim measures concerning certificate, etc. of automobile liability insurance)

2. With respect to the certificate of automobile liability insurance that an automobile liability insurance company should issue to a policyholder in respect of liability insurance contracts that become effective during the period of time from April 1, 2002 to March 31, 2008, the insurance company shall indicate in the margin of the certificate of automobile liability insurance using Form 1 as the word “premium” is changed to “amount deducted the subsidies appropriated for premiums etc. from premium” with respect to liability insurance policies that become effective during the period of time from April 1, 2002 to March 1, 2008.”
3. The provisions of the preceding paragraph shall be applied mutatis mutandis to liability mutual aid. In this case, in the preceding paragraph, the words “liability insurance” shall be read as “liability mutual aid,” “insurance company” as “cooperative,” “policyholder” as “policyholder of mutual aid,” and “premium” as “contribution.”

Supplementary Provisions (Ministry of Transport Ordinance No. 57, May 20, 2005)

[Extract]

(Effective date)

Article 1. This Ministerial Ordinance shall take effect as from the day the provisions as stipulated in the proviso of Article 1 of the supplementary provisions of the Law for Partial Revision of the Road Vehicles Act, etc. for Activation of Electronic Information Processing Systems in Automobile Related Procedures (referred to as “Revision Law” in the following Article) takes effect (May 25, 2005).

Form No. 1 (Article 1 related) (Omitted)

Form No. 1-2 (Article 1-3 related) (Omitted)

Form No. 2 (Article 6 related) (Omitted)

Form No. 3 (Article 30 related) (Omitted)

Form No. 4 (Article 31 related) (Omitted)

Form No. 5 (Article 31-2 related) (Omitted)

Form No. 6 (Article 32) (Omitted)

# STANDARDS FOR PAYMENT OF INSURANCE CLAIM, ETC. UNDER AUTOMOBILE LIABILITY INSURANCE, AND PAYMENT OF MUTUAL AID CLAIM, ETC. UNDER AUTOMOBILE LIABILITY MUTUAL AID

(Notification No. 1 of the Financial Services Agency and the Ministry of Land, Infrastructure and Transport, 2001)

## Article 1. General Provisions

1. Insurance claim payment, etc. under automobile liability insurance shall be made in accordance with these standards, up to the limits as provided for in Article 2 and Appendix List 1 and 2 of the Enforcement Ordinance of the Automobile Liability Security Law (Cabinet Ordinance No. 286 of 1955).
2. The limit of insurance for each person who has died or suffered bodily injury shall be as provided for in Article 2 and Appendix List 1 and 2 of the Enforcement Ordinance of the Automobile Liability Security Law. However, in the case of insurance claim payment, etc. for an accident involving more than one automobile, the limit of insurance shall be the sum of the limit of insurance of the respective insurance policies.

## Article 2. Damages for Bodily Injury

Damages for bodily injury shall include direct damage (expenses related to medical treatment, documentation fees, and other expenses), loss of earnings due to absence from work, and damages for pain and suffering.

### 1. Direct damage

#### (1) Expenses related to medical treatment

##### i) First aid treatment expenses

Necessary and reasonable actual expenses directly incurred for first aid treatment.

##### ii) Examination fees

Necessary and reasonable actual expenses incurred for initial examination, follow-up examination and home visits.

##### iii) Hospital fees

Necessary and reasonable actual expenses incurred for hospitalization in an ordinary room within the same locality. However, in the case where a doctor, having regard to the degree of bodily injury suffered by the victim, etc., judges it necessary, hospital fees shall be the necessary and reasonable actual expenses incurred for hospitalization in a room other than that set forth above.

iv) Medication fees, surgery fees, treatment fees, etc.

Necessary and reasonable actual expenses incurred for medical treatment.

v) Transportation expenses for outpatient's hospital visits, hospital transfers, hospitalization or discharge from hospital

Necessary and reasonable actual expenses incurred as transportation expenses for outpatient's hospital visits, hospital transfers, hospitalization or discharge from hospital.

vi) Nursing care fees

a. Nursing care fees while in hospital

4,100 yen per day in the case where the next of kin, etc. accompanies a child under 12 years of age.

b. Home nursing care fees or outpatient nursing care fees

In the case where a doctor judges that nursing care is necessary, home nursing care fees or outpatient nursing care fees shall be as set forth below. However, a doctor's certificate shall not be required in the case where the next of kin, etc. accompanies a child under 12 years of age on outpatient visits to hospital, etc.

(a) Persons introduced by private employment agencies licensed by the Minister of Health, Labour and Welfare

Necessary and reasonable actual expenses supported by documentary evidence, etc.

(b) Next of kin, etc.

2,050 yen per day.

c. In the case where the next of kin, etc. suffers loss of earnings due to absence from work, said loss of earnings being supported by documentary evidence etc., and the loss exceeds the amounts in 1 (vi) a. or 1 (vi) b. (b) above, nursing care fees shall be the necessary and reasonable actual expenses incurred.

vii) Miscellaneous expenses

Miscellaneous expenses shall include the expense of purchasing, or fees for using, items directly required for recuperation, the expense of purchasing nutritional substances consumed under instruction by a doctor, and communication expenses, etc., and shall be as provided for below.

a. Miscellaneous expenses while in hospital

1,100 yen per day of hospitalization. In the case where these expenses, supported by documentary evidence etc., exceed 1,100 yen per day, miscellaneous expenses shall be the necessary and reasonable actual expenses incurred.

b. Miscellaneous expenses during outpatient treatment and home recuperation

Necessary and reasonable actual expenses incurred.

viii) Fee for judo therapy, etc.

Necessary and reasonable actual expenses incurred for the services of a licensed judo therapist, osteopath, masseur, acupressurist, acupuncturist, or practitioner of moxibustion.

ix) Expenses for artificial limbs, etc.

a. Necessary and reasonable actual expenses incurred for prostheses etc., including artificial limbs, dental prostheses, ocular prostheses, spectacles (including contact lenses), hearing aids, crutches, etc., judged necessary by a doctor to complement physical functions as a result of the bodily injuries suffered.

b. Necessary and reasonable actual expenses incurred in the case where a person who had been using prosthesis as set forth above needs to repair or replace said prosthesis because of the bodily injury.

c. The maximum amount for the expense for spectacles (including contact lenses) as set forth in a. and b. above shall be 50,000 yen.

x) Expenses for medical certificates, etc.

Necessary and reasonable actual expenses incurred for the issuance of medical certificates, statements of medical fees, etc.

(2) Documentation fees

Necessary and reasonable actual expenses incurred for the issuance of traffic accident report, certificates of victim's seal-impression, resident's cards, etc.

(3) Other expenses

Necessary and reasonable actual expenses (other than (1) Expenses related to medical treatment and (2) Documentation fees as set forth above) including expenses needed to transport the victim from the accident scene to a medical institution.

2. Loss of earnings due to absence from work

(1) In principle, loss of earnings due to absence from work shall be 5,700 yen per day in the case where earnings have decreased due to the absence from work or in the case where a paid holiday has been used. In the case of a homemaker, earnings shall be assumed to have decreased.

(2) The number of days of loss of earnings due to absence from work shall be based on the actual days of absence from work, and shall not exceed the period of treatment, having regards to the degree of bodily injury suffered by the victim, the actual days of treatment, etc.

(3) In the case where the amount of loss of earnings, as supported by documentary evidence, etc., exceeds 5,700 yen per day, it shall be the actual amount incurred, up to the limit as provided for in Article 3-2 of the Enforcement Ordinance of the Automobile Liability Security Law.

3. Damages for pain and suffering

(1) Damages for pain and suffering shall be 4,200 yen per day.

(2) The number of days for which said damages shall be paid shall not exceed the period of treatment, taking into account the degree of bodily injury suffered by the victim, the actual days of treatment, etc.

(3) In the case where a pregnant woman suffers stillbirth or miscarriage, damages shall be

payable in addition to those amounts set forth above.

### Article 3. Damages for Permanent Disability

Damages for permanent disability shall include loss of future earnings and damages for pain and suffering, etc., and shall be payable in cases coming under a grade as provided for in Article 2 and Appendix List 1 and 2 of the Enforcement Ordinance of the Automobile Liability Security Law.

In principle, the grade shall be determined in accordance with the standards for determining the grade of disability under the workmen's accident compensation insurance.

#### 1. Loss of future earnings

Loss of future earnings shall be calculated by multiplying the amount of annual earnings or annual equivalent amount, as set forth in the following subparagraphs, by the working ability loss ratio for the grade comes to fall (Appendix I) and the Leibnitz coefficient for the number of years for which earnings can be expected from the age at which the permanent disability was confirmed (Appendix II-1). However, this shall not apply in cases where the probability is that the annual equivalent of the all-age average wage (Appendix III) could not be obtained throughout the victim's life.

##### (1) Persons in employment

The amount of earnings in the one year prior to the accident, or the annual equivalent amount of the average wage by age (Appendix IV) corresponding to the age at which the permanent disability was confirmed, whichever is higher, shall be deemed as the amount of earnings. However, in the case of following persons, the amounts as set forth below shall be deemed as the amount of earnings of the respective person concerned.

i) Persons under 35 years of age whose earnings in the one year prior to the accident can be proved

Whichever is the higher of the amount of earnings in the one year prior to the accident, the annual equivalent amount of the all-age average wage, or the annual equivalent amount of the average wage by age.

ii) Persons whose earnings in the one year prior to the accident is difficult to prove

a. Persons under 35 years of age

Whichever is the higher of the annual equivalent amount of the all-age average wage or the annual equivalent amount of the average wage by age.

b. Persons of 35 years of age or older

The annual equivalent amount of the average wage by age.

iii) Persons who have been unemployed for less than one year (excluding those who retired at the mandatory retirement age, etc.)

The standards as set forth above shall apply. In such cases the “amount of earnings in the one year prior to the accident” shall be read as the “amount of earnings in the one year prior to retirement”.

(2) Infants, children, pupils, students, homemakers

The annual equivalent amount of the all-age average wage shall be deemed as the amount of earnings. However, in the case where the average wage by age of a person of 58 years of age or older is less than the all-age average wage, the annual equivalent amount of the average wage by age shall be deemed as the amount of earnings.

(3) Other persons who have the will and ability to work

The annual equivalent amount of the average wage by age shall be deemed as the amount of earnings. However, the annual equivalent amount of the all-age average wage shall be the maximum limit.

2. Damages for pain and suffering, etc.

(1) The amount of damages for pain and suffering, etc., for permanent disability shall be the amount as set forth in the tables below in accordance with the grade of disability.

i) Cases in Appendix List 1 of the Enforcement Ordinance of the Automobile Liability Security Law

1st Grade	2nd Grade
16,000,000 yen	11,630,000 yen

ii) Cases in Appendix List 2 of the Enforcement Ordinance of the Automobile Liability Security Law

STANDARDS FOR PAYMENT OF AUTOMOBILE LIABILITY INSURANCE

1st Grade	2nd Grade	3rd Grade	4th Grade
11,000,000 yen	9,580,000 yen	8,290,000 yen	7,120,000 yen
5th Grade	6th Grade	7th Grade	8th Grade
5,990,000 yen	4,980,000 yen	4,090,000 yen	3,240,000 yen
9th Grade	10th Grade	11th Grade	12th Grade
2,450,000 yen	1,870,000 yen	1,350,000 yen	930,000 yen
13th Grade	14th Grade		
570,000 yen	320,000 yen		

(2)

- i) If a person coming under Appendix List 1 of the Enforcement Ordinance of the Automobile Liability Security Law has a dependent or dependents, the amount for the 1st Grade shall be 18,000,000 yen and the amount for the 2nd Grade shall be 13,330,000 yen.
- ii) If a person coming under the 1st, 2nd or 3rd Grade in Appendix List 2 of the Enforcement Ordinance of the Automobile Liability Security Law has a dependent or dependents, the amount for the 1st Grade shall be 13,000,000 yen, the amount for the 2nd Grade shall be 11,280,000 yen, and the amount for the 3rd Grade shall be 9,730,000 yen.

(3) In the case of a person coming under Appendix List 1 of the Enforcement Ordinance of the Automobile Liability Security Law, the amount of 5,000,000 yen for the 1st Grade and 2,050,000 yen for the 2nd Grade shall be added as initial costs, etc.

**Article 4. Damages for Death**

Damages for death shall include funeral expenses, loss of future earnings, damages for pain and suffering on the part of the victim, and damages for pain and suffering on the part of the victim’s family.

In the case where the victim dies after receiving insurance claim payment, etc. for damages due to permanent disability, damages for death is deemed to be the difference between the two damages, provided that a proximate cause relationship is recognized between the accident and death.

## 1. Funeral expenses

- (1) Funeral expenses shall be 600,000 yen.
- (2) In the case where funeral expenses exceed 600,000 yen, as supported by documentary evidence, etc., they shall be the necessary and reasonable actual expenses incurred up to a limit of 1,000,000 yen.

## 2. Loss of future earnings

- (1) Loss of future earnings shall be calculated by multiplying the amount of annual earnings or annual equivalent amount, as set forth in the following subparagraphs, minus the victim's living expenses, by the Leibnitz coefficient for the number of years for which earnings can be expected for the age of death (Appendix II-1). However, this shall not apply in the case where the probability is that an annual equivalent amount of the all-age average wage (Appendix III) could not be obtained throughout the victim's life.

### i) Persons in employment

The amount of earnings in the one year prior to the accident, or the annual equivalent amount of the average wage by age (Appendix IV) corresponding to the age of death, whichever is higher, shall be deemed as the amount of earnings.

However, in the case of the following persons, the amounts as set forth below shall be deemed as the earnings of the respective person concerned.

- a. Persons under 35 years of age whose earnings in the one year prior to the accident can be proved.

Whichever is the higher of the amount of earnings in the one year just before the accident, the annual equivalent amount of the all-age average wage, or the annual equivalent amount of the average wage by age.

- b. Persons whose earnings in the one year prior to the accident is difficult to prove.

#### a) Persons under 35 years of age

Whichever is the higher of the annual equivalent amount of the all-age average wage or the annual equivalent amount of the average wage by age.

#### b) Persons of 35 years of age or older

The annual equivalent amount of the average wage by age.

- c) Persons who have been unemployed for less than one year (excluding those who retired at the mandatory retirement age, etc.)

The standards as set forth above shall apply. In such cases the “amount of earning in the one year prior to the accident” shall be read as the “amount of earning in the one year prior to retirement”.

- ii) Infants, children, pupils, students, homemakers

The annual equivalent amount of the all-age average wage shall be deemed as the amount of earnings. However, in the case where the average wage by age of a person of 58 years of age or older is less than the all-age average wage, the annual equivalent amount of the average wage by age shall be deemed as the amount of earnings.

- iii) Other persons who have the will and ability to work

The annual equivalent amount of the average wage by age shall be deemed as the amount of earnings. However, the annual equivalent amount of the all-age average wage shall be the maximum limit.

- (2) Notwithstanding the provisions of subparagraph (1) above, loss of future earnings by recipients of pensions, etc. shall be calculated by multiplying the amount of annual earning or annual equivalent amount, as set forth in the following clauses, minus the victim’s living expenses, by the Leibnitz coefficient for the number of years for which earnings can be expected at the age of death (Appendix II-1), added to the amount calculated by multiplying the pensions, etc., minus the victim’s living expenses, by the Leibnitz coefficient for average remaining life expectancy at the age of death (Appendix II-2) minus the Leibnitz coefficient for the number of years for which earnings can be expected at the age of death. However, in the case where the probability is that the annual equivalent amount of the all-age average wage (Appendix III) could not be obtained throughout the victim’s life, this shall not apply.

Of the various pension systems, “recipients of pensions, etc.” shall, in principle, be persons who actually receive pensions, etc. based on contributions made by the pension rights holder. Recipients of welfare pension or survivor’s pension, for which no contribution is required, are excluded.

- i) Persons in employment

The amount of earnings in the one year prior to the accident plus the amount of pensions, etc., or the annual equivalent amount of the average wage by age (Appendix IV) corresponding to the age of death, whichever is higher, shall be deemed as the amount of earnings. However, in the case of persons under 35 years of age, the annual equivalent amount of the all-age average wage shall also be compared in addition to the foregoing comparison, and the highest amount shall be deemed as the loss of future earnings.

ii) Infants, children, pupils, students, homemakers

The amount of the pensions, etc., or the annual equivalent amount of the all-age average wage, whichever is higher, shall be deemed as the amount of earnings. However, in the case where the average wage by age of a person of 58 years of age or older is less than the all-age average wage, the amount of the pensions, etc., or the annual equivalent amount of the average wage by age, whichever higher, shall be deemed as the amount of earnings.

iii) Other persons who have the will and ability to work

The amount of the pensions, etc., or the annual equivalent amount of the average wage by age, whichever is higher, shall be deemed as the amount of earnings. However, in the case where the average wage by age is higher than the all-age average wage, the annual equivalent amount of the all-age average wage, or the amount of the pensions, etc., whichever is higher, shall be deemed as the amount of earnings.

- (3) In the case where living expenses are difficult to prove, nominal living expenses of 35% shall be subtracted from the amount of annual earnings or annual equivalent amount if there is a dependent or dependents, and 50% from the amount of annual earnings or annual equivalent amount if there is no dependent.

3. Damages for pain and suffering on the part of the victim

Damages for pain and suffering on the part of the victim shall be 3,500,000 yen.

4. Damages for pain and suffering on the part of the victim's family

Persons entitled to claim damages for pain and suffering shall be the victim's parent or parents (including adoptive parent or parents), a spouse, and a child or children (including adopted child or children, legally acknowledged child or children, and unborn child or children). The amount of damages shall be 5,500,000 yen in the case where there is one

entitled claimant, 6,500,000 yen in the case where there are two entitled claimants, and 7,500,000 yen in the case where there are three or more entitled claimants.

If the victim has a dependent or dependents, 2,000,000 yen shall be added to the amount set forth above.

**Article 5. Damages for Bodily Injury Suffered Prior to Death**

Damages for bodily injury suffered prior to death shall include direct damage (expenses related to medical treatment (including expenses incurred for coroner’s certificate fees, post-mortem treatment fees, etc.), documentation fees, and other expenses), loss of earnings due to absence from work, and damages for pain and suffering in accordance with Article 2: Damages for Bodily Injury. However, if death occurs on the day of the accident or the following day damages shall consist of direct damages only.

**Article 6. Reduction of the amount of a claim**

**1. Reduction due to gross negligence**

In the case of gross negligence on the part of the victim, the total amount of calculated damages shall be reduced in the case where the calculated damage is less than the limit of insurance, or the limit of insurance shall be reduced in the case where the calculated damage is larger than the limit of insurance, as shown in the table below. However, in the case where the amount of damages for bodily injury (excluding that suffered prior to permanent disability or death) is less than 200,000 yen, this shall be the amount of the claim, and in the case where the amount is 200,000 yen or less as a result of the reduction, the amount of the claim shall be 200,000 yen.

Degree of victim’s negligence for reduction	Rate of reduction	
	Cases related to permanent disability or death	Cases related to bodily injury
Less than 70%	No reduction	No reduction
70% or more, but less than 80%	20% reduction	20% reduction
80% or more, but less than 90%	30% reduction	
90% or more, but less than 100%	50% reduction	

**2. Reduction in the case where judgement on the existence of a proximate cause relationship between the injury and death or permanent disability is difficult**

In cases where it is difficult to determine the existence of a proximate cause relationship

between the injury and death or the injury and permanent disability, such as in the case where the cause of death or permanent disability is unclear because the victim has a past medical history, etc., the calculated amount of damages for death or permanent disability shall be reduced by 50% in the case where the calculated damages is less than the limit of insurance, or the limit of insurance shall be reduced by 50% in the case where the calculated damages is larger than the limit of insurance.

#### Supplementary Provision

This Notification shall take effect as from 1 April, 2002, and shall apply to insurance claim payments, etc. under automobile liability insurance, and mutual aid claim payment, etc. under automobile liability mutual aid, in respect of accidents resulting from the operation of an automobile that occur from that date onwards.

## Appendix I

## Table of Working Ability Loss Ratios

Cases in Appendix List 1 of the Enforcement Ordinance of Automobile Liability Security Law

Disability grade	Working ability loss ratio
1st grade	100 / 100
2nd grade	100 / 100

Cases in Appendix List 2 of the Enforcement Ordinance of Automobile Liability Security Law

Disability grade	Working ability loss ratio
1st grade	100 / 100
2nd grade	100 / 100
3rd grade	100 / 100
4th grade	92 / 100
5th grade	79 / 100
6th grade	67 / 100
7th grade	56 / 100
8th grade	45 / 100
9th grade	35 / 100
10th grade	27 / 100
11th grade	20 / 100
12th grade	14 / 100
13th grade	9 / 100
14th grade	5 / 100

Appendix II-1

The number of years for which earnings can be expected and Leibnitz Coefficients

(1) Table applicable to persons under 18 years of age.

Age	Infants, children, pupils, students, persons other than those on the right who have the will and ability to work		Persons in employment	
	The number of years for which earnings can be expected	Coefficient	The number of years for which earnings can be expected	Coefficient
years old	years		years	
0	49	7.549	67	19.239
1	49	7.927	66	19.201
2	49	8.323	65	19.161
3	49	8.739	64	19.119
4	49	9.176	63	19.075
5	49	9.635	62	19.029
6	49	10.117	61	18.980
7	49	10.623	60	18.929
8	49	11.154	59	18.876
9	49	11.712	58	18.820
10	49	12.297	57	18.761
11	49	12.912	56	18.699
12	49	13.558	55	18.633
13	49	14.236	54	18.565
14	49	14.947	53	18.493
15	49	15.695	52	18.418
16	49	16.480	51	18.339
17	49	17.304	50	18.256

STANDARDS FOR PAYMENT OF AUTOMOBILE LIABILITY INSURANCE

(2) Table applicable to persons of 18 years of age or older

Age	The number of years for which earnings can be expected	Coefficient	Age	The number of years for which earnings can be expected	Coefficient
years old	years		years old	years	
18	49	18.169	47	20	12.462
19	48	18.077	48	19	12.085
20	47	17.981	49	18	11.690
21	46	17.880	50	17	11.274
22	45	17.774	51	16	10.838
23	44	17.663	52	15	10.380
24	43	17.546	53	14	9.899
25	42	17.423	54	13	9.394
26	41	17.294	55	13	9.394
27	40	17.159	56	12	8.863
28	39	17.017	57	12	8.863
29	38	16.868	58	11	8.306
30	37	16.711	59	11	8.306
31	36	16.547	60	11	8.306
32	35	16.374	61	10	7.722
33	34	16.193	62	10	7.722
34	33	16.003	63	9	7.108
35	32	15.803	64	9	7.108
36	31	15.593	65	9	7.108
37	30	15.372	66	8	6.463
38	29	15.141	67	8	6.463
39	28	14.898	68	8	6.463
40	27	14.643	69	7	5.786
41	26	14.375	70	7	5.786
42	25	14.094	71	7	5.786
43	24	13.799	72	6	5.076
44	23	13.489	73	6	5.076
45	22	13.163	74	6	5.076
46	21	12.821	75	5	4.329

Age	The number of years for which earnings can be expected	Coefficient	Age	The number of years for which earnings can be expected	Coefficient
years old	years		years old	years	
76	5	4.329	89	2	1.859
77	5	4.329	90	2	1.859
78	5	4.329	91	2	1.859
79	4	3.546	92	2	1.859
80	4	3.546	93	2	1.859
81	4	3.546	94	2	1.859
82	4	3.546	95	2	1.859
83	3	2.723	96	2	1.859
84	3	2.723	97	2	1.859
85	3	2.723	98	2	1.859
86	3	2.723	99	2	1.859
87	3	2.723	100 ~	1	0.952
88	3	2.723			

(Notes)

1. The numbers of years for which earnings can be expected for persons in employment under 18 years of age and persons of 18 years of age or older are:

(1) 67 years minus the age of the victim for those under 55 years of age

(2) 1/2 of the average remaining life expectancy, with fractions rounded up, for those of 55 years of age or older

2. The numbers of years for which earnings can be expected and Leibnitz coefficients in the case of infants, children, pupils, students under 18 years of age, and persons who have the will and ability to work (except persons in employment, homemakers, and students 18 years of age or older) are calculated in accordance with the following example.

(Example) In the case of a person who is 3 years of age

(1) Coefficient corresponding to the 64 years (67 years – 3 years) until end of employment (67 years of age): 19.119

(2) Coefficient corresponding to the 15 years (18 years – 3 years) until start of employment (18 years of age): 10.380

(3) The number of years for which earnings can be expected: 49 years (64 years – 15 years)

(4) Applicable coefficient: 8.739 (19.119 – 10.380)

STANDARDS FOR PAYMENT OF AUTOMOBILE LIABILITY INSURANCE

Appendix II-2

Average Remaining Life Expectancy and Leibnitz Coefficients

Age	Male		Female	
	Average remaining life expectancy	Coefficient	Average remaining life expectancy	Coefficient
years old	years		years	
0	76	19.509	82	19.634
1	75	19.485	82	19.634
2	74	19.459	81	19.616
3	73	19.432	80	19.596
4	72	19.404	79	19.576
5	71	19.374	78	19.555
6	70	19.343	77	19.533
7	69	19.310	76	19.509
8	68	19.275	75	19.485
9	67	19.239	74	19.459
10	67	19.239	73	19.432
11	66	19.201	72	19.404
12	65	19.161	71	19.374
13	64	19.119	70	19.343
14	63	19.075	69	19.310
15	62	19.029	68	19.275
16	61	18.980	67	19.239
17	60	18.929	66	19.201
18	59	18.876	65	19.161
19	58	18.820	64	19.119
20	57	18.761	63	19.075
21	56	18.699	62	19.029
22	55	18.633	61	18.980
23	54	18.565	60	18.929
24	53	18.493	59	18.876
25	52	18.418	58	18.820

Age	Male		Female	
	Average remaining life expectancy	Coefficient	Average remaining life expectancy	Coefficient
years old	years		years	
26	51	18.339	57	18.761
27	50	18.256	56	18.699
28	49	18.169	55	18.633
29	48	18.077	54	18.565
30	47	17.981	53	18.493
31	46	17.880	52	18.418
32	45	17.774	51	18.339
33	44	17.663	50	18.256
34	43	17.546	49	18.169
35	42	17.423	48	18.077
36	41	17.294	47	17.981
37	40	17.159	46	17.880
38	39	17.017	45	17.774
39	38	16.868	44	17.663
40	38	16.868	43	17.546
41	37	16.711	43	17.546
42	36	16.547	42	17.423
43	35	16.374	41	17.294
44	34	16.193	40	17.159
45	33	16.003	39	17.017
46	32	15.803	38	16.868
47	31	15.593	37	16.711
48	30	15.372	36	16.547
49	29	15.141	35	16.374
50	28	14.898	34	16.193
51	27	14.643	33	16.003
52	27	14.643	32	15.803
53	26	14.375	31	15.593

STANDARDS FOR PAYMENT OF AUTOMOBILE LIABILITY INSURANCE

Age	Male		Female	
	Average remaining life expectancy	Coefficient	Average remaining life expectancy	Coefficient
years old	years		years	
54	25	14.094	30	15.372
55	24	13.799	29	15.141
56	23	13.489	28	14.898
57	22	13.163	28	14.898
58	21	12.821	27	14.643
59	21	12.821	26	14.375
60	20	12.462	25	14.094
61	19	12.085	24	13.799
62	18	11.690	23	13.489
63	17	11.274	22	13.163
64	17	11.274	21	12.821
65	16	10.838	20	12.462
66	15	10.380	20	12.462
67	15	10.380	19	12.085
68	14	9.899	18	11.690
69	13	9.394	17	11.274
70	12	8.863	16	10.838
71	12	8.863	15	10.380
72	11	8.306	15	10.380
73	11	8.306	14	9.899
74	10	7.722	13	9.394
75	9	7.108	12	8.863
76	9	7.108	12	8.863
77	8	6.463	11	8.306
78	8	6.463	10	7.722
79	7	5.786	10	7.722
80	7	5.786	9	7.108
81	6	5.076	8	6.463

Age	Male		Female	
	Average remaining life expectancy	Coefficient	Average remaining life expectancy	Coefficient
years old	years		years	
82	6	5.076	8	6.463
83	5	4.329	7	5.786
84	5	4.329	7	5.786
85	5	4.329	6	5.076
86	4	3.546	6	5.076
87	4	3.546	5	4.329
88	4	3.546	5	4.329
89	3	2.723	5	4.329
90	3	2.723	4	3.546
91	3	2.723	4	3.546
92	3	2.723	4	3.546
93	2	1.859	3	2.723
94	2	1.859	3	2.723
95	2	1.859	3	2.723
96	2	1.859	3	2.723
97	2	1.859	2	1.859
98	2	1.859	2	1.859
99	2	1.859	2	1.859
100	1	0.952	2	1.859
101	1	0.952	2	1.859
102	1	0.952	2	1.859
103	1	0.952	2	1.859
104	1	0.952	2	1.859
105	1	0.952	1	0.952

(Note) The numbers of years of average remaining life expectancy are based on life expectancy figures in the “18th Life Tables Reference Table”.

STANDARDS FOR PAYMENT OF AUTOMOBILE LIABILITY INSURANCE

Appendix III

All-Age Average Wage (Monthly Amount)

Male	415,400	Female	275,100
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Appendix IV

Average wage by age (Monthly Amount)

Age years old	Male yen	Female yen	Age years old	Male yen	Female yen
18	187,400	169,600	41	468,600	304,500
19	199,800	175,800	42	474,700	303,300
20	219,800	193,800	43	478,300	301,000
21	239,800	211,900	44	482,000	298,800
22	259,800	230,000	45	485,600	296,500
23	272,800	238,700	46	489,300	294,300
24	285,900	247,400	47	492,900	292,000
25	298,900	256,000	48	495,500	291,800
26	312,000	264,700	49	498,100	291,700
27	325,000	273,400	50	500,700	291,600
28	337,300	278,800	51	503,300	291,400
29	349,600	284,100	52	505,800	291,300
30	361,800	289,400	53	500,700	288,500
31	374,100	294,700	54	495,500	285,600
32	386,400	300,100	55	490,300	282,800
33	398,000	301,900	56	485,200	280,000
34	409,600	303,700	57	480,000	277,200
35	421,300	305,500	58	455,400	269,000
36	432,900	307,300	59	430,900	260,900
37	444,500	309,100	60	406,300	252,700
38	450,500	307,900	61	381,700	244,500
39	456,600	306,800	62	357,200	236,400
40	462,600	305,600	63	350,100	236,400

Age	Male	Female	Age	Male	Female
years old	yen	yen	years old	yen	yen
64	343,000	236,400	67	321,800	236,500
65	336,000	236,500	68 ~	314,800	236,600
66	328,900	236,500			

(Note) Wages in this Table are calculated based on average wages (including extra pays) by cohort for all educational backgrounds in companies with a corporate scale of 10 - 999 employees, compiled from the 2000 Wage Census Volume 1, Table 1: Industry Totals (Private/Public Sector Totals) multiplying them by 0.999 to reflect subsequent wage trends.

# POLICY CONDITIONS FOR AUTOMOBILE LIABILITY INSURANCE

## History of Amendment

December 1, 1955

August 1, 1962

August 1, 1966

October 1, 1970

December 27, 1971

April 1, 2002

February 7, 2005

## (Scope of liability)

**Article 1.** The company shall pay insurance claim in accordance with the provisions of the policy conditions hereof when the insured is legally liable to compensate for damage resulting from death of or bodily injury to other person arising out of the operation (hereinafter referred to as “accident”) of the automobile (hereinafter referred to as “insured automobile”) described on the certificate of automobile liability insurance (hereinafter referred to as “certificate”) within Japan (including on a Japanese vessel outside of Japanese territorial waters).

## (Definitions)

**Article 2.** The terms “automobile,” “operation,” “owner” or “driver” used in the policy conditions hereof shall mean, respectively, automobile, operation, owner or driver as stipulated in Article 2 of the Automobile Liability Security Law (hereinafter referred to as “Law”).

2. The term “insured” used in the policy conditions hereof shall mean the owner of the insured automobile and driver of such insured automobile.

## (Scope of damage and limit of liability)

**Article 3.** Damage under Article 1 (Scope of liability) shall be the compensation for damage that the insured has paid to the victim and the expenses for first aid treatment, escorting the victim, medical examination, medical treatment or nursing care paid by the insured on the victim’s behalf.

2. The amount of the insurance claim to be paid by the company, (which means the insurance claim payment pursuant to the provision of Article 1; the same shall be applied hereinafter), shall be limited to the limit of insurance as provided in Article 2 of the

Enforcement Ordinance of the Law (hereinafter referred to as “limit of insurance”). However, in the case of payment of the amount of compensation for damage as provided in paragraph 1, Article 16 of the Law (hereinafter referred to as “the amount of compensation for damage”), the total amount of the insurance claim payment and the amount of compensation for damage shall be limited to the limit of insurance.

(Commencement date and termination date of insurance obligation)

**Article 4.** The company’s insurance obligation shall commence at the time the insurance contract is formed and terminate at twelve o’clock noon on the final day of the insurance period. However, in the case where the commencement date of the insurance period has been provided beforehand in complying with the wishes of the policyholder, the company’s insurance obligation shall commence at such time and terminate at twelve o’clock noon on the final day of the insurance period.

(Duty of disclosure)

**Article 5.** The company may cancel the insurance contract by sending a notice in writing to the address of the policyholder described on the certificate if the policyholder has failed to disclose facts or has misrepresented matters with respect to the matters as stipulated in Article 20 of the Law through malicious intent or gross negligence at the time of concluding the insurance contract. However, in the case where the company knew this fact or did not know this fact due to its own negligence, this provision shall not be applied.

2. The provisions of the preceding paragraph shall not be applied after the policyholder or the insured has made an application in writing for rectification and the company has given approval thereto, or in the case where the company has not cancelled the insurance contract after the day the company learned of the cause for cancellation and one month or longer including that day has passed.
3. The cancellation under paragraph 1 shall take effect for the future after a lapse of seven days counting from the day the policyholder received the cancellation notice.
4. In the case where the company has paid an insurance claim or the amount of compensation for damage due to an accident that occurred before the day on which the cancellation became effective pursuant to the provisions of the preceding paragraph, the company may request a payment for that paid amount against the policyholder.
5. In the case where the company will give the approval under paragraph 2, if it is necessary to correct the premium, the company shall refund or request the different amount from the premium.

6. The provisions of each preceding paragraph shall be applied mutatis mutandis in the case where the insured has not reported or has misrepresented the material facts as stipulated in Article 20 of the Law not through the policyholder's own neglect but due to the malicious intent or gross negligence of a person other than the policyholder when concluding the insurance contract.

(Duty of notification)

**Article 6.** In the case where any of the following items shall be applied after concluding the insurance contract, the policyholder or the insured shall notify the company in writing to that effect without delay.

- (1) In the case of having made changes with respect to the matters as stipulated in Article 20 of the Law.
  - (2) In the case where the insured automobile has become an automobile as stipulated in Article 10 of the Law.
  - (3) In the case of having made changes with respect to matters described in the certificates.
2. In the case of having being notified of the changes in item (1) of the preceding paragraph or in the case of the company knowing the facts without being notified, if the risk has increased or decreased the insurance company will refund or request the difference between the premium for the unexpired insurance period calculated per diem by counting from the day the risk increased or decreased and the premium calculated by computation on a per diem basis based on the identical number of days for a premium that assumes the same insurance period as the contract (in the case of changes to the premium after the commencement of the insurance period, the premium before the change) for liability insurance corresponding to the new risk (referring to the liability insurance pursuant to the provision of Article 5 of the Law; the same shall be applied hereinafter). However, if the amount that should be refunded or requested contains a fractional amount less than ten yen, or if the total amount calculated is less than one hundred yen, that fractional amount or the total amount shall be rounded down to zero.
  3. In the case where an accident has occurred after the risk increased during the insurance period and the company has paid an insurance claim or the amount of compensation for damage, if the policyholder or the insured having neglected to inform the company of the changes under the provision of item (1) of paragraph 1, the company may request to the policyholder the payment of that amount the company paid. However, this shall not be

applied in the case where the policyholder has paid the premium as stipulated in the preceding paragraph before occurrence of the accident based upon the company's request.

(Occurrence of an insured accident)

**Article 7.** The policyholder or the insured shall take the following steps, in the case where he/she learns that an insured accident or facts pertaining to the cause of that accident have come to light.

- (1) Inform the company in writing without delay of the following matters.
    - (a) The time and date, location and other conditions of the facts pertaining to the cause of the insured accident that have come to light, and the address, name, age and occupation of the victim;
    - (b) In the case of persons who may be witnesses with respect to the matters as set forth in subitem (a) hereof, the addresses and names of those persons; and
    - (c) In the case of having received a claim for the amount compensation for damage, the details of such claim.
  - (2) In the case where the company asks to submit documents or items to be evidence that the company deems to be especially necessary in addition to the documents under proceeding item (1), submit these items without delay.
  - (3) In the case of being able to claim for the amount of compensation for damage to other person, follow the procedures necessary to preserve or exercise that right and perform all measures necessary to prevent and reduce other damage.
  - (4) In the case of initiating a lawsuit or a lawsuit being initiated with respect to claim for the amount of compensation for damage, notify the company in writing without delay.
2. With regard to the expenses that are necessary for item (3) in the preceding paragraph, the company shall pay insurance claim, which shall be limited to the limit of insurance, by totaling such expenses with the amount of damage pursuant to the provision of paragraph 1 of Article 3 (Scope of damage and limit of liability). However, in the event of a payment of the amount of compensation for damage, the total amount of the insurance claim payment and the amount of compensation for damage shall be limited to the limit of insurance.

(Expenses for lawsuits, etc.)

**Article 8.** In the case where a dispute arises between the insured and the victim with respect

to the damage under Article 1 (Scope of liability), the company shall not be responsible for any expenses paid by the insured concerning lawsuit, compromise or mediation, etc.

(Nullification)

**Article 9.** In the case where the policyholder or the insured has committed an act of fraud with respect to the insurance contract when concluding the insurance contract, the insurance contract shall be nullified.

(Cancellation)

**Article 10.** Only in the case where the insured automobile comes under any of the following items, the policyholder may cancel the insurance contract by submitting notification in writing to the company:

- (1) In the case of the permanent deletion registration, the tentative deletion registration for export or the temporary deletion registration, pursuant to the provision of Article 15, Article 15-2 or Article 16 of the Road Vehicles Act respectively, with respect to the registered automobile;
- (2) In the case of having abandoned use and presented the vehicle number plate to the Director-General of the Transport Supervision Department, the Chief of a Transport Branch Office or to the Light Vehicles Inspection Organization with respect to light automobile or two-wheeled small-sized motor vehicle;
- (3) In the case of having abandoned use and presented the indication plate to the head of the special ward or mayor of the city, town or village with respect to small-size special purpose automobile or motorcycle;
- (4) In the case of having returned the temporary operation permission number plate to the competent administrative agency with respect to automobile which received a permission for temporary operation;
- (5) In the case of having returned a forward operation permission number plate to the Director-General of the Transport Supervision Department or the Chief of a Transport Branch Office with respect to an automobile which received a permission for forward operation;
- (6) In the case of having returned the temporary driving number plate to the Director-General of the Transport Supervision Department or the Chief of a Transport Branch Office with respect to light automobile for which the temporary driving number plate was lent; or

- (7) In the event of having received an export permission under Article 67 of the Customs Law.
2. In the case of any of the following items are applicable, the company may cancel the insurance contract by written notification mailing to the address of the policyholder described on the certificate, and policyholder may cancel the insurance contract by written notification mailing to the company, respectively.
  - (1) In the case of any facts occurring as stipulated in the provision of item 2 of paragraph 1 of Article 6 (Duty of notification); or
  - (2) In the case of another liability insurance contract or another liability mutual aid (means liability mutual aid as stipulated in the provision of Article 5 of the Law; the same shall be applied hereinafter), contract being concluded with respect to the insured automobile, and the termination date of the insurance period or mutual aid period of that contract is the same as or later than the termination date of the insurance period of the contract hereunder.
3. The cancellation under the preceding paragraphs shall take effect only for future dates.
4. In the case of cancellation under paragraph 1 and paragraph 2 hereof or cancellation under paragraph 1 of Article 5 (Duty of disclosure) or under paragraph 6 of the same Article, the policyholder shall return to the company the certificate and the insurance sticker when the insured automobile is an automobile being issued an insurance sticker, or the certificate when the insured automobile is other automobile.

(Succession of rights and obligations of policyholder)

**Article 11.** In the case where the insured automobile is assigned, if the assignee or a person designated by the assignee has agreed with the policyholder to succeed the rights and obligations of policyholder and the company has received notification to that effect from the policyholder and the assignee or that designated person, this shall be deemed to be approved by the company as from the time the agreement to succeed the rights and obligations of policyholder was made.

(Alteration of premium)

**Article 12.** If an alteration of premium relative to the insurance contract takes place after the insurance contract has been concluded but before the insurance period commences, the company shall refund or request the difference between the original premium and altered premium.

(Refund and request of premium)

**Article 13.** In the case of nullification of the insurance contract due to the willful intent or gross negligence of the policyholder or the insured, the company shall neither lose the right to request the full amount of the premium for the entire insurance period nor refund any premium it has already received.

2. In the case of lapse of the insurance contract due to the willful intent or gross negligence of the policyholder or the insured, or in the case of cancellation under paragraph 1 of Article 5 (Duty of disclosure) and Article 10 (Cancellation) (excluding in the case where the company cancelled the insurance contract pursuant to the provisions of paragraph 2 of Article 10), the company shall refund to the policyholder the premium based on the cancellation premium table as set forth by the company for the unexpired period.
3. Excluding in the case of preceding two paragraphs, the company shall refund to the policyholder the entire amount of the premium in the case where the insurance contract is nullified, and the premium calculated on a per diem basis for the unexpired period by counting from the following day in the case of lapse.
4. In the case where the insurance contract is cancelled due to reasons for which the company is solely responsible and in the case where the insurance contract is cancelled by the company pursuant to the provision of paragraph 2 of Article 10 (Cancellation), the company shall refund to the policyholder the premium calculated based on the provisions of the preceding paragraph.

(Claim for insurance claim payment)

**Article 14.** In the case where the insured claim for insurance claim payment based on the insurance contract, the insured shall submit to the company a written notice of claim, together with documents to prove the payment of the amount of compensation for damage and all other documents the company deems to be necessary, within 30 days counting from the day after the day when the amount of the damage was fixed between the insured and the victim pursuant to the provisions of paragraph 1 of Article 3 (Scope of damage and limit of liability), or within the extension period the company has approved.

2. The company may request the submission of a medical certificate from a physician designated by the company if the company determines this to be especially necessary. In this case, the company bears the necessary expenses.

(Insurance claim payment)

**Article 15.** The company shall pay an insurance claim within 30 days counting from the day it

has received a claim under the provision of the preceding Article, including that day. However, if the company is unable to complete the necessary investigation within this time period, it shall pay the insurance claim without delay after it has completed its investigation.

(Exemption in the case of double contracts)

**Article 16.** In the case where other liability insurance contract and/or liability for mutual aid contract has been concluded in addition to the insurance contract hereunder in respect of the insured automobile, the company shall not pay an insurance claim, the amount of compensation for damage and the provisional payment under the provisions of paragraph 1 of Article 17 (hereinafter referred to as “provisional payment” in this Article) for an accident that occurred during the insurance period that overlaps with such other insurance period and/or mutual aid period of the contract concluded prior to the conclusion of insurance hereunder.

2. In the case of preceding paragraph, if the company, in response to a claim for the amount of compensation for damage or provisional payment (hereinafter referred to as “payment of the amount of compensation for damage, etc.” in this paragraph and paragraph 4), has made payment of the amount of compensation for damage, etc., the company shall acquire the rights of the victim against the insured who is liable up to the limit of the amount of such payment except in the case where the company or the victim have known the existence of other contract that was concluded prior to the conclusion of the insurance contract hereunder.
3. In the case where other liability insurance contract and/or mutual aid contract has been concluded in addition to the insurance contract hereunder in respect of the insured automobile, if there exist 2 or more policies including this contract concluded at the earliest time, the company shall not pay with respect to any amount that exceeds the amount obtained by dividing the amount of the insurance claim, the amount of compensation for damage and provisional payment that should be paid under the insurance contract hereunder by the number of such contracts.
4. In the case of the preceding paragraph, if the company has made a payment in response to a claim for the amount of compensation for damage, etc., the company shall acquire the rights of the victim against the insured who is liable up to the limit of payment of the amount of compensation for damage, etc. that should be exempted pursuant to the provisions of the preceding paragraph, except in the case where the company or the victim has known the existence of the other contract that was concluded at the earliest time.

(Exemption of damage caused by malicious intent)

**Article 16-2.** The company shall not pay an insurance claim with respect to damage caused by malicious intent of the policyholder or the insured.

(Appraiser, arbitrator, and designated dispute settlement body)

**Article 17.** In the case where any dispute arises between the company and the insured with respect to the settlement of the amount of the insurance claim payment the company should pay, that dispute shall be left to the decision of 2 appraisers, each of whom is selected in writing by each of the parties. In this case, if there is a disagreement between the opinions of the appraisers, this shall be arbitrated by one arbitrator who shall be selected by both appraisers.

2. The parties shall each be responsible for the expenses of the appraiser they have selected themselves (including remuneration), and shall be responsible for one-half each of all other expenses (including remuneration for the arbitrator).
3. Notwithstanding the provisions of preceding 2 paragraphs, both of the parties may apply for dispute resolution to a designated dispute settlement body as stipulated in the provision of Article 23-5 of the Law in the case where a dispute arises between the company and the insured or the victim with respect to the decision of the amount of insurance claim or the amount of compensation for damage that the company should pay.
4. The company shall abide by that mediation in the case where the dispute resolution is conducted by the designated dispute settlement body under the preceding paragraph. However, this provision shall not apply in the case of a decision that has been made by a ruling, compromise or mediation, etc. in a court of law.

(Subrogation)

**Article 18.** In the case where the insured may claim for the amount of compensation for damage against other person, if the company has paid an insurance claim to the insured or the amount of compensation for damage to the victims, the company shall be subrogated to the right held by the insured against such other person to the extent not to prejudice the right of the insured but only to the extent of amount it paid.

2. The insured shall submit to the company all of the documents necessary in order to exercise the rights under the preceding paragraph if an insurance claim was paid to the insured or the amount of compensation for damage was paid to the victim.

(Re-issue of certificate, etc.)

**Article 19.** The company shall reissue a certificate or insurance sticker to the policyholder in the case applicable to any of the following items. However, in the case of receiving a reissue of insurance sticker the policyholder shall present his/her certificate.

- (1) Upon submission of a certificate or insurance sticker that is damaged or has become difficult to identify; or
- (2) In the case where a certificate or insurance sticker can not be presented due to theft, fire or loss, upon submission of documents proving such fact.

(Governing law)

**Article 20.** Any matters not provided in the policy conditions hereof shall be governed by the laws and regulations of Japan.

### Supplementary Provisions

When applying the policy conditions hereof, the amount less the amount of the subsidies appropriated for premiums, etc. as stipulated in Article 7 of the Supplementary Provisions to the Law shall be regarded as the total amount of the premium with respect to premiums of an insurance contract having a commencing date during the insurance period as from April 1, 2002 to March 31, 2008.

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