

## Questions and Answers

### Topic (6): Proper claims adjustment of automobile insurance

#### Q-1: [From Insurance Company-Loss Adjustment]

Claim history will be shared to all Insurers in Japan, please let us know how to manage this information, and the Insurers will share the fee to maintain this system? Compulsory or voluntary?"

#### A-1:

While it is not obligatory, all GIAJ member companies join the information exchange systems, with a few exceptions, as they fully understand the importance of applying appropriate premium rates reflecting claim histories and promoting proper claim payments.

Participating companies pay for system costs according to contribution shares which are prescribed in advance.

For more information, please refer to the Topic 4 Q&A.

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#### Q-2: [From Insurance Company-Loss Adjustment]

Your presentation state that the Motor claim have assessing by the Automobile Technical Adjuster (ATA), so ATA should have license / certificated and have a specific term or an indefinite term? ATA can handle motor claim for many Insurers or one insurer only?"

#### A-2

Technical adjusters need to qualify as such by passing the GIAJ (General Insurance Association of Japan) examination. Once they pass the examination, there is no specific term. Most technical adjusters belong to an insurance company, or a subsidiary of an insurance company. There are also independent technical adjusters but not many.

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#### Q-3: [From Insurance Company-Loss Adjustment]

(Slide 21) With the total loss: who have right to make decision that this car is consider as total loss? Please give us advice in respect of handling situations

when related parties have different views, not same recognition of situation?

**A-3:**

Insurers have a right to approve damage.

There are two types of total loss, namely "Physical total loss" and "Economic total loss". Physical total loss means that the damage is too severe to repair. Economic total loss means that repair is possible, but the costs involved exceed the vehicle's value. Disputes can occur in the case of Economic total losses. When a dispute occurs, it is usually regarding the method of determining repair costs and the vehicle's value.

In Japan, normally the technical adjuster makes an estimate and compares it with the vehicle's value. The most common way to check the vehicle value is to refer to the "Red Book", which is a guidebook issued periodically (once a month or every two months) by a dedicated independent company. It shows the average resale market price of almost every vehicle model and is used by used car dealers as well as insurance companies.

If the customer disagrees with the assessment, he/she must prove with clear evidence/materials that their opinion is more reasonable than that of the insurer. The insurer may accept the customer's opinion based on this, but if they cannot, the customer may file a lawsuit.

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**Q-4: [From Insurance Company-Loss Adjustment]**

(Slide 22) For degradation: who will recommend the drop in value of the car after repair/loss? What certifications do these people need? Please also give us advice in respect of handling situations when related parties have different views, not same recognition of situation?"

**A-4:**

A third-party sometimes feels anxious that his/her vehicle's value may decrease after having been repaired and may therefore visit a car dealership or a used car shop to find out about any influence on the trade-in price.

If the third-party claims that their vehicles estimated price will be lower after repair, the insurer will carefully consider whether or not to accept this.

Sample criteria when considering degradation includes:

- 1) Whether or not the car is new.

- 2) Whether or not the insured was 100% at fault.
- 3) Whether or not the damage repairs include replacement parts as well as bodywork.

Sometimes cases are disputed in court.

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**Q-5: [From Insurance Company-Loss Adjustment]**

(Slide 23) Police do not make any judgement on percentage of fault, insurance company or Automobile Technical Adjuster, what certification / training do they need? If there have any dispute how to handle please advise us?

**A-5:**

No certification is needed to judge percentage of fault other than belonging to an insurance company.

Originally only lawyers had the authority to negotiate liability, but these days insurance policy schedules show that such authority is in the hands of insurance company staff, which is why they are able to negotiate percentage of fault in the place of lawyers. (There are not enough lawyers to handle the number of accidents.)

Normally, the training to judge percentage of fault is conducted by the OJT using the "Hanrei Times". As explained in the lecture, this book shows various lawsuit cases based on criteria edited by the Tokyo district.

The most difficult thing is to determine an accident situation without seeing the actual accident site. Technical adjusters require a lot of technical skills in order to do that, which is one of the reasons the "Jikken Center" was established by the Japanese insurance industry. It provides training for technical adjusters.

If all the parties involved share the same recognition of the accident situation, it is not so difficult to apply the "Hanrei Times".

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**Q-6: [From Insurance Company-Loss Adjustment]**

(Slide 29) About Fraud claims: In case of fraudulent suspicion who will be investigating (The Insurers, Automobile Technical Adjuster???), what qualifications is required? If the insurance company investigates by themselves, such information will be accepted by the authorities (in Court??) if there is a dispute? Could you please advise?"

**A-6:**

Please refer to the Q-10/A-10, Topic 4 Q&A.

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**Q-7: [From Insurance Company-Underwriting]**

Let me know in detail about mission of robots in RPA verify policy and RPA system registration.

**A-7:**

Aioi has a “Claim notification system” and a “Claim management system”. Also, claims following natural disasters are managed separately to other claims. They are centralized until payment.

- 1) The RPA can classify natural disaster claims as distinct from all other claims within the “Claim notification system” and transfer them to the “Claim management system for natural disasters”.
- 2) The RPA also picks up policy information and premium receipt records from the underwriting database and combines it with the claim information.
- 3) At the payment stage, the RPA collects all the recorded claims and makes payments via the system.

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**Q-8: [From Other Organization-Management]**

Is there any regulation in law that stipulates the maximum time limit for an insurer to settle a claim (pay claim amount to the client) once the client submit all claim documents that the insurer requires?

**A-8:**

The Insurance Act stipulates the time limit for insurance payment as “the reasonable time” for insurers to determine the payment.  
Normally insurance policies and PDS (Product Disclosure Statements) stipulate this as being 30 days after completion of the required documents.  
Insurance companies are allowed to extend this to between 60 and 180 days when investigations are needed to determine payments.

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