

Act on Securing Compensation for Automobile Accidents

(Act No. 97 of July 29, 1955)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to protect injured parties and contribute to the sound progress of automobile transportation by establishing a system to guarantee compensation for damage in the event of a person's death or bodily injury due to the operation of an automobile.

(Definitions)

Article 2 (1) The term "automobile" as used in this Act means an automobile as prescribed in Article 2, paragraph (2) of the Road Transport Vehicle Act (Act No. 185 of 1951) (other than a small-sized special purpose vehicle manufactured for use in farm work) or a motorized bicycle as prescribed in paragraph (3) of that Article.

(2) The term "operation" as used in this Act means the use of an automobile in

keeping with the way that such a machine is used, regardless of whether people or things are being transported.

- (3) The term "person in possession" as used in this Act means the owner of an automobile, or any other person with the right to use an automobile, that puts an automobile into operational use for that person's own benefit.
- (4) The term "driver" as used in this Act means a person that drives an automobile for the benefit of another person, or a person engaged in assisting another person in driving an automobile.

Chapter II Automobile Liability

(Automobile Liability)

Article 3 A person that puts an automobile into operational use for that person's own benefit is liable to compensate for damage arising from the operation of the automobile if this results in the death or bodily injury of another person; provided, however, that this does not apply if the person and the driver prove that they have exercised due care in connection with the operation of the automobile, that the injured party or a third party other than the driver has acted intentionally or negligently, and that there was no defect in automotive structure or function.

(Application of the Civil Code)

Article 4 Other than as governed by the preceding Article, the liability to compensate for damage to be borne by a person putting an automobile into operational use for that person's own benefit is governed by the Civil Code (Act No. 89 of 1896).

Chapter III Automobile Liability Insurance and Mutual Automobile Liability Insurance

Section 1 Compulsory Conclusion of a Contract for Automobile Liability Insurance or of a Contract for Mutual Automobile Liability Insurance

(Compulsory Conclusion of a Contract for the Liability Insurance or Mutual Liability Insurance)

Article 5 An automobile must not be put into operational use unless a contract for automobile liability insurance (hereinafter referred to as "liability insurance") or mutual automobile liability insurance (hereinafter referred to as "mutual liability insurance") as provided in this Act has been concluded for that automobile.

(Insurers and Persons Liable Under Mutual Insurance)

Article 6 (1) An insurer providing liability insurance (hereinafter referred to as the "insurer") is to be a non-life insurance company as prescribed in Article 2, paragraph (4) of the Insurance Business Act (Act No. 105 of 1995) or a foreign non-life insurance company, etc. as prescribed in paragraph (9) of that Article that underwrites liability insurance.

(2) A person liable under mutual liability insurance is to be a cooperative that falls under one of the following items (hereinafter referred to as a "cooperative"):

(i) an agricultural cooperative or federation of agricultural cooperatives that is engaged in the mutual liability insurance business based on the Agricultural Cooperatives Act (Act No. 132 of 1947) (hereinafter referred to as an "agricultural cooperative, etc.");

(ii) a consumer cooperative or federation of consumer cooperatives that is engaged in the mutual liability insurance business based on the Consumer Cooperatives Act (Act No. 200 of 1948) (hereinafter referred to as the "consumer cooperative, etc. ");

(iii) a business cooperative or federation of cooperatives that is engaged in the mutual liability insurance business based the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949) (hereinafter referred to as a "business cooperative ,etc.").

(Certificate of Automobile Liability Insurance)

Article 7 (1) Once an insurance premium has been paid, the insurer must issue to the policyholder certificate of automobile liability insurance for the automobile.

(2) If any of the information appearing on the certificate of automobile liability insurance changes, the policyholder must have that change entered on the certificate of insurance.

(3) Upon receipt of a request to enter a change under the preceding paragraph, the insurer must enter the change on the certificate of insurance without delay; provided, however, that this does not apply if the insurer has made a request under Article 22, paragraph (3) or (4) but the amount requested has not been paid.

(4) If certificate of automobile liability insurance is lost or damaged or becomes difficult to decipher, the policyholder may require the insurer to re-issue it.

(5) Order of the Ministry of Land, Infrastructure, Transport and Tourism provides for the information that is to appear on certificate of automobile liability insurance and other details concerning certificate of automobile liability insurance .

(6) Article 6 of the Insurance Act (Act No. 56 of 2008) does not apply to liability insurance.

(Carrying Certificate of Automobile Liability Insurance On Board)

Article 8 An automobile must not be put into operational use unless it has certificate of automobile liability insurance on board (or unless it has certificate of insurance into which a change has been entered on board, if a change is required to have been entered in the certificate of insurance pursuant to paragraph (2) of the preceding Article; the same applies in the following Article).

(Presentation of Certificate of Automobile Liability Insurance)

Article 9 (1) A person seeking a disposition as prescribed in Article 4 of the Road Transport Vehicle Act or in Article 34, paragraph (1); Article 36-2, paragraph (5); Article 60, paragraph (1); Article 62, paragraph (2) (including as applied mutatis mutandis pursuant to Article 63, paragraph (3) and Article 67, paragraph (4)); Article 67, paragraph (1) (only in relation to a change of user); Article 71, paragraph (4); or Article 97-3 of that Act; or seeking a disposition prescribed in Article 22-2, paragraph (3) of the Act on Comprehensive Special Zones (Act No. 81 of 2011) must also present certificate of automobile liability insurance to the competent administrative agency (or to the Light Motor Vehicle Inspection Association, if Article 74-4 of the Road Transport Vehicle Act apply; the same applies in the following paragraph through paragraph (5)); provided, however, that if a safety regulations conformity certificate has been submitted pursuant to Article 94-5, paragraph (8) of the Road Transport Vehicle Act and a person seeks a disposition as prescribed in Article 62, paragraph (2) of the Road Transport Vehicle Act or seeks a disposition as prescribed in Article 22-2, paragraph (3) of the Act on Comprehensive Special Zones, instead of presenting certificate of automobile liability insurance, the person may submit a copy of that certificate of insurance prepared in the way that Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes.

(2) In a case as referred to in the main clause of the preceding paragraph, a person seeking intends to receive any of the dispositions as referred to in that clause by entrusting the insurer, pursuant to Cabinet Order, may provide a vehicle registration agency as referred to in Article 7, paragraph (4) of the Road Transport Vehicle Act (in paragraphs (3) and (4), referred to as a "vehicle registration agency") with the information required to be given on a certificate of automobile liability insurance by electronic or magnetic means (meaning by using one of the means of employing an electronic data processing system or of otherwise making use of information and communications technology which Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes).

- (3) If the information required to be given on a certificate of automobile liability insurance is provided to a vehicle registration agency pursuant to the preceding paragraph, a person intends to receive any of the dispositions as referred to in the main clause of paragraph (1) is deemed to have presented certificate of automobile liability insurance to the competent administrative agency.
- (4) In a case as referred to in the preceding paragraph, the competent administrative agency is to confirm the necessary information by inquiring of the vehicle registration agency pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (5) The competent administrative agency is not to make the disposition referred to in paragraph (1) if certificate of automobile liability insurance is not presented or a copy thereof is not submitted. The same applies if the coverage period appearing on the certificate of insurance that has been presented for an automobile other than a light motor vehicle not subject to inspection as prescribed in Article 58, paragraph (1) of the Road Transport Vehicle Act or appearing on the copy thereof that has been submitted does not fully overlap with the entire period running up to the day that the validity to be entered in the automobile inspection certificate, the validity of permission for temporary operation, or the validity of permission for operation for forwarding the automobile to a certain location, expires.
- (6) A person seeking to request the issuance of a safety regulations conformity certificate and a safety regulations conformity sticker pursuant to Article 94-5, paragraph (1) of the Road Transport Vehicle Act must present certificate of automobile liability insurance to a designated automobile maintenance facility as referred to in Article 94-3, paragraph (1) of that Act, and a person seeking to request the issuance of a certificate of inspection and maintenance pursuant to Article 22-2, paragraph (11) of the Act on Comprehensive Special Zones must present certificate of automobile liability insurance to a designated automobile inspection and maintenance facility as referred to in that paragraph.
- (7) Notwithstanding Article 94-5, paragraph (1) of the Road Transport Vehicle Act, if certificate of automobile liability insurance is not presented as under the preceding paragraph; or if the coverage period given in the certificate of automobile liability insurance that has been presented as under that paragraph does not overlap with the entire period that runs from the day on which the certificate of insurance is presented until the day that must be entered, when a safety regulations conformity certificate is submitted pursuant to Article 94-5, paragraph (8) of that Act, as the date on which the validity of the automobile inspection certificate provided for in Article 61, paragraph (1) of the Road Transport Vehicle Act expires (in the next paragraph, this period is simply referred to as the "validity of the automobile inspection certificate"), a

designated automobile maintenance facility must not issue a safety regulations conformity certificate or safety regulations conformity sticker.

- (8) Notwithstanding Article 22-2, paragraph (11) of the Act on Comprehensive Special Zones, if certificate of automobile liability insurance is not presented as under paragraph (6); or if the coverage period given in the certificate of automobile liability insurance that has been presented as under that paragraph does not overlap with the entire period that runs from the day on which the certificate of insurance is presented until the day that must be entered, when a person applies for an extension of the validity of an automobile inspection certificate pursuant to Article 22-2, paragraph (1) of the Act on Comprehensive Special Zones and attaches a certificate of inspection and maintenance, as the date on which the validity of the automobile inspection certificate expires, a designated automobile inspection and maintenance facility must not issue a certificate of inspection and maintenance.

(Insurance Stickers)

Article 9-2 (1) If an insurer issues certificate of automobile liability insurance pursuant to Article 7, paragraph (1) for a light motor vehicle not subject to inspection, a motorized bicycle, or an automobile registered in a contracting state (meaning an automobile registered in a contracting state as provided in Article 2, paragraph (2) of the Act on Special Measures for the Road Transport Vehicle Act to Coordinate with the Implementation of the Convention on Road Traffic (Act No. 109 of 1964); the same applies hereinafter), the insurer must issue an insurance sticker to the policyholder.

- (2) An insurance sticker must indicate when the coverage period expires, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (3) The validity of an insurance sticker is the same as the coverage period.
- (4) If an insurance sticker is lost or damaged or becomes difficult to decipher, or in a case as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the policyholder may request the insurer to re-issue the sticker.
- (5) Order of the Ministry of Land, Infrastructure, Transport and Tourism provides for the format for insurance stickers and other details of insurance stickers.

Article 9-3 (1) A light motor vehicle not subject to inspection, a motorized bicycle, or an automobile registered in a contracting state must not be put into operational use unless it displays an insurance sticker pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) It is prohibited for an insurance sticker to be displayed on a light motor

vehicle not subject to inspection, motorized bicycle, or automobile registered in a contracting state other than that for which the sticker is issued.

- (3) It is prohibited for an insurance sticker whose validity has expired to be displayed on a light motor vehicle not subject to inspection, a motorized bicycle, or an automobile registered in a contracting state.

(Certificate of Mutual Automobile Liability Insurance; Mutual Insurance Stickers)

Article 9-4 Articles 7 and 9-2 apply mutatis mutandis to mutual liability insurance. In such a case, the term "insurer" in those provisions is deemed to be replaced with "cooperative"; the term "insurance premiums" is deemed to be replaced with "mutual insurance premiums"; " the term policyholder" is deemed to be replaced with "mutual insurance policyholder"; the term "certificate of automobile liability insurance" is deemed to be replaced with "certificate of mutual automobile liability insurance"; the term "insurance sticker" is deemed to be replaced with "mutual insurance sticker"; the term "coverage period" is deemed to be replaced with "period of coverage under mutual insurance"; the phrase "Article 22, paragraph (3) or (4)" in Article 7, paragraph (3) is deemed to be replaced with "Article 22, paragraph (3) or (4) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the term "liability insurance" in paragraph (6) of that Article is deemed to be replaced with "mutual liability insurance"; and the phrase "Article 7, paragraph (1)" in Article 9-2, paragraph (1) is deemed to be replaced with "Article 7, paragraph (1) as applied mutatis mutandis pursuant to Article 9-4".

- Article 9-5 (1) To apply Articles 8 and 9 to an automobile for which a contract for mutual liability insurance has been concluded, the term "certificate of automobile liability insurance " in Article 8 (including the heading), the heading of Article 9, and paragraphs (1) through (3) and paragraphs (5) through (8) of that Article is deemed to be replaced with "certificate of mutual automobile liability insurance "; the phrase "paragraph (2) of the preceding Article" in Article 8 is deemed to be replaced with "Article 7, paragraph (2) as applied mutatis mutandis pursuant to Article 9-4"; the term "Insurer" in Article 9, paragraph (2) is deemed to be replaced with "cooperative"; and the term "coverage period" in paragraphs (5), (7), and (8) of that Article is deemed to be replaced with "period of coverage under mutual insurance".
- (2) To apply Article 9-3, paragraph (1) to a light motor vehicle not subject to inspection, motorized bicycle, or automobile registered in a contracting state for which a contract for mutual liability insurance has been concluded, the term "insurance sticker" in that paragraph is deemed to be replaced with "mutual insurance sticker".

(3) Article 9-3, paragraphs (2) and (3) apply mutatis mutandis to mutual insurance stickers.

(Exclusion from Application)

Article 10 Article 5, and Article 7 through the preceding Article do not apply to automobiles put into operational use by the State or any other person that Cabinet Order prescribes, for the activities or purposes that Cabinet Order prescribes; nor do they apply to automobiles put into operational use only in places other than roads (meaning places made accessible to general traffic, including roads as defined in the Road Act (Act No. 180 of 1952) and motorways as defined in the Road Transportation Act (Act No. 183 of 1951); the same applies hereinafter).

(Insurance/Mutual Insurance Exemption Stickers)

Article 10-2 (1) The Minister of Land, Infrastructure, Transport and Tourism must issue an insurance/mutual insurance exemption sticker to a person in possession of a light motor vehicle not subject to inspection and to which the preceding Article applies, or of a motorized bicycle (other than one as prescribed by Cabinet Order or one that is put into operational use only in places other than roads), pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes the valid period for an insurance/mutual insurance exemption sticker.

(3) It is prohibited to put a light motor vehicle not subject to inspection or motorized bicycle as prescribed in paragraph (1) into operational use unless it displays an insurance/mutual insurance exemption sticker pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(4) Article 9-2, paragraphs (4) and (5) and Article 9-3, paragraphs (2) and (3) apply mutatis mutandis to insurance/mutual insurance exemption stickers.

Section 2 Contracts for Automobile Liability Insurance; Contracts for Mutual Automobile Liability Insurance

(Contracts for Liability Insurance and Mutual Liability Insurance)

Article 11 (1) A contract for liability insurance becomes valid when the insurer agrees that, if a person in possession becomes liable to compensate for damage as under Article 3, it will indemnify the damage that the person in possession incurs due to that liability, as well as the damage that the driver incurs due to liability in the event that the driver must also be held liable to compensate the injured party for damage; and the policyholder agrees to pay insurance

premiums to the insurer.

- (2) A contract for mutual liability insurance becomes valid when the cooperative agrees that, if a person in possession becomes liable to compensate for damage as under Article 3, it will indemnify the damage that the person in possession incurs due to that liability, as well as the damage that the driver incurs due to liability in the event that the driver must also be held liable to compensate the injured party for damage; and the mutual insurance policyholder agrees to pay mutual insurance premiums to the cooperative.

Article 12 A person must conclude a separate contract for liability insurance for each automobile.

(Amount of Insurance Coverage)

Article 13 (1) Cabinet Order provides for the amount of insurance coverage under liability insurance.

- (2) Upon the enactment or amendment of Cabinet Order based on the preceding paragraph, Cabinet Order may prescribe the necessary measures for changing the amount of insurance coverage under the liability insurance associated with an automobile insured under a contract for liability insurance that has already been concluded at the time that the Cabinet Order enters into force to the amount of insurance coverage provided for after the enactment or amendment, and may prescribe any other necessary transitional measures to coordinate with the enactment or amendment thereof.

(Release from Liability)

Article 14 Except as prescribed in Article 82-3, an insurer is only released from liability to indemnify damage if it arises due to the bad faith of the policyholder or the insured.

(Claiming Insurance Proceeds)

Article 15 The insured may file a claim with the insurer for insurance proceeds, but only to the extent of the damages that the insured has paid to the injured party.

(Filing a Claim with the Insurer for Damages)

Article 16 (1) If a person in possession becomes liable to compensate for damage as under Article 3, the injured party may file a claim with insurer for the insurer to pay the injured party damages of up to the amount of insurance coverage, pursuant to Cabinet Order.

- (2) If the insured compensates the injured party for damage and the insurer indemnifies the insured for that damage, the insurer is released, to the extent

of the amount for which it has indemnified the insured, from the obligation to pay the injured party as referred to in the preceding paragraph.

- (3) Unless damage has arisen due to the bad faith of the policyholder or the insured, if the insurer pays damages to the injured party pursuant to paragraph (1), the insurer is deemed to have indemnified the insured for damage based on the contract for liability insurance.
- (4) If damage has arisen due to the bad faith of the policyholder or the insured and the insurer has paid damages to the injured party pursuant to paragraph (1), the insurer may claim the government to compensate it for the amount it has paid.

(Limit on Insurance Proceeds and Damages for Missed Work)

Article 16-2 The insurance proceeds that the insurer is to pay the insured and the damages that the insurer is to pay the injured party pursuant to paragraph (1) of the preceding Article (hereinafter, except in Article 28-4, paragraph (1), referred to as "insurance proceeds and damages") to compensate for damage due to the injured party's inability to work while in recuperation or for any other damage that Cabinet Order prescribes are limited to the amount prescribed by Cabinet Order.

(Criteria for Payment)

- Article 16-3 (1) An insurer must abide by the criteria for payment that the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister set (hereinafter referred to as "criteria for payment") when paying insurance proceeds and damages, and must make separate payments for death, residual disability, and injury.
- (2) When setting the criteria for payment pursuant to in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister must take into consideration the need to ensure fair and prompt payment. The same applies if they change the criteria for payment.

(Delivery of Documents)

- Article 16-4 (1) When a claim is filed for insurance proceeds and damages, the insurer, without delay, must deliver to the insured or injured party that has filed the claim a document giving an outline of the criteria for payment and any other information that Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order specify, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order.
- (2) Having paid insurance proceeds and damages, an insurer, without delay, must deliver to the insured or injured party that has filed a claim as prescribed

in the preceding paragraph a document detailing the amount of the insurance proceeds and damages paid, the applicable grade of residual disability, the reason for the decision that that grade is applicable, and any other material information concerning the payment of the insurance proceeds and damages that Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order specifies, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order.

- (3) On deciding not to pay insurance proceeds and damages because there is evidence of circumstances as prescribed in the proviso to Article 3 or based on other grounds, an insurer, without delay, must deliver to the insured or injured party that has filed a claim as prescribed in paragraph (1) a document giving grounds for not paying the insurance proceeds and damages, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order.
- (4) With the consent of the insured or the injured party and pursuant to Cabinet Order, in lieu of delivering a document as under one of the preceding three paragraphs, an insurer may use one of the means of employing an electronic data processing system or of otherwise making use of information and communications technology which Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order prescribes, to provide the relevant person with the information that it is required to give in that document. Having done so, the insurer is deemed to have delivered the relevant document.

(Written Explanations)

Article 16-5 (1) Except as prescribed in the first sentence of the next paragraph, if, after the insurer delivers a document pursuant to paragraph (2) or (3) of the preceding Article, the insured or the injured party asks the insurer, in writing and pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order, for an explanation of material information as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order with regard to the payment of insurance proceeds and damages (other than information as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order which is referred to in paragraph (2) of that Article), or for an explanation of the details prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order with regard to its grounds for not paying the insurance proceeds and damages as prescribed in paragraph (3) of that Article, the insurer must provide a written explanation of this to the insured or injured party asking for the explanation, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and

Cabinet Office Order; provided, however, that the insurer may provide an explanation other than in writing if the person asking for the explanation consents.

- (2) An insurer may decide not to explain all or some of the things that it has been asked to explain pursuant to the preceding paragraph, if explaining something it has been asked to explain could do unreasonable harm to the rights and interests of a third party or if there are any other legitimate grounds for it to decide not to give an explanation. In such a case, the insurer must deliver a document indicating that it will not explain these things and giving the grounds for not explaining them to the person requesting the explanation.
- (3) An insurer must give an explanation as under paragraph (1) or deliver a document as under the preceding paragraph (in the next paragraph, this is referred to as an "explanation, etc.") within 30 days, counting from the day the explanation is asked for pursuant to paragraph (1).
- (4) If an insurer is unable to provide an explanation ,etc. within the period prescribed in the preceding paragraph due to the difficulty of clerical processing or any other legitimate grounds, it must notify the person asking for the explanation pursuant to paragraph (1), in writing and within the period prescribed in the preceding paragraph, of the reasons it cannot provide an explanation , etc. within the period prescribed in the preceding paragraph and of the time limit by which it will provide an explanation, etc.
- (5) With the consent of the insured or the injured party and pursuant to Cabinet Order, in lieu of delivering a document as under paragraph (2) or notifying a person in writing as under the preceding paragraph (hereinafter referred to as providing a "written explanation , etc."), an insurer may use one of the means of employing an electronic data processing system or of otherwise making use of information and communications technology which Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order prescribe, to provide the relevant person with the information that it is required to give in the document. Having done so, the insurer is deemed to have provided a written explanation ,etc.

(Report of Payment)

Article 16-6 Having paid insurance proceeds and damages or delivered a document under Article 16-4, paragraph (3) in connection with a death or other damage that Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes as giving rise to an especially high necessity for the insurer to properly pay insurance proceeds and damages, the insurer must report this to the Minister of Land, Infrastructure, Transport and Tourism without delay, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Notifying the Minister of Land, Infrastructure, Transport and Tourism)

Article 16-7 If one of the following facts is true of an insurer's payment or payment procedures for insurance proceeds and damages, the insured or the injured party may notify the Minister of Land, Infrastructure, Transport and Tourism of that fact:

- (i) the insurer's payment of insurance proceeds and damages does not conform to the criteria for payment;
- (ii) the insurer does not deliver a document as under Article 16-4, paragraphs (1) through (3);
- (iii) the insurer does not provide an explanation as under Article 16-5, paragraph (1); deliver a document as under paragraph (2) of that Article, or give notice as under paragraph (4) of that Article.

(Instructions)

Article 16-8 (1) Having received a report as under Article 16-6, having been notified as under the preceding Article, or in any other case, on finding that the insurer's payment or payment procedures for insurance proceeds and damages fall under one of the items of the preceding Article, the Minister of Land, Infrastructure, Transport and Tourism must instruct the insurer to make a payment in accordance with the criteria for payment; to deliver a document as under Article 16-4, paragraphs (1) through (3); or to provide an explanation as under Article 16-5, paragraph (1), deliver a document as under paragraph (2) of that Article, or give notice as under paragraph (4) of that Article.

(2) Having given the instructions prescribed in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must notify the Prime Minister of this without delay.

(3) If an insurer that has been instructed to do as prescribed in paragraph (1) fails to do as instructed and is without a legitimate reason for failing to do so, the Minister of Land, Infrastructure, Transport and Tourism may disclose this to the public.

(4) If, after its failure to do as instructed has been disclosed to the public pursuant to the preceding paragraph, an insurer that has been instructed to do as prescribed in paragraph (1) fails to take measures to abide by the instructions and is without a legitimate reason for failing to do so, the Minister of Land, Infrastructure, Transport and Tourism may order the insurer to take measures to abide by the instructions.

(5) The Minister of Land, Infrastructure, Transport and Tourism must first gain the consent of the Prime Minister before making a public disclosure as prescribed in paragraph (3) or giving an order as prescribed in the preceding

paragraph.

(Due Date for Performance as Regards Payment of Damages under Article 16, Paragraph (1))

Article 16-9 (1) An insurer is not liable for delays following receipt of a claim for the payment of damages under Article 16, paragraph (1), until the necessary period of time has passed to look into the accident caused by the operation of the automobile subject to the claim and verify the damages.

(2) When an insurer is conducting the necessary investigations to look into an accident as prescribed in the preceding paragraph, if an injured party, without a legitimate reason, interferes or fails to comply with the investigation, the insurer is not liable for delays that arise during the period that the payment of damages is delayed due to the interference or failure to comply.

(Provisional Payouts to Injured Parties)

Article 17 (1) If the death or bodily injury of another person results from a person in possession's operation of an automobile covered by a contract for liability insurance, the injured party, pursuant to Cabinet Order, may file a claim with the insurer for it to pay the injured party the amount that Cabinet Order prescribes as a provisional payout to pay damages under Article 16, paragraph (1).

(2) On receipt of a claim as referred to in the preceding paragraph, an insurer must pay the amount of money subject to the claim without delay.

(3) If the amount of a provisional payout as referred to in paragraph (1) exceeds the damages to be paid, an insurer may demand the return of the part in excess.

(4) If an insurer makes a provisional payout referred to in paragraph (1) but the person in possession is not liable to compensate for damage, the insurer may ask the government to compensate it for the amount it has paid.

(Prohibition on Attachment)

Article 18 The right to file a claim under Article 16, paragraph (1) or paragraph (1) of the preceding Article may not be attached.

(Period of Prescription)

Article 19 The right to file a claim under Article 16, paragraph (1) or Article 17, paragraph (1) is extinguished by prescription once three years have passed.

(Material Information Regarding Risk)

Article 20 As regards a contract for liability insurance, the material information provided for in Article 4 of the Insurance Act is as follows:

- (i) the automobile registration number or vehicle number as under the Road Transport Vehicle Act; the license plate number provided for in Article 446, paragraph (3) of the Local Tax Act (Act No. 226 of 1950) (including as applied mutatis mutandis pursuant to Article 1, paragraph (2) of that Act); or the registration number as under the Convention on Road Traffic (or, if there is no such number, the vehicle identification number (VIN));
- (ii) the type of automobile, as prescribed by Cabinet Order.

(Cancellation of Contracts for Liability Insurance)

Article 20-2 (1) The parties to a contract for liability insurance may cancel that contract only:

- (i) if the automobile comes to constitute an automobile as prescribed in Article 10;
 - (ii) in a case under Article 28, paragraph (1) of the Insurance Act;
 - (iii) if another contract for liability insurance or contract for mutual liability insurance for the automobile is concluded, and the end of the coverage period or the period of coverage under mutual insurance under that contract is the same as or later than the end of the coverage period of the contract for liability insurance that would be canceled;
 - (iv) in any other case that Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes.
- (2) The parties to a contract for liability insurance may not cancel that contract by mutual agreement, nor subject the contract to a condition subsequent.

(Effect of a Contract Rescission That Is Due to Breach of Duty of Disclosure)

Article 21 (1) If an insurer rescinds a contract for liability insurance pursuant to Article 28, paragraph (1) of the Insurance Act, the rescission takes effect after seven days, counting from the day that the policyholder is notified of the rescission.

- (2) Notwithstanding Article 31, paragraph (2), item (i) of the Insurance Act, if any insured event (meaning an insured event provided for in Article 5, paragraph (1) of the Insurance Act; the same applies in paragraph (3) of the following Article) occurs before the day that a rescission as referred to in the preceding paragraph takes effect, the insurer is liable to indemnify for the damage. If an insurer provides an indemnity for damage in such a case, it may require the policyholder to pay the amount of that indemnity.

(Amending a Contract Due to Increased or Decreased Risk)

Article 22 (1) If risk increases or decreases during the coverage period, the contract for liability insurance is deemed to have been changed to a contract corresponding to the new amount of risk.

- (2) Having become aware that risk has increased during the coverage period, the policyholder or the insured must notify the insurer of this without delay.
- (3) If an insured event occurs after an increase of risk during the coverage period and the insurer indemnifies for the damage, but the policyholder or the insured has neglected to notify the insurer as referred to in the preceding paragraph, the insurer may require the policyholder to pay the amount of that indemnity.
- (4) If risk has increased in a case as referred to in paragraph (1), the insurer may require the policyholder to pay the amount by which it increases the insurance premiums, pursuant to Cabinet Order.
- (5) If risk decreases in a case as referred to in paragraph (1), the policyholder may require the insurer to refund the amount by which it decreases the insurance premiums, pursuant to Cabinet Order.

(Application of the Insurance Act)

Article 23 Except as otherwise provided for in this Act, Chapters I, II (other than Section 5), and V of the Insurance Act apply to contracts for liability insurance.

(Reporting and On-Site Inspections)

Article 23-2 (1) The Minister of Land, Infrastructure, Transport and Tourism, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism, may have an insurer report on liability insurance services, and may have the relevant officials enter the insurer's place of business, offices, and other facilities to inspect the state of its liability insurance services or its books and documents and other items or to question the relevant persons, within the limits of what is necessary for implementing Article 11 through the preceding Article.

- (2) An official who conducts an on-site inspection or inquiry pursuant to the preceding paragraph must carry identification and present it at the request of the relevant persons.
- (3) The authority to conduct an on-site inspection or inquiry as prescribed in paragraph (1) must not be interpreted as having being accorded for the purpose of a criminal investigation.

(Mutatis Mutandis Application of Provisions on Contracts for Liability Insurance)

Article 23-3 (1) Article 12 through the preceding Article apply mutatis mutandis to contracts for mutual liability insurance. In such a case, in those Articles (other than in Article 20-2, paragraph (1), item (iii)), the term "contract for liability insurance" is deemed to be replaced with "contract for mutual liability insurance"; the term "liability insurance" is deemed to be replaced with

"mutual liability insurance"; the term "amount of insurance coverage" is deemed to be replaced with "amount of mutual insurance coverage"; the term "insurer" is deemed to be replaced with "Cooperative"; the term "policyholder" is deemed to be replaced with "mutual insurance policyholder"; the term "insured" is deemed to be replaced with "person covered under mutual insurance"; the term "insurance proceeds" is deemed to be replaced with "mutual insurance proceeds"; the term "insurance proceeds and damages" is deemed to be replaced with "mutual insurance proceeds and damages"; the term "coverage period" is deemed to be replaced with "period of coverage under mutual insurance"; the term "insurance premium" is deemed to be replaced with "mutual insurance premium"; the phrase "paragraph (1) of the preceding Article" in Article 16-2 is deemed to be replaced with "Article 16, paragraph (1), as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "(hereinafter, except in Article 28-4, paragraph (1), referred to as" in Article 16-2 is deemed to be replaced with "(hereinafter referred to as"; the phrase "paragraph (2) or (3) of the preceding Article" in Article 16-5, paragraph (1) is deemed to be replaced with "Article 16-4, paragraph (2) or (3) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "Article 16-4, paragraph (3)" in Article 16-6 is deemed to be replaced with "Article 16-4, paragraph (3) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "Article 16-4, paragraphs (1) through (3)" in Article 16-7, item (ii) and Article 16-8, paragraph (1) is deemed to be replaced with "Article 16-4, paragraphs (1) through (3) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "Article 16-5, paragraph (1)" in Article 16-7, item (iii) and Article 16-8, paragraph (1) is deemed to be replaced with "Article 16-5, paragraph (1) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "Article 16-6" in Article 16-8, paragraph (1) is deemed to be replaced with "Article 16-6 as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrase "the preceding Article" in the Article 16-8, paragraph (1) is deemed to be replaced with "Article 16-7 as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the term "the Prime Minister" in Article 16-8, paragraphs (2) and (5) is deemed to be replaced with "an administrative agency (meaning an administrative agency as prescribed in Article 27, paragraph (1), if this agency is connected with an agricultural cooperative, etc.; meaning an administrative agency as prescribed in Article 27, paragraph (1) as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (1), if this agency is connected with a consumer cooperative, etc. ; and meaning an administrative agency as prescribed in Article 27, paragraph (1) as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (2), if this agency is connected with a business cooperative, etc.)"; the phrase "Article 16, paragraph

(1)" in Article 17, paragraph (1) is deemed to be replaced with "Article 16, paragraph (1) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; the phrases "Article 16, paragraph (1) and paragraph (1) of the preceding Article" in Article 18 and "Article 16, paragraph (1) and Article 17, paragraph (1)" in Article 19 are deemed to be replaced with "Article 16, paragraph (1) and Article 17, paragraph (1) as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)"; and the phrase "coverage period of the contract for liability insurance that would be canceled" in Article 20-2, paragraph (1), item (iii) is deemed to be replaced with "coverage period of the contract for mutual liability insurance that would be canceled".

(2) Before setting or amending the criteria for payment prescribed in Article 16-3, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph and before enacting or amending Order of the Ministry of Land, Infrastructure, Transport and Tourism or Cabinet Office Order prescribed in Article 16-4 as applied mutatis mutandis pursuant to the preceding paragraph and Article 16-5, paragraphs (1) and (5) as applied mutatis mutandis pursuant to the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister must first consult with the Minister of Agriculture, Forestry and Fisheries; the Minister of Health, Labour and Welfare; and the minister with administrative jurisdiction over the business prescribed in the business cooperative, etc.'s articles of incorporation as qualifying a person to be a member (hereinafter referred to as the "competent Minister for the business").

Article 23-4 Deleted

Section 2-2 Designated Dispute Resolution Organizations

(Designating a Designated Dispute Resolution Organization)

Article 23-5 (1) At the application of a general incorporated association or general incorporated foundation whose purpose is to protect injured parties through the fair and precise settlement of disputes related to the payment of insurance proceeds and damages or mutual insurance proceeds and damages, and that is found to satisfy the following criteria as concerns dispute resolution services prescribed in paragraph (1) of the following Article (hereinafter referred to as "dispute resolution services"), the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister may designate that association or foundation as a person that provides dispute resolution services:

(i) the association's or foundation's personnel, its way of implementing dispute resolution services, and other particulars of its plan for implementing

dispute resolution services are appropriate to allow it to reliably implement dispute resolution services;

- (ii) the association or foundation has a sufficient financial and technical base to reliably carry out its plan for implementing dispute resolution services as referred to in the preceding item;
 - (iii) the composition of the association's or foundation's officers and personnel is unlikely to impair its fair implementation of dispute resolution services;
 - (iv) if there are operations other than dispute resolution services in which the association or foundation engages, they are unlikely to impair its fair implementation of dispute resolution services;
 - (v) the association or foundation is able to fairly and reliably perform dispute resolution services, beyond as prescribed in the preceding items.
- (2) Once the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister make a designation as under the preceding paragraph (hereinafter referred to as a "designation"), they must issue public notice of the name and address of the person they have designated (hereinafter referred to as the "designated dispute resolution organization"), the location of the office where the organization will perform dispute resolution services, and the start date of the dispute resolution services.
- (3) Before changing its name or address or the location of the office where it performs dispute resolution services, a designated dispute resolution organization must notify the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister of this, indicating the date on which it plans to change these things, by two weeks prior to the date it plans to change them.
- (4) If a designated dispute resolution organization notifies the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister as under the preceding paragraph, the Ministers must issue public notice of the information of which they have been notified.
- (5) A designated dispute resolution organization must post a notice indicating that it is a designated dispute resolution body at its offices in such a way as to make the notice easily visible to the public, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order.

(Services)

Article 23-6 (1) A designated dispute resolution organization is to engage in the following services:

- (i) conciliation of disputes at the petition of an insurer, cooperative, insured, person covered under mutual insurance, or injured party that is a party to a dispute concerning the payment of insurance proceeds and damages or mutual insurance proceeds and damages (hereinafter referred to as "dispute resolution"); and

- (ii) services incidental to the services set forth in the preceding item.
- (2) Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order prescribe the process for filing a petition as referred to in item (i) of the preceding paragraph.

(Dispute Resolution Members)

- Article 23-7 (1) A designated dispute resolution organization must appoint, from among persons of great integrity of character and insight, at least the number of dispute resolution members that Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order prescribe.
- (2) When resolving disputes, a designated dispute resolution organization must have dispute resolution implemented by the dispute resolution members appointed pursuant to the preceding paragraph that the head of the designated dispute resolution organization assigns for each case. In such a case, the head of the designated dispute resolution organization must not assign a dispute resolution member to a case if that official is related to a party to the case in a way that makes the member an interested person, or if there are any other circumstances that might interfere with the fairness of dispute resolution.
- (3) Of the dispute resolution members assigned pursuant to the preceding paragraph, at least one must be an attorney.

(Appointment and Dismissal of Officers)

- Article 23-8 (1) The appointment or dismissal of an officer (or dispute resolution official; the same applies in the following paragraph and the following Article) of a designated dispute resolution organization who is engaged in providing dispute resolution services does not take effect without the authorization of the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister.
- (2) If the officer of a designated dispute resolution organization violates the dispute resolution services rules that have been approved as referred to in Article 23-11, paragraph (1) or engages in extremely inappropriate conduct in connection with dispute resolution services, or if the officer's continuation in office causes the designated dispute resolution organization to no longer satisfy the criteria set forth in Article 23-5, paragraph (1), item (iii), the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister may order the designated dispute resolution organization to dismiss the officer.

(Duty of Confidentiality)

- Article 23-9 (1) It is prohibited for a current or former officer or personnel of an designated dispute resolution organization to divulge confidential information learned in the course of dispute resolution services or to use the information

for personal gain.

- (2) As concerns the application of the Penal Code (Act No. 45 of 1907) and other penal provisions, officers and personnel of a designated dispute resolution organization who are engaged in providing dispute resolution services are deemed to be officials engaged in public service pursuant to laws and regulations.

(Duty to Provide Dispute Resolution Services)

Article 23-10 If a designated dispute resolution organization is asked to provide dispute resolution services, it must provide dispute resolution services without delay unless it has a legitimate reason not to do so.

(Dispute Resolution Services Rules)

- Article 23-11 (1) A designated dispute resolution organization must establish rules for dispute resolution services (hereinafter referred to as "dispute resolution services rules") and get them approved by the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister. The same applies if the organization seeks to amend those Rules.
- (2) Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order provide for the particulars that must be prescribed in the dispute resolution services rules.
- (3) If the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister find that the dispute resolution services rules they have approved as referred to in paragraph (1) have become inappropriate to allow for the fair and reliable implementation of dispute resolution services, they may order that those rules be amended.

(Request for Explanation or Submission of Materials)

- Article 23-12 (1) A designated dispute resolution organization may ask an insurer or cooperative to give a written or oral explanation or to submit materials, within the limits of what is necessary to implement dispute resolution services.
- (2) It is prohibited for an insurer or cooperative to refuse a request under the preceding paragraph without a legitimate reason for doing so.

(Non-disclosure of Dispute Resolution Procedures)

Article 23-13 The dispute resolution procedures performed by a designated dispute resolution organization are not open to the public; provided, however, that the designated dispute resolution organization may permit persons it finds to be appropriate to be present as silent observers.

(Operational Plans)

Article 23-14 (1) A designated dispute resolution organization must prepare an operational plan and income and expenditures budget for dispute resolution services every business year, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order, and get them approved by the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister before the relevant business year begins (and without delay after designation in the business year that includes the day on which the organization is designated). The same applies if the organization seeks to amend either of these.

(2) A designated dispute resolution organization must prepare an operating report and settlement of income and expenditures for dispute resolution services every business year, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order, and submit them to the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister within three months after the end of the relevant business year.

(Suspension and Discontinuance of Services)

Article 23-15 (1) A designated dispute resolution organization must not suspend or discontinue all or part of its dispute resolution services without the permission of the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister.

(2) If the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister permit the discontinuance of all dispute resolution services pursuant to the preceding paragraph, the organization's designation ceases to be valid.

(3) Having given permission as referred to in paragraph (1), the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister must issue public notice of this.

(Preparation of Books)

Article 23-16 A designated dispute resolution organization, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order, must prepare and keep on file books in which it enters the information regarding dispute resolution services that Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order prescribe.

(Reporting and On-Site Inspections)

Article 23-17 (1) The Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order, may have a

designated dispute resolution organization report on dispute resolution services, and may have the relevant officials enter the offices of a designated dispute resolution organization to inspect the state of its dispute resolution services or its books and documents and other items or to question the relevant persons, within the limits of what is necessary for ensuring the fair and reliable implementation of dispute resolution services.

(2) Article 23-2, paragraphs (2) and (3) apply mutatis mutandis to on-site inspections and inquiry under the preceding paragraph.

(Supervisory Orders)

Article 23-18 On finding it to be necessary to do so in order to ensure the fair and reliable implementation of dispute resolution services, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister may issue orders in connection with dispute resolution services as are necessary from a supervisory perspective to a designated dispute resolution organization.

(Revocation of Designation)

Article 23-19 (1) If a designated dispute resolution organization falls under one of the following items, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister may revoke its designation or order the suspension of all or part of its dispute resolution services during a fixed period:

(i) they find the organization not to satisfy the criteria set forth in items of Article 23-5, paragraph (1);

(ii) the organization violates Article 23-5, paragraph (3) or (5); Article 23-7; Article 23-8, paragraph (1); Article 23-10; Article 23-13; Article 23-14; or Article 23-15, paragraph (1);

(iii) the organization violates an order under Article 23-8, paragraph (2); Article 23-11, paragraph (3); or the preceding Article;

(iv) the organization does not abide by the dispute resolution services rules that have been approved as referred to in Article 23-11, paragraph (1) when performing dispute resolution services;

(v) the organization or its officer has engaged in extremely inappropriate conduct in connection with dispute resolution services;

(vi) the organization got its designation through wrongful means.

(2) Having revoked a designation or ordered the suspension of all or part of dispute resolution services pursuant to the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister must issue public notice of this.

(Providing Information to Designated Dispute Resolution Organizations)

Article 23-20 The Minister of Land, Infrastructure, Transport and Tourism and

the Prime Minister are to provide a designated dispute resolution organization with the information and materials it needs to implement dispute resolution services.

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

Article 23-21 Beyond what is provided for in this Section, Order of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Order provide for the necessary particulars of designated dispute resolution organizations and dispute resolution services.

Section 3 Business of Automobile Liability Insurance; Business of Mutual Automobile Liability Insurance

(Obligation to Conclude Contracts for Liability Insurance and Mutual Liability Insurance)

Article 24 (1) An insurer must not refuse to conclude a contract for liability insurance unless it has a legitimate reason that Cabinet Order prescribes for refusing to do so.

(2) A cooperative must not refuse to conclude a contract for mutual liability insurance unless circumstances are as set forth in the following items or unless it has a legitimate reason that Cabinet Order prescribes for refusing to do so:

- (i) its conclusion of the contract would violate the proviso to Article 10, paragraph (17) of the Agricultural Cooperatives Act;
- (ii) its conclusion of the contract would violate Article 12, paragraph (3) of the Consumers' Cooperatives Act;
- (iii) its conclusion of the contract would violate the proviso to Article 9-2, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act as applied following a replacement of terms pursuant to paragraph (9) of that Article (including as applied mutatis mutandis following a replacement of terms pursuant to Article 9-9, paragraph (5) of that Act).

(Standards for Premium Rates and Mutual Insurance Premium Rates)

Article 25 Liability insurance premium rates and mutual liability insurance premium rates must be as low as possible while covering the costs reasonably arising under efficient management.

(Examination of Insurance Premium Rates)

Article 26 (1) When examining whether there is conformity with the criteria set forth in Article 5, paragraph (1), item (iv) of the Insurance Business Act (including as applied mutatis mutandis pursuant to Article 187, paragraph (5)

of that Act; hereinafter, the same applies in this paragraph) on receipt of an application for a license as referred to in Article 3, paragraph (1) or Article 185, paragraph (1) of that Act, if the examination involves liability insurance, the Prime Minister must also examine whether there is conformity with the preceding Article beyond the criteria set forth in Article 5, paragraph (1), item (iv) of the Insurance Business Act.

- (2) Information with regard to liability insurance is not to be included in the information prescribed by Cabinet Office Order that is referred to in Article 123, paragraph (1) of the Insurance Business Act (including as applied mutatis mutandis pursuant to Article 207 of that Act).
- (3) When undertaking an examination as referred to in Article 124 of the Insurance Business Act (including as applied mutatis mutandis pursuant to Article 207 of that Act; hereinafter, the same applies in this paragraph) on receipt of an application for authorization under Article 123, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Article 207 of that Act), if the examination involves liability insurance premium rates, the Prime Minister must also examine whether there is conformity with the preceding Article, in addition to the criteria set forth in Article 124, item (ii) of the Insurance Business Act.

Article 26-2 (1) Article 10-2 of the Act on Non-Life Insurance Rating

Organizations (Act No. 193 of 1948) and Article 10-3; Article 10-4, paragraph (2) and the second sentence of paragraph (3); Article 10-5, paragraph (4); and Article 10-6, paragraphs (1) through (4) of that Act do not apply to liability insurance.

- (2) To apply Article 10-4, paragraph (1) and the first sentence of paragraph (3) of the Act on Non-Life Insurance Rating Organizations to liability insurance, the phrase "insurance premium rate within a certain range whose center is the standard rate (hereinafter referred to as the "range rates" in this Article)" in paragraph (1) of that Article is deemed to be replaced with "standard rate"; the term "range rates" in the first sentence of paragraph (3) of that Article is deemed to be replaced with "standard rate"; and the phrase "authorized or notified pursuant to paragraph (2) of that Article" in the that sentence is deemed to be replaced with "authorized".
- (3) To apply Article 10-5, paragraphs (1) through (3) of the Act on Non-Life Insurance Rating Organization to liability insurance, the phrase "if the period prescribed in Article 10-2, paragraphs (1) and (2) passes and the Prime Minister finds the standard rate to conform to Article 8" in paragraph (1) of that Article is deemed to be replaced with "if the Prime Minister finds the standard rate to conform to Article 8 of this Act and to Article 25 of the Act on Securing Compensation for Automobile Accidents (Act No. 97 of 1955)"; the

phrase "hearing of opinions and conformity examination under Article 10-3, paragraph (1) or (2)" in paragraph (2) of that Article is deemed to be replaced with "examination of whether there is conformity with Article 8 of this Act and Article 25 of the Act on Securing Compensation for Automobile Accidents"; and the phrase "if the Prime Minister finds the standard rate not to conform to Article 8" in paragraph (3) of that Article is deemed to be replaced with "if the Prime Minister finds the standard rate not to conform to Article 8 of this Act or Article 25 of the Act on Securing Compensation for Automobile Accidents".

Article 26-3 On finding liability insurance premiums to exceed the costs that would reasonably arise under efficient management, the Prime Minister may order an insurer or a non-life insurance rating organization as prescribed in Article 2, paragraph (1), item (iii) of the Act on Non-Life Insurance Rating Organizations to change liability insurance premium rates or the standard rates set forth in item (vi) of that paragraph (referred to as "standard rates" in Articles 28 and 29-2).

(Examination of Mutual Insurance Rules Governing the Mutual Liability Insurance Business in Which an Agricultural Cooperatives Is Engaged)

Article 27 (1) Before granting approval to an agricultural cooperative, etc. seeking to engage in the mutual liability insurance business (including the business of providing reinsurance for the mutual insurance liabilities assumed under contracts for mutual liability insurance (hereinafter referred to as "mutual reinsurance") or the business of providing retrocession for mutual reinsurance liabilities assumed under contracts for mutual reinsurance (hereinafter referred to as "mutual retrocession")); the same applies hereinafter), pursuant to Article 11-17, paragraph (1) of the Agricultural Cooperatives Act, for mutual insurance rules governing its mutual liability insurance business, an administrative agency (meaning an administrative agency as provided for in Article 98, paragraph (1) of the Agricultural Cooperatives Act, and including the prefectural governor to whom functions under the authority of the Minister of Agriculture, Forest and Fisheries are delegated pursuant to paragraph (15) of that Article) must examine whether the agricultural cooperative, etc. conforms to the criteria set forth in items (i) and (ii) and whether the particulars set forth in the mutual insurance rules with respect to its way of conducting business, mutual insurance contracts, and mutual insurance premiums conform to the criteria set forth in item (iii):

- (i) the agricultural cooperative, etc. has a sufficient financial base to soundly and efficiently implement the business of mutual liability insurance, and it has favorable prospective income and expenditures in that business;
- (ii) in light of such things as personnel structure, the agricultural cooperative,

- etc. has the knowledge and experience to allow it to accurately, fairly, and efficiently implement the business of mutual liability insurance, and it also has sufficient social credibility;
- (iii) the particulars set forth in the mutual insurance rules conform to the following criteria:
- (a) it is unlikely that the content of the mutual insurance contract will result in a lack of protection for the mutual insurance policyholder, the person insured under the mutual insurance, the person that would receive the amount insured under mutual insurance, and any other relevant person (hereinafter referred to as "mutual insurance policyholder or other relevant person" in in this item);
 - (b) the particulars set forth in the mutual insurance rules do not subject a specific group of persons to unfairly differential treatment as regards the content of mutual insurance contracts;
 - (c) it is unlikely that the content of the mutual insurance contract will encourage or induce conduct that contravenes public policy;
 - (d) the rights and obligations of the mutual insurance policyholder or other relevant person and other content of the mutual insurance contract have been clearly and simply set forth for the mutual insurance policyholder or other relevant person;
 - (e) mutual insurance premiums conform to Article 25 and are reasonable and proper, and do not subject a specific group of persons to unfairly differential treatment;
 - (f) the criteria that Order of the Ministry of Agriculture, Forestry and Fisheries prescribes.
- (2) Before granting approval to an agricultural cooperative, etc. that is engaged in the mutual liability insurance business, pursuant to Article 11-17, paragraph (3) of the Agricultural Cooperatives Act, to amend the mutual insurance rules that govern its mutual liability insurance business, an administrative agency as prescribed in the preceding paragraph must examine whether the particulars set forth in the mutual insurance rules with respect to its way of conducting business, mutual insurance contracts, and mutual insurance premiums conform to the criteria set forth in item (iii) of the preceding paragraph.
- (3) On finding that mutual liability insurance premiums exceed the costs that would reasonably arise under efficient management, an administrative agency as prescribed in paragraph (1) may order an agricultural cooperative, etc. to change the mutual liability insurance premium rates.

(Examination of Mutual Insurance Business Bylaws Governing the Mutual Liability Insurance Business in Which a Consumer Cooperatives or a

Business Cooperatives Is Engaged)

Article 27-2 (1) The preceding Article applies mutatis mutandis if a consumer cooperative, etc. is engaged in the mutual liability insurance business. In such a case, the phrase "an administrative agency (meaning an administrative agency as provided for in Article 98, paragraph (1) of the Agricultural Cooperatives Act, and including the prefectural governor to whom functions under the authority of the Minister of Agriculture, Forest and Fisheries are delegated pursuant to paragraph (15) of that Article)" in the preceding Article is deemed to be replaced with "an administrative agency (meaning an administrative agency as provided in Article 97 of the Consumers' Cooperatives Act, and including the prefectural governor to whom functions under the authority of the Minister of Health, Labour and Welfare are delegated pursuant to Article 97-2 of that Act)"; the term "agricultural cooperative, etc." is deemed to be replaced with "consumer cooperative, etc."; the term "approval" is deemed to be replaced with "authorization"; the phrase "pursuant to Article 11-17, paragraph (1) of the Agricultural Cooperatives Act, for mutual insurance rules that govern mutual liability insurance business" is deemed to be replaced with "pursuant to Article 40, paragraph (5) of that Act, for the establishment of bylaws governing the mutual liability insurance business (hereinafter referred to as 'mutual insurance business bylaws')"; the term "mutual insurance rules" is deemed to be replaced with "mutual insurance business bylaws"; the phrase "Order of the Ministry of Agriculture, Forestry and Fisheries" is deemed to be replaced with "Order of the Ministry of Health, Labour and Welfare"; the term "approval" is deemed to be replaced with "authorization"; and the phrase "pursuant to Article 11-17, paragraph (3) of the Agricultural Cooperatives Act, to amend the mutual insurance rules that govern its mutual liability insurance business" is deemed to be replaced with "pursuant to Article 40, paragraph (5) of the Consumers' Cooperatives Act, to amend the mutual insurance business bylaws that govern its mutual liability insurance business".

(2) The preceding Article applies mutatis mutandis if a business cooperative, etc. is engaged in the mutual liability insurance business. In such a case, the term "an administrative agency (meaning an administrative agency as provided for in Article 98, paragraph (1) of the Agricultural Cooperatives Act, and including the prefectural governor to whom functions under the authority of the Minister of Agriculture, Forest and Fisheries are delegated pursuant to paragraph (15) of that Article)" in the preceding Article is deemed to be replaced with "an administrative agency (meaning an administrative agency as provided for in Article 111, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act, and including the prefectural governor to whom functions under the authority of the competent minister are delegated pursuant to paragraph (3) of that Article and the chief officer of the local branch office to

whom a part of the authority of the competent minister is delegated pursuant to paragraph (4) of that Article"); the term "agricultural cooperative, etc." is deemed to be replaced with "business cooperative, etc."; the term "approval" is deemed to be replaced with "authorization"; the phrase "pursuant to Article 11-17, paragraph (1) of the Agricultural Cooperatives Act, for mutual insurance rules that govern mutual liability insurance business" is deemed to be replaced with "pursuant to Article 9-6-2, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of that Act), for mutual insurance rules that govern mutual liability insurance business"; the phrase "Order of the Ministry of Agriculture, Forestry and Fisheries" is deemed to be replaced with "order of the competent Minister for the business"; the term "approval" is deemed to be replaced with "authorization"; and the phrase "pursuant to Article 11-17, paragraph (3) of the Agricultural Cooperatives Act, to amend the mutual insurance rules that govern its mutual liability insurance business" is deemed to be replaced with "pursuant to Article 9-6-2, paragraph (4) of the Small and Medium-Sized Enterprise Cooperatives Act (including as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of that Act), to amend the mutual insurance rules that govern its mutual liability insurance business".

(Consent)

- Article 28 (1) Having received an application for a license as referred to in Article 3, paragraph (1) or Article 185, paragraph (1) of the Insurance Business Act (but only if it is necessary to examine whether liability insurance conforms to both the criteria set forth in Article 5, paragraph (1), items (iii) and (iv) of that Act (including as applied mutatis mutandis pursuant to Article 187, paragraph (5) of that Act) and to Article 25), before issuing that license, the Prime Minister must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism to do so.
- (2) Before granting the authorization under Article 123, paragraph (1) of the Insurance Business Act (including as applied mutatis mutandis pursuant to Article 207 of that Act) or issuing an order under Article 131 or 203 of that Act with respect to a particular of the liability insurance that has been established in a document set forth in Article 4, paragraph (2), item (iii) or (iv) or Article 187, paragraph (3), item (3) or (iv) of that Act, the Prime Minister must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism to do so.
- (3) Having been notified under Article 9-3, paragraph (1) of the Act on Non-Life Insurance Rating Organizations of the standard rates for liability insurance, and before shortening the period that ends on the day marking the passage of 90 days as prescribed in Article 10-4, paragraph (1) of that Act, pursuant to

Article 10-5, paragraph (1) of that Act as applied following the replacement of terms pursuant to Article 26-2, paragraph (3), to a period found to be reasonable, the Prime Minister must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism to do so. The same applies with respect to a decision not to give an order as under Article 10-5, paragraph (3) of that Act.

- (4) Before issuing an order under Article 26-3 to change the premium rates or standard rate for liability insurance or issuing an order under Article 10-6, paragraph (5) of the Act on Non-Life Insurance Rating Organizations, the Prime Minister must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism to do so.
- (5) If an Insurer violates this Act, an order based on this Act, or a disposition based on either of these, or if an insurer violates the Insurance Business Act, the Act on Non-Life Insurance Rating Organizations, an order based on those Acts, or a disposition based on any of these, with respect to the general conditions of liability insurance or the liability insurance premium rates, the Prime Minister, before reaching a disposition under Article 133 or 205 of the Insurance Business Act, must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism to do so.

(Consent and Consultation)

Article 28-2 (1) Before reaching a disposition as set forth in the following items in connection with a part of the mutual insurance rules governing a person's mutual liability insurance business that concern that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in Article 27, paragraph (1) must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so:

- (i) an order for a change under Article 27, paragraph (3);
 - (ii) approval under Article 11-17, paragraph (1) or (3) of the Agricultural Cooperatives Act; or
 - (iii) a disposition under Article 94-2, paragraph (2) or Article 95 of the Agricultural Cooperatives Act.
- (2) Before enacting or amending an Order of the Ministry of Agriculture, Forestry and Fisheries as referred to in Article 11-17, paragraph (2) of the Agricultural Cooperatives Act in connection with the part of the mutual insurance rules governing a person's mutual liability insurance business that concern that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in the preceding paragraph must first consult with the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so.

- (3) Before reaching a disposition as set forth in one of the following items in connection with the part of the mutual insurance business bylaws governing a person's mutual liability insurance business that concerns that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in Article 27, paragraph (1) as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (1), must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so:
- (i) an order for a change under Article 27, paragraph (3), as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (1);
 - (ii) authorization under Article 40, paragraph (5) of the Consumers' Cooperatives Act;
 - (iii) a disposition under Article 94-2, paragraph (1), (2), (4), or (5), or Article 95, paragraph (1) or (2) of the Consumers' Cooperatives Act.
- (4) Before enacting or amending an Order of the Ministry of Health, Labour and Welfare as referred to in Article 26-3, paragraph (1) of the Consumers' Cooperatives Act as applied following a replacement of terms pursuant to paragraph (2) of that Article, in connection with the part of the mutual insurance business bylaws governing a person's mutual liability insurance business that concerns that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in the preceding paragraph must first consult with the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so.
- (5) Before reaching a disposition as set forth in one of the following items in connection with a part of the mutual insurance rules governing a person's mutual liability insurance business that concerns that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in Article 27, paragraph (1) as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (2), must first obtain the consent of the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so:
- (i) an order for a change under Article 27, paragraph (3) as applied mutatis mutandis following a replacement of terms pursuant to Article 27-2, paragraph (2);
 - (ii) authorization under Article 9-6-2, paragraph (1) or (4) of the Small and Medium-Sized Enterprise Cooperatives Act (including as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of that Act);
 - (iii) a disposition under Article 106, paragraph (1) or Article 106-2, paragraph (1), (2), (4), or (5) of the Small and Medium-Sized Enterprise Cooperatives

Act.

- (6) Before enacting or amending an Order as referred to in Article 9-6-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act as applied following a replacement of terms pursuant to paragraph (3) of that Article (including as applied mutatis mutandis pursuant to Article 9, paragraph (5) of that Act) in connection with a part the mutual insurance rules governing a person's mutual liability insurance business that concerns that person's way of conducting business, mutual insurance contracts, or mutual insurance premiums, an administrative agency as prescribed in the preceding paragraph must first consult with the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister to do so.

(Reserves)

Article 28-3 (1) Notwithstanding Article 116 of the Insurance Business Act, an insurer is to set aside the full balance of income and expenditures and investment profits generated by the liability insurance business as the reserves provided for by Order of the competent ministry. In such a case, the reserves set aside must not be drawn upon other than to compensate for a shortage of income and expenditures from the liability insurance business and in other cases provided for by Order of the competent ministry.

(2) The preceding paragraph applies mutatis mutandis to agricultural cooperatives, etc.. In this case, the term "insurer" in the same paragraph is deemed to be replaced with "agricultural cooperative, etc."; the phrase "notwithstanding Article 116 of the Insurance Business Act" is deemed to be replaced with "notwithstanding Article 11-32 of the Agricultural Cooperatives Act"; and the phrase "the liability insurance business" is deemed to be replaced with "the mutual liability insurance business".

(3) Paragraph (1) applies mutatis mutandis to consumer cooperatives, etc. In such a case, the term "insurer" in that paragraph is deemed to be replaced with "consumer cooperative, etc."; the phrase "Notwithstanding Article 116 of the Insurance Business Act" is deemed to be replaced with "Notwithstanding Article 50-7 of the Consumers' Cooperatives Act"; and the phrase "the liability insurance business" is deemed to be replaced with "the mutual liability insurance business".

(4) Paragraph (1) applies mutatis mutandis to business cooperatives, etc. In such a case, the term "insurer" in that paragraph is deemed to be replaced with "business cooperative, etc."; the phrase "Notwithstanding Article 116 of the Insurance Business Act" is deemed to be deleted; and the phrase "the liability insurance business" is deemed to be replaced with "the mutual liability insurance business".

(5) , Order of the competent ministry as referred to in paragraph (1) (including

as applied mutatis mutandis pursuant to the preceding three paragraphs), is to mean an order jointly issued by the Prime Minister; the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; the Minister of Land, Infrastructure, Transport and Tourism; and the competent Minister for the business.

(Jointly Pooled Administrative Processes)

Article 28-4 (1) Insurers and cooperatives (other than any cooperative that has entered into a mutual reinsurance agreement pursuant to which another cooperative bears all of the mutual insurance liabilities it had assumed pursuant to contracts for mutual liability insurance; and other than any cooperative that has entered into a mutual retrocession agreement pursuant to which another cooperative bears all of the mutual reinsurance liabilities it had assumed pursuant to a mutual reinsurance agreement; hereinafter the same applies in this Article) are to jointly perform the work of calculating, distributing, and collecting insurance premiums and insurance proceeds and damages among themselves (hereinafter referred to as "jointly pooled administrative processes" in this Article) as follows:

- (i) by allocations being made to insurers and cooperatives in accordance with the percentages prescribed in the rules referred to in the following paragraph for each insurer and cooperative (hereinafter referred to as "allocation rates" in this Article), in connection with any amount remaining when what insurers have paid to the government pursuant to Article 78, as well as insurers' costs to engage in the liability insurance business (meaning the amount remaining when what is expected to be paid in the form of future insurance proceeds, as well as what it is decided insurers must pay to the government pursuant to that Article, is deducted from insurance premiums) are deducted from the liability insurance premiums and other monies that insurers have collected pursuant to this Act; and in connection with any amount remaining when what cooperatives have paid to the government pursuant to Article 78, as well as cooperatives' costs to engage in the mutual liability insurance business (meaning the amount remaining when what is expected to be paid in the form of future mutual insurance proceeds, future mutual reinsurance proceeds, and future mutual retrocession proceeds, as well as what it is decided cooperatives must pay to the government pursuant to that Article, is deducted from mutual insurance premiums, mutual reinsurance premiums, and mutual retrocession premiums) are deducted from the mutual liability insurance premiums, mutual reinsurance premiums, mutual retrocession premiums, and other monies that cooperatives have collected pursuant to this Act;
- (ii) by monies being collected from insurers and cooperatives in accordance

with allocation rates, in connection with any amount remaining when what insurers have received from the government pursuant to Article 16, paragraph (4) and Article 17, paragraph (4) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) is deducted from insurance proceeds and anything that insurers have paid based on this Act or based on their contracts for liability insurance; and in connection with any amount remaining when what cooperatives have received from the government pursuant to those provisions is deducted from mutual insurance proceeds, mutual reinsurance proceeds, mutual retrocession proceeds, and anything that cooperatives have paid based on this Act or based their contracts for mutual liability insurance, mutual reinsurance agreements, and mutual retrocession agreements.

- (2) Insurers and cooperatives must formulate rules establishing allocation rates and other necessary particulars of the jointly pooled administrative processes; an insurer must report these rules to the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister; and a cooperative must report these rules to the Minister of Land, Infrastructure, Transport and Tourism and to whichever minister among the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; or the competent Minister for the business has jurisdiction over that cooperative. The same applies if they change those rules.
- (3) The Minister of Land, Infrastructure, Transport and Tourism may ask an insurer or cooperative to submit the necessary reports or materials for assessing the operational status of jointly pooled administrative processes, to the extent that this is necessary. To do so, the Minister of Land, Infrastructure, Transport and Tourism is to first consult with whichever minister among the Prime Minister; the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; or the competent Minister for the business has jurisdiction over the insurer or the cooperative.
- (4) On finding that the content of the rules reported pursuant to paragraph (2) violates a law or regulation or that it subjects a specific group of persons to unfairly differential treatment, or on finding that jointly pooled administrative processes are not being performed properly, the Minister of Land, Infrastructure, Transport and Tourism and the Prime Minister; the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; and the competent Minister for the business may jointly order an insurer or cooperative to amend those rules or to take other necessary measures.

(Notification of Concerted Action)

Article 29 Having given authorization under Article 102, paragraph (1) of the

Insurance Business Act (including as applied mutatis mutandis pursuant to Article 199 of that Act) with regard to a concerted action involved in the liability insurance business as set forth in Article 101, paragraph (1), item (i) of that Act (including as applied mutatis mutandis pursuant to Article 199 of that Act), the Prime Minister must notify the Minister of Land, Infrastructure, Transport and Tourism of this.

(Duty to Report Damage Rates)

- Article 29-2 (1) Insurers and cooperatives, pursuant to Cabinet Office Order, must report damage rates and other necessary information for calculating liability insurance premium rates and mutual liability insurance premium rates to the Non-Life Insurance Rating Organization that the Prime Minister designates from among those that calculate standard rates for liability insurance (in the following paragraph, referred to as the "rating organization") .
- (2) A cooperative may request the rating organization to provide the materials based on which the standard rates for liability insurance were calculated.
- (3) Before enacting or amending Cabinet Office Order as referred to in paragraph (1), the Prime Minister must first consult with the Minister of Land, Infrastructure, Transport and Tourism, as well as with the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; and the competent Minister for the business.

(Agency Agreements)

Article 30 An insurer or cooperative is to enter into an agency agreement for liability insurance or mutual liability insurance with an organization or other person that has been established with the purpose of promoting automobile transportation and that is found to be appropriate in terms of the smooth implementation of the liability insurance or mutual liability insurance business.

Section 4 Council on Automobile Liability Insurance

(Establishment)

Article 31 The Council on Automobile Liability Insurance (hereinafter referred to as the "council") is established in the Financial Services Agency.

Article 32 Deleted

(Consultation)

Article 33 (1) Before reaching a disposition prescribed in Article 28, paragraph (1) in a case as prescribed in that paragraph, and before reaching a disposition

prescribed in paragraph (2) or (4) of that Article, the Prime Minister must consult with the council. The same applies in a case as prescribed in paragraph (3) of that Article, before the Prime Minister shortens the period prescribed in the first sentence of that paragraph or decides not to issue the order prescribed in the second sentence of that paragraph.

(2) Before giving the consent under Article 28-2, paragraph (1), (3), or (5), the Prime Minister must consult with the council.

(3) The council accommodates consultations under the preceding paragraph by studying and deliberating on the consent of the Prime Minister under Article 28-2, paragraph (1), (3), or (5).

Article 34 Deleted

(Membership)

Article 35 The members of the council are appointed by the Prime Minister with the consent of the Minister of Land, Infrastructure, Transport and Tourism, pursuant to Cabinet Order.

Articles 36 through 38 Deleted

(Delegation to Cabinet Order)

Article 39 Beyond what is provided for in Articles 31, 33, and 35, Cabinet Order provides for the organization, members, and other personnel of the council, and for any other necessary particulars concerning the council.

Articles 40 through 70 Deleted

Chapter IV Government's Program Guaranteeing Compensation for Automobile Accidents

(Program Guaranteeing Compensation for Automobile Accidents)

Article 71 The government implements a Program Guaranteeing Compensation for Automobile Accidents pursuant to this Act.

(Services)

Article 72 (1) If a person is killed or injured due to the operation of an automobile and the injured party cannot claim damages under Article 3 because it is unclear who the person in possession of the automobile is, the government, upon receipt of a claim from the injured party, indemnifies the injured party for damage incurred of up to the amount that Cabinet Order prescribes. Upon receipt of a claim from the injured party, the government also

indemnifies the injured party for damage incurred of up to the amount that Cabinet Order prescribes if a person other than the one insured under the liability insurance or mutual liability insurance is liable for damages pursuant to Article 3 (unless that person's liability arises from the operation of an automobile as prescribed in Article 10).

- (2) Upon receipt of a claim as under Article 16, paragraph (4) or Article 17, paragraph (4) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)), the government provides compensation as under those provisions.
- (3) Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes the procedures for filing a claim as referred to in the preceding two paragraphs.

(Coordination with Benefits under Other Laws and Regulations)

Article 73 (1) If the injured party is to receive a benefit equivalent to an indemnity for damage under paragraph (1) of the preceding Article based on the Health Insurance Act (Act No. 70 of 1922), the Industrial Accident Compensation Insurance Act (Act No. 50 of 1947), or a law or regulation that Cabinet Order prescribes, the government does not indemnify the injured party for any amount of damage as under that paragraph that falls within the scope of the benefit.

- (2) In a case as referred to in the second sentence of paragraph (1) of the preceding Article, if an injured party is compensated for damage by the person that is liable for damages as under Article 3, the government does not indemnify the injured party for any amount of damage as under the second sentence of paragraph (1) of the preceding Article that falls within the scope of the compensation received.

(Due Date for Performance in Indemnifying for Damage as under Article 72, Paragraph (1))

Article 73-2 (1) The government is not liable for delays following receipt of a claim to an indemnity for damage under Article 72, paragraph (1) until the necessary period of time has passed to look into the accident caused by the operation of the automobile subject to the claim and to verify the amount of damage for which it must provide the indemnity.

- (2) When the government is conducting the necessary investigations to look into an accident as prescribed in the preceding paragraph, if an injured party, without a legitimate reason, interferes or fails to comply with the investigation, the government is not liable for delays arising during the period that the indemnity for damage is delayed due to the interference or failure to comply.

(Prohibition on Attachment)

Article 74 The right to file a claim under Article 72, paragraph (1) may not be attached.

(Period of Prescription)

Article 75 The right to file a claim under Article 16, paragraph (4) or Article 17, paragraph (4) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) or Article 72, paragraph (1) is extinguished by prescription once three years have passed.

(Subrogation)

Article 76 (1) Having indemnified an injured party for damage as under Article 72, paragraph (1), the government acquires the rights that the injured party holds against the person liable for the damages, to the extent of the amount it has paid.

(2) If damage has arisen due to the bad faith of the policyholder, insured, mutual insurance policyholder, or person covered under mutual insurance, and the insurer or the cooperative has paid damages to the injured party pursuant to Article 16, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)), the government acquires the rights that the injured party holds against the policyholder, insured, mutual insurance policyholder, or person covered under mutual insurance, to the extent of the amount it has paid.

(3) If a person in possession is not liable for damages, and the insurer or the cooperative makes a provisional payout to the injured party pursuant to Article 17, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)), the government may demand the return of the provisional payout from the injured party.

(Entrusting a Person with Services)

Article 77 (1) The government may entrust an insurer or cooperative with a part of the services under Article 72, paragraph (1), as prescribed by Cabinet Order.

(2) Notwithstanding the provisions set forth in the following items, a cooperative may provide the services with which it has been entrusted pursuant to the preceding paragraph:

(i) Article 10 of the Agricultural Cooperatives Act;

(ii) Article 10 of the Consumers' Cooperatives Act;

(iii) Article 9-2 or 9-9 of the Small and Medium-Sized Enterprise Cooperatives Act.

(3) On entrusting an insurer or cooperative with services pursuant to paragraph (1), the Minister of Land, Infrastructure, Transport and Tourism must issue

public notice of the name of the insurer or cooperative to which the services have been entrusted and of the information that Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes.

(Shared Charges under the Program Guaranteeing Compensation for Automobile Accidents)

Article 78 Insurers, cooperatives, and persons that put automobiles as provided in Article 10 which Cabinet Order prescribes into operational use must pay the amount that Cabinet Order prescribes to the government as shared charges under the Program Guaranteeing, Compensation for Automobile Accidents pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Monetary Penalties)

Article 79 Having indemnified an injured party for damage under the second sentence of Article 72, paragraph (1), the government may collect the amount that Cabinet Order prescribes as a monetary penalty from the person that is liable for damages.

(Measures to Collect Arrears of Monies Owing)

Article 80 (1) If a person does not pay the shared charges under the Program Guaranteeing Compensation for Automobile Accidents referred to in Article 78 or a monetary penalty as referred to in the preceding Article, the Minister of Land, Infrastructure, Transport and Tourism issues a demand for the person to pay this by a fixed due date.

(2) When demanding that a person pay as under the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism issues a written demand to the person with the obligation to pay. In such a case, the due date that the minister is to fix in the written demand must be a date that falls after at least 10 days' time has passed counting from the date of issuance of the written demand.

(3) Notwithstanding Article 153 of the Civil Code, a demand for payment under paragraph (1) has the effect of renewing the period of prescription.

(4) If a person subject to a demand for payment under paragraph (1) does not pay shared charges under the Program Guaranteeing or the monetary penalty by the due date referred to in that paragraph, the Minister of Land, Infrastructure, Transport and Tourism handles this based on the rules governing measures to collect national tax arrears.

(Priority of Statutory Liens)

Article 81 Statutory liens involving shared charges under the Program

Guaranteeing Compensation for Automobile Accidents referred to in Article 78 and monetary penalties as referred to in Article 79 follow national taxes and local taxes in order of priority.

(Transfer of Expenses for the Program Guaranteeing Compensation for Automobile Accidents)

Article 82 (1) Every fiscal year, as prescribed in the budget, the government is to transfer an amount equivalent to the shared charges for the Program Guaranteeing Compensation for Automobile Accidents referred to in Article 78 for automobiles as prescribed in Article 10 (other than those as referred to in Article 78 which Cabinet Order prescribes and other than those that are put into operational use only in places other than roads) into the special automobile safety account from other national accounts.

(2) Every fiscal year, as prescribed in the budget, the government is to transfer part of the required costs for providing services under the Program Guaranteeing Compensation for Automobile Accidents provided for in this Act into the special automobile safety account from the general account.

(Reporting and On-Site Inspections)

Article 82-2 (1) The Minister of Land, Infrastructure, Transport and Tourism, pursuant to Order of the Ministry of Land, Infrastructure, Transport and Tourism, may have an insurer or cooperative report on its operative or financial status, and may have the relevant officials enter the place of business, offices, and other facilities of an insurer or cooperative to inspect the state of its operations or its books and documents and other items or to ask questions of the relevant persons, within the limits of what is necessary to implement Article 78.

(2) Article 23-2, paragraphs (2) and (3) applies mutatis mutandis to on-site inspections and questioning under the preceding paragraph.

Chapter V Miscellaneous Provisions

(Release from Liability If There Are Multiple Contracts)

Article 82-3 (1) If two or more contracts for liability insurance or mutual liability insurance have been concluded for the same automobile, the insurer or cooperative is released from the liability to indemnify for damage, pay damages under Article 16, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)), or make a provisional payout under Article 17, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) (in the following paragraph, referred to as "indemnity for damage or other payment"), under any contract other than the

earliest-concluded contract, in connection with an accident arising from the operation of an automobile during a coverage period or period of coverage under mutual insurance that overlaps with the earliest-concluded contract's coverage period or period of coverage under mutual insurance.

- (2) In a case as referred to in the preceding paragraph, if there are multiple contracts that constitute the earliest-concluded contract as referred to in that paragraph, an insurer or the cooperative that has concluded one of those contracts is released from the liability to provide an indemnity for damage or other payment beyond the amount arrived at when the amount payable as an indemnity for damage or other payment under that contract is divided by the number of contracts.
- (3) Unless an insurer, cooperative, or injured party is aware that the contract under which a claim has been made is not an earliest-concluded contract as referred to in paragraph (1), if, on receipt of a claim for damages under Article 16, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) or for a provisional payout under Article 17, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) (hereinafter referred to as the "payment of damages or a provisional payout" in this and the following paragraph), the insurer or cooperative makes a payment of damages or a provisional payout as a benefit under a contract other than the earliest-concluded contract as referred to in paragraph (1), it acquires the rights that the injured party holds against the person that is liable to compensate for the damage, and it also loses the right to demand the return of that benefit from the injured party, to the extent of the benefit it has paid.
- (4) The preceding paragraph applies mutatis mutandis if an insurer or cooperative pays, as a payment of damages or a provisional payout, an amount of money that, pursuant to paragraph (2), it is to be released from the liability to pay under an earliest-concluded contract as referred to in paragraph (1). In such a case, the term "that the contract under which a claim has been made is not an earliest-concluded contract as referred to in paragraph (1)" in the preceding paragraph is deemed to be replaced with "that, in addition to the contract under which a claim has been made, there is another contract that constitutes an earliest-concluded contract as referred to in paragraph (1)" and "the benefit it has paid" is deemed to be replaced with "the amount of money that, pursuant to paragraph (2), it is to be released from the liability to pay".

(Operational Administration)

Article 83 The Minister of Land, Infrastructure, Transport and Tourism administers operations for the government's Program Guaranteeing Automobile Liability Insurance.

(Delegation of Authority)

Article 84 (1) The Prime Minister delegates the authority under this Act (other than that which Cabinet Order prescribes) to the Commissioner of the Financial Services Agency.

(2) It is permissible to have the director of a regional transportation bureau implement the things that, pursuant to Article 10-2, the preceding Chapter, and Article 85, are subject to the authority of the Minister of Land, Infrastructure, Transport and Tourism, pursuant to Cabinet Order.

(Prohibited Actions)

Article 84-2 (1) It is prohibited for any person to forge or alter an insurance sticker, mutual insurance sticker, or insurance/mutual insurance exemption sticker, or to use any such forged or altered item, with the intent to utter it.

(2) It is prohibited for any person to manufacture an item whose appearance could cause it to be confused with an insurance sticker, mutual insurance sticker, or insurance/mutual insurance exemption sticker, or to use any such item, with the intent to utter it.

(3) Other than in a case under this Act or if there are otherwise legitimate reasons for doing so, it is prohibited for any person to issue an insurance sticker or mutual insurance sticker to another person.

(4) Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes the particulars with which insurers and cooperatives must comply to ensure the proper issuance of insurance stickers and mutual insurance stickers.

(Presentation of Certificate)

Article 85 (1) On finding that it is necessary to do so in order to achieve the purpose referred to in Article 1, the Minister of Land, Infrastructure, Transport and Tourism may have the relevant officials require any person driving an automobile to present certificate of automobile liability insurance or certificate of mutual automobile liability insurance, on the road or at any other place where the automobile is located.

(2) An official as referred to in the preceding paragraph must carry identification and present it at the request of any person concerned.

(Delegation to Cabinet Order)

Article 85-2 Beyond what is provided for in this Act, Cabinet Order prescribes the necessary particulars for bringing this Act into force.

(Duties of the Minister of Land, Infrastructure, Transport and Tourism)

Article 86 In exercising the authority provided for in this Act, the Minister of

Land, Infrastructure, Transport and Tourism must endeavor to ensure that there is no lack of protection for injured parties.

Chapter VI Penal Provisions

Article 86-2 A person violating Article 84-2, paragraph (1) is subject to imprisonment for not more than three years, a fine of not more than 1,000,000 yen, or both.

Article 86-3 A person falling under one of the following items is subject to imprisonment for not more than one year or a fine of not more than 500,000 yen:

- (i) a person violating Article 5;
- (ii) a person that, in violation of Article 23-9, paragraph (1), divulges confidential information learned in the course of performing its duties or uses confidential information for personal gain;
- (iii) a person violating Article 84-2, paragraph (2) or (3).

Article 87 A person that uses deception or other wrongful means to have certificate of automobile liability insurance, certificate of mutual automobile liability insurance , an insurance sticker, a mutual insurance sticker, or an insurance/mutual insurance exemption sticker issued or reissued to that person is subject to imprisonment for not more than six months or a fine of not more than 200,000 yen.

Article 87-2 A person violating an order under Article 16-8, paragraph (4) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) is subject to a fine of not more than 1,000,000 yen.

Article 88 A person falling under one of the following items is subject to a fine of not more than 300,000 yen:

- (i) a person violating Article 8 or Article 9-3, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 9-5, paragraph (3) and Article 10-2, paragraph (4));
- (ii) a person failing to make a report under Article 23-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) or Article 82-2, paragraph (1); making a false report thereunder; refusing, obstructing, or evading an inspection under those provisions; failing to respond to questions under those provisions; or falsely responding to the same;
- (iii) a person failing to submit a report or materials under Article 28-4,

paragraph (3) or submitting a false report or materials thereunder.

Article 88-2 If a designated dispute resolution organization falls under one of the following items, the violating officer or employee of that designated dispute resolution organization is subject to a fine of not more than 300,000 yen:

- (i) it discontinues all of dispute resolution services without getting permission under Article 23-15, paragraph (1);
- (ii) it fails to prepare or keep books or makes false entries in them, or it fails to keep them on file, in violation of Article 23-16;
- (iii) it fails to make a report under Article 23-17, paragraph (1); makes a false report thereunder; refuses, obstructs, or evades an inspection under that paragraph; or fails to respond to questions under that paragraph; or responds to them falsely.

Article 89 A person falling under one of the following items is subject to a fine of not more than 200,000 yen:

- (i) a person violating Article 9-3, paragraph (3) (including as applied *mutatis mutandis* pursuant to Article 9-5, paragraph (3));
- (ii) a person violating an Order of the Ministry of Land, Infrastructure, Transport and Tourism based on Article 84-2, paragraph (4);
- (iii) a person refusing to present, or interfering with the presentation of, an item as under Article 85, paragraph (1).

Article 90 If the representative of a corporation or the agent, employee, or other worker of a corporation or individual commits a violation referred to in Article 86-3, item (i) or (ii) or Article 87 through the preceding Article in connection with the business or property of the corporation or individual, in addition the offender being subject to punishment, the corporation or the individual is also subject to the fine referred to in the relevant Article.

Article 91 (1) If an insurer or cooperative falls under one of the following items, the directors or executive officers of the insurer (or, in the case of a foreign non-life insurance company and others provided for in Article 2, paragraph (9) of the Insurance Business Act, its representative in Japan; the same applies hereinafter) or the directors of the cooperative are subject to a civil fine of not more than 1,000,000 yen:

- (i) it fails to make a report under Article 16-6 (including as applied *mutatis mutandis* pursuant to Article 23-3, paragraph (1)) or makes a false report thereunder;
- (ii) it fails to provide an explanation or submit materials under Article 23-12, paragraph (2), or provides a false explanation or submits a false material

thereunder;

(iii) it violates Article 24, paragraph (1) or (2);

(iv) it violates an order under Article 28-4, paragraph (4).

(2) If an insurer or non-life insurance rating organization violates an order under Article 26-3, the directors or executive officers of the insurer or the directors of the non-life insurance rating organization are subject to a civil fine of not more than 1,000,000 yen.

(3) If a cooperative violates an order under Article 27, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-2, paragraphs (1) and (2)), the directors of the cooperative are subject to a civil fine of not more than 1,000,000 yen.

Article 92 A person using deception or wrongful means to obtain an explanation under Article 16-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) (including if a Written Explanation, etc. is deemed to have been provided pursuant to Article 16-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 23-3, paragraph (1)) is subject to a civil fine of not more than 100,000 yen.