Special Account for Earthquake Reinsurance

- **Purpose of the Special Account for Earthquake Reinsurance**
  With the Niigata Earthquake of 1964 as a turning point, the Special Account for Earthquake Reinsurance was established in 1966 for the purpose of clarifying the accounting for the Earthquake Insurance system whereby the government reinsures massive earthquake damage in excess of a certain amount.

- **Business and undertaking accounted for in the Special Account for Earthquake Reinsurance**
  For the purpose of contributing to stabilizing the livelihoods of the affected by earthquakes, the government reinsures the earthquake insurance liabilities underwritten by private insurance companies. It receives and manages reinsurance premiums, and accounts for them separately in the Special Account for Earthquake Reinsurance so that it can pay out reinsurance benefit at the time when massive earthquakes occur, to which the private sector alone cannot respond.
  All insurance premiums general insurance companies have received from policyholders are reinsured by Japan Earthquake Reinsurance Co., Ltd. (JER). JER divides them into the portion held by JER itself, the portion reinsured again by general insurance companies, and the portion reinsured by the government （Special Account for Earthquake Reinsurance）, in proportion to their respective liability.
Outline of revenues and expenditures in the Special Account for Earthquake Reinsurance (FY2019 budget)

Insurance companies (direct writing insurance companies)

Japan Earthquake Reinsurance Co., Ltd.

Total revenues 201,162

Revenue from reinsurance premiums 173,701

Reinsurance benefit 201,087

Miscellaneous revenues (Interest income on deposits, etc.) 27,461

Revenue from reinsurance premiums 173,701

Administrative costs, etc. 74

Total expenditures 201,162

Reinsurance benefit 201,087

Administrative costs, etc. 74

Note: Figures have been rounded down to the nearest one million yen.