

G20 財務大臣・中央銀行総裁会議サイドイベント
自然災害に係る保険プロテクションギャップへの対処

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令和 7 年 7 月 17 日（木）

- Ladies and gentlemen, it is my great honor to deliver a keynote speech at this official G20 side event. I would like to extend my gratitude to the G20 Presidency, and co-hosts, namely the International Association of Insurance Supervisors, or IAIS, and the World Bank Group.

- The increasing frequency and severity of natural catastrophe events is a global challenge, affecting both advanced economies and EMDEs. In particular, insurance protection gaps arise when insurance cannot sufficiently cover losses caused by natural disasters. Insurance protection gaps prevent prompt recovery after natural disasters and are affecting the economy and public finance. This G20 event aims to discuss global responses to this challenge, and is indeed quite timely.

- There are two main factors that are widening the insurance protection gaps. The first one is the low insurance penetration rate, especially in EMDEs, due to underdeveloped insurance markets and insufficient financial literacy. The second one is the increasing frequency and severity of natural disasters, which is increasing losses for insurance to cover.
- In addressing those factors that are widening protection gaps, each stakeholder such as international organizations, supervisors and the industry has a role to play.
- To begin with, the role of insurance supervisors includes assessing the gaps, improving financial literacy, ensuring better supervision and regulation, and incentivizing risk reduction. Supervisors can incentivize risk reduction through measures such as encouraging the industry to reflect risk reduction effect of disaster-proof facilities in insurance premiums. Japan strongly supports the efforts by the IAIS to emphasize the role of insurance supervisors in addressing insurance protection gaps.

- Next, since EMDEs are facing particularly significant insurance protection gaps, it is important for policymakers to undertake concrete actions to narrow the gaps. I look forward to ongoing efforts by the IAIS and the World Bank Group to provide practical guidance and tools to assist policymakers and supervisors in EMDEs.
- In addition, the role of the insurance industry is critically important. I expect the insurance industry to make efforts towards raising financial literacy and risk awareness, incentivizing risk reduction, and developing new innovative products. This will contribute to the take-up of insurance coverage and the development of insurance markets. Addressing insurance protection gaps also provides opportunities for the insurance sector. I call on the IAIS to support such efforts through sharing examples and knowledge.
- In light of the experience of frequent natural disasters such as earthquakes and typhoons, the Japanese government has been promoting the development of insurance market and the enhancement of financial literacy, as well as

disaster prevention. Building on such experiences, Japan has been at the forefront of global discussion on insurance protection gaps, including through regional cooperation. I would like to take this opportunity to share with you some of Japan's relevant initiatives.

【Financial education】

- The first is the promotion of financial education. In order to encourage individuals and companies to take up insurance coverage in line with their needs, it is critical to enhance the public understanding of the essential role of insurance in protecting us from natural disasters. In Japan, we established an organization to promote financial education through a public-private partnership in 2024.

【Disaster prevention initiative】

- The second is disaster prevention. In order to address natural disasters with increasing frequency and severity, it is crucial to initiate risk reduction with the involvement of a whole society, as indicated in the Sendai Framework for Disaster Risk Reduction, which was adopted at the United Nations in 2015. In Japan, we develop comprehensive and strategic disaster reduction policies under a framework

involving all members of the Cabinet and in cooperation with stakeholders such as the academics and local governments. In particular, ex-ante investment in disaster prevention, such as in earthquake- and fire-proof buildings, is effective in reducing disaster risk and therefore highly important.

【Regional risk pooling】

- The third is regional cooperation. Japan has taken the lead in disaster risk financing in the Asia-Pacific region. For example, Japan established the Southeast Asia Disaster Risk Insurance Facility, or SEADRIF, with a view to enabling Southeast Asian countries to secure funds for prompt restoration and reconstruction. We have promoted disaster risk financing as one of the pillars of regional cooperation at the ASEAN+3.

【Conclusion】

- I have set out my expectations for the role of various stakeholders in addressing natural catastrophe insurance protection gaps and introduced recent initiatives in Japan. I hope that efforts by the IAIS and the World Bank Group,

together with experience of Japan, will contribute to the elimination of factors that are widening natural catastrophe insurance protection gaps.

○ Thank you very much for your kind attention.