

# Becoming an insurance broker

## Laws and Regulations and Administrative Procedures

To become an insurance broker, registration with the Prime Minister is required. Various requirements are set for registration as follows:



**A** It is required for an applicant for registration of an insurance broker to demonstrate to the authority concerned “sufficient abilities” to professionally perform insurance brokerage services. For this purpose, it is required to pass the Nonlife Insurance Broker Examination or the Life Insurance Broker Examination conducted by JIBA and to submit to the authority concerned Certificate of Qualified Insurance Broker issued by JIBA. The success in the exams which relate to knowledge on laws and regulations for insurance intermediaries and insurance contracts, and to the abilities to perform insurance brokerage services, is regarded as fulfillment of the official judging criteria used for the “sufficient abilities”.

Insurance broker qualifications and the types of insurance that each handles are as follows:

Qualification for insurance providers	Nonlife insurance company	Life insurance company	Small-amount short-term insurance providers*
Qualification for nonlife insurance brokers	Nonlife insurance, accident and health insurance		Nonlife insurance, accident and health insurance
Qualification for life insurance brokers		Life insurance, accident and health insurance	Life insurance, accident and health insurance

(\*) Small-amount short-term insurance that can manage both life and nonlife insurance may have a combination of life insurance (coverage for death) and nonlife insurance (coverage for daily life, etc.). Please be careful in this case as insurance brokers qualifications for both nonlife and life insurance brokers are necessary.

Reinsurance is classified as non-life insurance under the Japanese Insurance Business Act. Non-life insurance brokers are allowed to do a brokerage service for life reinsurance and/or accident and health reinsurance ceded by a life insurance company.

**B** Insurance brokers are not allowed to operate or work concurrently as insurance agencies. Executives of insurance agencies or employees involved in insurance solicitation cannot work concurrently as insurance brokers.

Insurance brokers are required to register with the Prime Minister and cannot conduct insurance brokerage services without making security deposits. The provision of insurance brokerage services can commence only after security deposits are made and the authorities concerned are notified.

Insurance brokers are also required to conclude the Basic Agreement to Implement Procedures with Hoken Ombudsman, a specialized agency for alternative dispute resolution (ADR) procedures. They stipulate that insurance brokers incur certain expenses, such as enrollment fees, security deposits and annual fees.

## Obtaining qualifications

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In order to register as an insurance broker, it is required to have the capability to professionally perform insurance brokerage services (Article 289 of the Insurance Business Act). The Nonlife Insurance Broker Examination and the Life Insurance Broker Examination conducted by JIBA serve as the criteria for evaluating such abilities.

JIBA conducts the Nonlife Insurance Broker Examination and the Life Insurance Broker Examination for those who wish to be engaged in the insurance brokerage services as insurance brokers.

The certification of insurance brokers is valid for three years starting from the effective date. Thereafter, it can be renewed once every three years by completing the continuing education courses provided by JIBA.

The aim of this continuing education for renewal is to maintain and improve the knowledge and compliance mindset necessary for insurance brokers.

## Security deposits

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As organization independent from insurance companies, insurance brokers are responsible for damages caused to policyholders by insurance brokers regarding insurance brokerage services, and the insurance companies involved are not held responsible.

From the viewpoint of policyholder protection, insurance brokers are required to make security deposits as financial resources for liabilities incurred by insurance brokers.

The minimum amount required for security deposits is 20 million yen at the start of the business, and thereafter it should be the amount corresponding to the total brokerage amount which the insurance broker received as a broker for the conclusion of insurance contracts for the period of the past three years up to the maximum limit of 800 million yen.