

**Japan Car Insurance Market By Vehicle Type (New Car, Used Car), By Type (Third Party Insurance, Comprehensive Insurance), By Provider (Insurance Companies, Insurance Agents/Brokers, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F**

Market Report | 2025-01-24 | 82 pages | TechSci Research

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**Report description:**

The Japan Car Insurance market was valued at USD 20.43 Billion in 2024 and is expected to grow to USD 26.92 Billion by 2030 with a CAGR of 5.09% during the forecast period. The Japan Car Insurance market is experiencing growth owing to the increasing vehicle ownership, driven by economic growth and an aging population, has led to a growing demand for car insurance. Stringent government regulations, including mandatory liability insurance for all vehicles, further ensure steady market growth. Also, the rising frequency of road accidents and the high cost of vehicle repairs and medical expenses have spurred demand for more comprehensive coverage. Technological advancements, such as telematics and digital platforms, are transforming the market by offering personalized insurance options and improving claims processing. Also, the growing focus on electric vehicles (EVs) and autonomous vehicles is creating new insurance opportunities. As consumers seek more tailored and convenient options, the demand for innovative, flexible car insurance solutions continues to rise.

**Key Market Drivers**

**Growing Passenger Car Sales Across the Region**

The growing passenger car sales across Japan significantly drive the car insurance market. As the economy continues to develop and consumer disposable income rises, more individuals and families can afford passenger vehicles, leading to an increase in car ownership. As a part of this, according to a recent study, as of 2023, used passenger automobile sales in Japan were estimated to be at 5.4 million, up from 5.26 million the previous year. The Japanese government has also been promoting policies aimed at stimulating the automotive sector, which, in turn, fuels the demand for insurance.

With a rising number of vehicles on the road, particularly passenger cars, the need for adequate insurance coverage becomes more pronounced. Drivers seek financial protection from the risks of accidents, damage, and theft, contributing to the growing

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demand for comprehensive insurance policies. This trend is particularly strong in urban areas, where heavy traffic and higher accident rates increase the need for insurance. Also, the shift towards newer vehicle models, including electric and hybrid vehicles, is reshaping the market. Insurers are adapting by offering policies that specifically cater to these new technologies, considering factors like repair costs and battery coverage. As the passenger car market expands and diversifies, insurers are developing more customized solutions to meet the varied needs of consumers. Overall, the increasing sales of passenger cars across Japan are a key driver of the car insurance market, creating opportunities for growth and innovation in policy offerings.

#### Rapid Urbanization & Surging Economic Growth

Rapid urbanization and surging economic growth are significant driving factors in Japan's car insurance market. As a part of this, according to a recent study, as of November 2024, Japan's economy grew at an annual pace of 0.9% as consumer spending remained stable. As Japan continues to urbanize, especially in major metropolitan areas like Tokyo, Osaka, and Yokohama, more people are moving to cities where vehicle ownership becomes essential for commuting and convenience. This urbanization has led to a rise in the number of vehicles on the road, directly increasing the demand for car insurance. Also, rapid infrastructure development, including expanded road networks and improved traffic management systems, has contributed to greater vehicle usage, further boosting the need for insurance coverage.

Economic growth in Japan has also played a vital role. As disposable incomes rise, more consumers are purchasing cars, including a shift toward newer and more expensive models that require comprehensive coverage. The Japanese economy's stability and advancement in sectors like technology and manufacturing have led to higher employment rates and more consumer spending, directly influencing the automotive market. Also, economic growth has contributed to an increase in the purchasing power of businesses, leading to more fleet vehicles that also require insurance. As car sales and ownership increase alongside urban expansion, demand for both mandatory and optional insurance products grow, making urbanization and economic growth key drivers in the expansion of Japan's car insurance market.

#### Rising Traffic Accidents

Rising traffic accidents are a significant driving factor in Japan's car insurance market. As the number of vehicles on the road continues to grow, particularly in densely populated urban areas, the frequency of traffic accidents has increased. As a part of this, according to a recent study, as of 2023, roughly 307.9 thousand road traffic accidents were reported in Japan. Despite advancements in vehicle safety technologies, factors such as higher traffic density, congestion, and a growing number of elderly drivers contribute to an elevated risk of accidents. As a result, the need for car insurance coverage to protect against financial losses from accidents, injuries, and property damage has intensified.

The Japanese government's strict traffic regulations and efforts to improve road safety have not fully eliminated the risks, especially in urban environments where high-speed driving, pedestrian interactions, and congestion are common. As a result, the demand for both mandatory and comprehensive insurance products have surged, as drivers seek financial protection and peace of mind. Comprehensive insurance policies, which cover a wide range of risks, including accidents, theft, and natural disasters, are increasingly popular among consumers. Also, the rising frequency of accidents, combined with the high costs of vehicle repairs and medical expenses, has encouraged insurers to innovate and offer more personalized, efficient, and affordable insurance solutions. Rising traffic accidents continue to drive the growth of the car insurance market, highlighting the ongoing need for coverage.

#### Key Market Challenges

##### Higher Insurance Rate

Higher insurance rates pose a significant challenge in the Japan car insurance market. As the number of vehicles on the road increases and traffic congestion escalates, insurers are facing higher claims costs, particularly due to the rising frequency of accidents and damages. These increased claims, coupled with the rising cost of vehicle repairs and medical treatments, are driving up premium rates for consumers. While mandatory third-party liability insurance ensures broad market participation, the cost of comprehensive coverage has become a concern for many drivers.

Also, Japan's aging population adds another layer of complexity. Older drivers often have higher accident rates and more expensive claims, contributing to rising premiums across the market. Also, insurers must account for the high repair costs associated with modern vehicles, especially electric and hybrid models, which require specialized parts and technology. The increased frequency of natural disasters, such as earthquakes and typhoons, further exacerbates the issue. Vehicles are often

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damaged during such events, leading to higher claims payouts. While some consumers may be willing to pay higher premiums for comprehensive coverage, others may opt for lower coverage options, leaving insurers with more exposure to financial risks. Balancing affordability with the need to cover rising claims costs is a key challenge in Japan's car insurance market.

#### Limited Awareness Among Consumers

Limited awareness among consumers is a significant challenge in the Japan car insurance market. Despite the high number of vehicles on the road, many consumers still have limited understanding of insurance products, coverage options, and the importance of choosing the right policy. This lack of awareness can lead to underinsurance, where consumers opt for minimal coverage, potentially exposing themselves to higher financial risks in case of accidents or damages.

Also, some consumers may not fully understand the details of policy terms, such as exclusions or deductibles, which can cause dissatisfaction and confusion when filing claims. This lack of clarity can result in consumers choosing inappropriate policies or failing to take advantage of available benefits. Also, the complexity of the car insurance landscape, with various insurers offering different products and pricing structures, can overwhelm consumers. Insurers face the challenge of educating the public on the importance of comprehensive coverage, as well as how to compare policies effectively. To address this challenge, insurers must focus on improving consumer education through clear communication, digital tools, and personalized services, helping customers make informed decisions and ensuring they are adequately covered for potential risks.

#### Key Market Trends

##### Rising Digital Innovation

Rising digital innovation is a prominent trend reshaping the Japan car insurance market. As consumers increasingly embrace technology, insurers are adopting digital solutions to enhance customer experience and streamline operations. The use of digital platforms, mobile apps, and online tools for policy comparisons, claims management, and customer support has significantly improved accessibility and convenience for consumers. This digital shift allows customers to easily purchase policies, file claims, and track their coverage in real time, reducing friction in the insurance process.

Telematics-based insurance is another key innovation gaining traction in Japan. By using GPS and sensors, insurers can collect data on driving behavior and offer usage-based insurance (UBI) policies, where premiums are adjusted based on actual driving habits such as speed, braking, and distance driven. This personalized approach not only rewards safe drivers with lower premiums but also helps insurers better assess risks. Also, advancements in AI and machine learning are helping insurers automate claims processing, detect fraud, and provide more personalized policy recommendations. The rise of InsurTech startups is also fostering innovation, offering competitive, tech-driven solutions that appeal to younger, digitally savvy consumers. Overall, digital innovation is transforming the market, improving efficiency, personalization, and customer engagement in the Japan car insurance sector.

##### Increased Integration of Insurtech Technology

The increased integration of InsurTech technology is a significant trend in the Japan car insurance market. InsurTech startups are transforming the industry by leveraging cutting-edge technologies like artificial intelligence (AI), machine learning, big data analytics, and blockchain to deliver innovative solutions. These advancements are improving the efficiency and accessibility of insurance products, making the process of purchasing policies, filing claims, and managing coverage more seamless for consumers.

AI and machine learning are helping insurers offer personalized policies by analysing driving behaviours through telematics data, adjusting premiums based on individual risk profiles. Also, automated claims processing powered by AI reduces the time and cost involved in settlement, enhancing customer satisfaction. Blockchain technology is being explored to increase transparency, reduce fraud, and streamline claims management. Digital platforms and mobile apps are increasingly used to enable consumers to purchase and manage their car insurance policies online, offering a more convenient and user-friendly experience. Also, InsurTech companies are also addressing the growing demand for more flexible and affordable insurance solutions. By offering subscription-based or pay-per-use models, these companies cater to the evolving preferences of younger, tech-savvy consumers, driving further digital disruption in the market.

##### Increased Internet Usage

Increased internet usage is a key trend in the Japan car insurance market, transforming how consumers interact with insurance providers and manage their policies. As a part of this, according to a recent study, as of 2023, start Japan had 102.5 million

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internet users, with an internet penetration rate of 82.9 percent. As internet penetration continues to rise, more Japanese consumers are turning to digital channels to research, compare, and purchase car insurance. The shift towards online platforms allows for greater convenience and transparency, with users able to easily access detailed product information, compare premiums, and select policies based on their individual needs.

Insurance companies are responding to this trend by enhancing their online presence, offering digital tools like mobile apps and websites that enable consumers to purchase policies, file claims, and track coverage in real time. This digital transformation also extends to customer service, where chatbots and virtual assistants powered by artificial intelligence (AI) provide instant support, improving overall customer experience. Also, the increasing use of the internet has given rise to comparison websites, making it easier for consumers to evaluate various insurance options and find the best deals. As younger, more tech-savvy generations become the dominant consumer base, the demand for convenient, online-first insurance services continues to grow. This trend is driving insurers to invest in digital technologies to stay competitive and cater to evolving consumer expectations.

#### Segmental Insights

##### Vehicle Type Insights

New Car dominated the Japan Car Insurance market, driven by factors such as higher consumer purchasing power, technological advancements, and a preference for modern vehicles. As a part of this, according to a recent study, Japan's overall consumer spending is expected to reach USD 2.42 trillion in 2025. New car buyers tend to opt for comprehensive insurance coverage to protect their investments, especially given the higher repair costs and advanced features of newer models. Also, insurers offer tailored products for new cars, covering specialized needs such as advanced safety systems, electric and hybrid vehicle maintenance, and higher repair costs. The Japanese government's incentive programs for purchasing eco-friendly vehicles, coupled with ongoing economic growth, continue to push the demand for new cars, thereby driving growth in the car insurance market.

##### Regional Insights

Hokkaido & Tohoku dominated the Japan Car Insurance market, driven by regional growth in vehicle ownership and unique local needs. In these northern regions, where rural areas and smaller urban centers are prevalent, car ownership is essential for daily transportation due to limited public transportation options. The demand for insurance is higher as residents depend on their vehicles for commuting, farming, and business activities. Also, the regions face specific challenges such as harsh winter weather, including heavy snow and icy roads, which increase accident risks and vehicle damage. As a result, there is a higher uptake of comprehensive insurance policies that cover weather-related incidents. Insurers have tailored products to meet these regional demands, further driving growth in Hokkaido and Tohoku's car insurance markets.

##### Key Market Players

- ☐☐ Japan Insurance Net Inc
- ☐☐ Chubb Group Holdings Inc
- ☐☐ Tokio Marine & Nichido Fire Insurance Co., Ltd
- ☐☐ Aioi Nissay Dowa Insurance Co., Ltd
- ☐☐ Allianz SE
- ☐☐ AXA SA
- ☐☐ Admiral Group Plc
- ☐☐ Aviva Plc
- ☐☐ Acorn Insurance and Financial Services Limited
- ☐☐ CA Britline

##### Report Scope:

In this report, the Japan Car Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

##### ☐☐ Japan Car Insurance Market, By Vehicle Type:

- o New Car
- o Used Car

##### ☐☐ Japan Car Insurance Market, By Type:

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- o Third Party Insurance
- o Comprehensive Insurance
- ☐☐Japan Car Insurance Market, By Provider:
  - o Insurance Companies
  - o Insurance Agents/Brokers
  - o Others
- ☐☐Japan Car Insurance Market, By Region:
  - o Hokkaido & Tohoku
  - o Chubu
  - o Chugoku
  - o Kyushu
  - o Rest of Japan

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Japan Car Insurance Market.

Available Customizations:

Japan Car Insurance Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

☐☐Detailed analysis and profiling of additional market players (up to five).

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