

ENVIRONMENTAL INSURANCE AS A RISK MANAGEMENT : HOW IT WORKS IN JAPAN

Yasuhiro SAKAI and Akihisa YATOUJI(Speaker)

Yasuhiro SAKAI, Faculty of Economics, Shiga University; 1-6-46 Seribashi,
Hikone-shi, Shiga, Japan 522-0087

Akihisa YATOUJI, Yatouji Insurance Center Co.,Ltd, Graduate School of
Economics, Shiga University; 6-15-3 Tsukaguchicho, Amagasaki-shi, Hyogo,
Japan 661-0002

The 21st century is called the century of environment. Recently, non-life insurance companies have developed many environmental insurance commodities. The role of environmental insurance is examined as the technique of environmental risk management. Environmental insurance not only secures the compensation of a company, contributes the early purification of environmental pollution, and the relief of the victim. It can be estimated to have a fixed environmental preservation function from the ability of corporate activity of the influence which affects the environment in the preliminary survey at the time of insurance undertaking. While examining the policy which aims at the spread of environmental insurance, in the field of an environmental problem, the conditions in which insurance can function effectively as a risk curtailment means are examined. There are four service functions which non-life insurance companies can offer to policyholders. They are (1) compensation function, (2) loss control function, (3) financial function (investment / loan function), and (4) information offer function.

This paper examines environmental insurance as a risk management from the view point of the compensation function and loss control function, when managing an environmental risk, on the basis of the example of the advanced U.S. of environmental insurance.

Finally, the important role, the validity, the efficiency, the possibility, and the marketability are examined.

Key words: Environmental insurance, Risk management, Compensation and loss control , Insurance possibility , Marketability