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COMPULSORY AUTOMOBILE LIABILITY INSURANCE AND PROPOSED DRIVER'S LICENCE INSURANCE

—Their Interrelations and Issues in Japan—

by

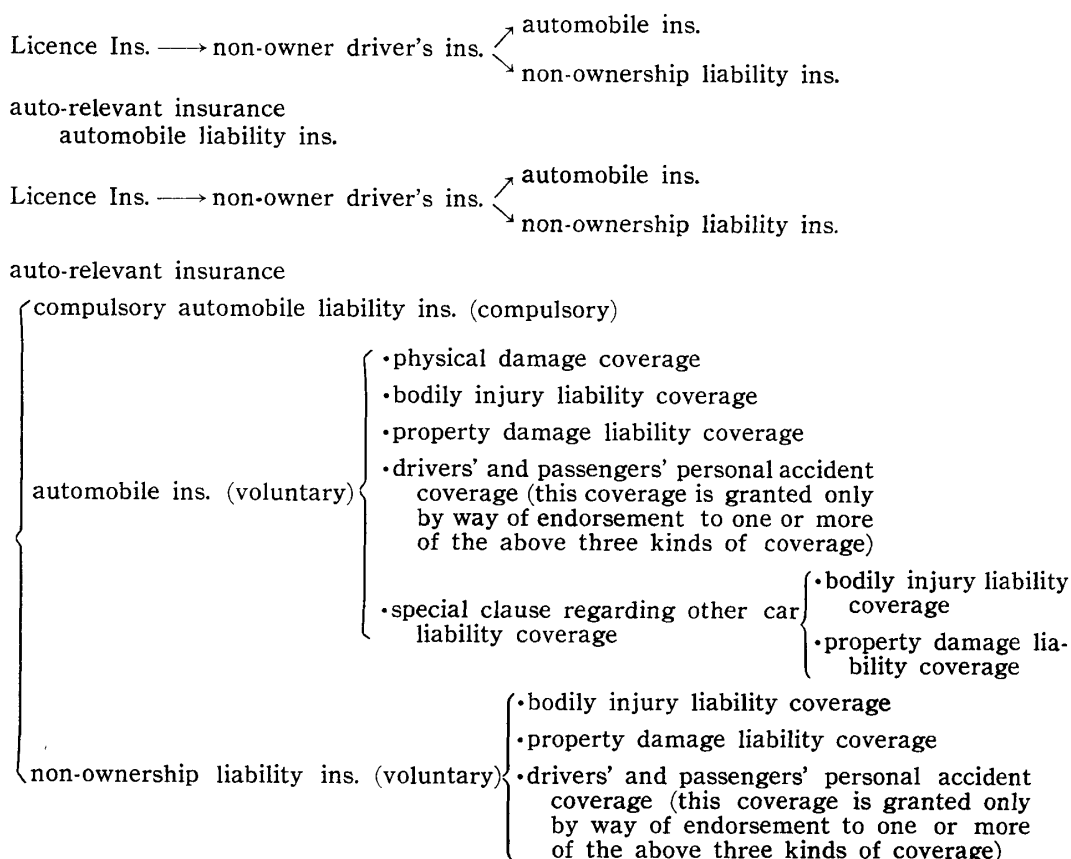
Noriaki Niwata

A. Logic for the Plan of Two Concurrent Systems of Liability and Licence Insurance

A—I. Growth of the Theory of Driver's Licence Insurance

The term Driver's Licence Insurance (*unten menkyoshō hoken*, hereafter will be abridged as Licence Ins.) has recently come to popular use, yet its meaning is not always definite. It is often used and discussed on a line with Automobile Insurance and Compulsory Automobile Liability Insurance (*jidōsha baishō sekinin hoken*, hereafter Liability Ins.), while some people use the word "driver's insurance" or "non-owner driver's insurance" where they should say Licence Ins. Of course when one intends to express this Licence Ins. in foreign language, here English, it is never correct and perfect to represent the holder of licence by "driver," though it is not so far from the fact. And this point pertains to the essential and basic issues in constructing and developing the theory of Licence Ins. Most of the devices to be discussed in this paper originate from this point. Yet there will certainly arise close relations with the said non-ownership liability insurance if Licence Ins. is born and enforced. Such relations may be systematized as below.

The recent popularization of automobile is tremendous extending over even farm and mountain and fishing villages as well as cities and neighboring areas. In accompany with its brisk growth and use, true it has been exposed to criticism so much. In addition to the criticisms on auto makers, industrial policies, road administration and drivers, those from the standpoint of environmental disruption as social problems have come to appear. It is easy to imagine, however, that if automobile were prohibited utilization of railway would come to excessive congestion for people's office-attending and movement and goods transport. Effects on the national economy of the decline in the automobile industry also could not be overlooked, and a serious condition of our balance of payments due



(Note) Non-ownership liability insurance here mentioned pertains to risks attendant to driving by one who has licence but no car of his own. It presupposes that one who has licence is sure to drive.

to depressed car export would be unavoidable. (See Note below.) The contributions by the auto industry to the cultivation of scientific technology, which have been enormous up to date, would become unexpectable. Hence it is unjustifiable to oppress or contract automobile and its industry, which have become indispensable for national economy so much, simply by stressing evil matters which should be considered as one aspect of their development. It will do to take measures for precaution and prevention, and those for adjustment, removal or overcoming of unfavorable state already occurring. This makes the very reason why the idea of Licence Ins. has come on the stage of discussion.

(Note) Confusion of vehicles: if automobile were banished, congestion in the National Railway, private railways and subways will increase by 29% by a rough estimate. Confusion of goods transport: since the shares of railway, ship and automobile are respectively 6%, 6% and 88%, a ban of auto means immediately perfect paralysis of social activities. Blows on the export structure: the weight of auto exports in the whole exports was 7.6% for 1968; because of the high ratio of improvement and low rate of foreign-exchange payments, the rate of foreign-exchange gain of auto is much higher than other export goods. Depressive effects on the national

economy: for 1968 the auto industry's share in GNP is 9.1%; employees of the industry count 450,000, those engaging in auto selling (sale, equipping, oil retail, etc.) 860,000, those engaging in auto service (forwarding, driving buses and taxis) 2,570,000; the shares of its consumption of major stuff—rubber 47%, spring 66%, light metal alloy 68%, cold-rolled steel sheet 42%, hot-rolled steel sheet 20%, special steel 14%, nylon used as a tire cord 25% and battery 80%. In aggregate: those who earn livelihood by the auto industry hold a ratio 1:12 to total employed persons. (Soredemo Hitsuyō na Jidōsha-Sangyō no Ikusei, Bring-up of the Auto Industry, still Wanted, *Toki no Keizai*, No. 170, Oct. 1970, pp. 6–21.)

The formal debut of the idea of Licence Ins. was in the reply report of the Council of Liability Ins. dated Oct. 7, 1969. Originally this Council was set up by the moment of a request statement by the non-life insurance circles submitted to the Finance Minister requiring a broad revision of premium rates for the reason of deficits in the account of Liability Ins. due to the rises in loss ratio and insurance money payment per accident, the deficits having shown enormous accumulation and a trend of further increase. The Council investigated relevant matters over a wide scope and involved problems eleven times beginning on July 8, 1969, and in its conclusive report the need of Licence Ins. was pointed out. The report expected Licence Ins. to display two functions—accident prevention and resource raising—and further implied an intention to employ a merit-demerit method, that is, extra premium on accident-repetitious drivers in order to check accidents and on another hand to cover the deficits partially. Following this report Licence Ins. came to be discussed in various circles and quarters. Its need and way of being were taken up in, for instance, a draft by the Transportation Division of Kōmei Party, a draft by Michiyuki Iwadō, a member of House of Councilors, a petition by the Japan Auto Industry Association, a request statement by the Nation-wide Passenger Car Union, a request statement by the Japan Bus Association, a plan by the Insurance Department of Bank Bureau of Finance Ministry, etc.

It seems to be a fact that, with the increasing occurrence of auto accidents and rising amount of insurance money payment, a delicate change has appeared in the attitude of non-life insurance companies toward auto-related insurance. This is seen in the following remarks. “In order to get better business results, improve efficiency and increase profits, we have such a simple way as to restrain from such unstable sectors as automobile insurance or Liability Ins. as far as possible, in other words, to practice that very plain business principle of not accepting what is unprofitable.”¹⁾ “In America the relation between auto makers and insurance companies, which has been looked as in-love generally as well as by the both sides themselves, has recently become cool. This is because insurance

1) Morimatsu, Kigyō Mokuteki o Wasureruna (Don't Forget Businesses' Object), *Insurance*, No. 2501, June 10, 1971.

(Note) Effected Items of the Report of Liability Insurance Council of Oct. 7, 1969.
(In the below: *Law* Compulsory Automobile Liability Insurance Law, *Reg.* regulation for enforcing the Law, *date* day of enforcement, * relevant important amendment not mentioned in the Report)

Recommendation	Amendment	Practice
I. Raise of death benefit and subsequent affection benefit.	By Reg. 2-1-a and annexed table, a raise from 3 million to 5 million yen (1969.11.1). By new Reg. 2-2, for subsequent affection in the same group existing amount is deducted from levelled-up amount. (1970.10.1).	Literally classification of customary practices.
II. Raising of premium.		1.96 times on the average, highest 2.5 times (1969.11.1). Abolition of ceiling for the highest (1970.11.1).
III. Premium of compulsory automobile liability mutual aid written by the Agricultural Cooperative Association, etc.—revision is approved to the same extent of the table of Report.		
* Enforcement of reinsurance by state for compulsory automobile liability mutual aid.	Enforced by the amendment of Law 55 and 56, Reg. 18 (1970.10.1).	
IV. Improvement of liability insurance system.		
1) Adjustment of payment of medical expense.		
a) Immediate provisional measure—annex of detailed statement of expense, collection of data on traffic accident medical care.	By amendment of Reg. 7 medical certificate by certified doctor may be requested for payment of insurance and compensation money (1970.10.1).	Establishment of study room on Liability Ins. medical expenses.(1970.1.1).
b) Future measure—establishment of fair standard of care and adequate method of payment.		Part of costs for shock-infection exceeding 1.5 times over that of health insurance is not recognized to have a pertinent causal relation with accident (Osaka District Court, judgement 1970.6.18).
2) Completion of urgent treatment system—bring-up of specialized doctor, foundation of urgent		

care hospital, assistance to such establishment.	By the new Law 16-2 and amendment of Reg. 3-2 a limit of 3,000 yen a day (1970.10.1).	Effectuated on bus, hire and taxi on 1971.4.1. (scheduled).
3) Set-down of the limit of compensation for loss of earnings—a limit of 2,000 yen.		
4) Merit-demerit. a) Merit-demerit for fleet contract. b) Merit-demerit for general individual contract. c) Abolition of automatic renewal system.	By the new Law 19-2, additional premium in the case of death accident by anyone but owners or drivers. By the new amendment of Reg. 8-2 calculated by the day (1970.10.1).	
5) Enlargement of the injuring party's burden. a) Enlargement of the injuring party's small-amount burden. b) The injuring party's burden for drunken and non-licence drive.	Wholly enforced by the amendment of Law 55, 56, and elimination of Law 57 to 70 (1970.10.1).	
6) Abolition of self-security system.		
* Contraction of coverage of vehicles exempt from Liability Ins.	By the amendment of Law 10 and Reg. 1, limited to automobiles owned by the Self-Defence-Forces of Japan, U.S. and U.N. Forces and those being used within a certain premises only (1970.10.1).	
7) Abolition of duplicate payment.	Enforced only for duplicate contract for one car by the new Law 82-2 (1970.10.1).	
8) Compulsory enforcement of Licence Ins.		Start of study on Licence Ins. by the Government (1970.10.26).
9) Profits from the use of accumulated funds.		

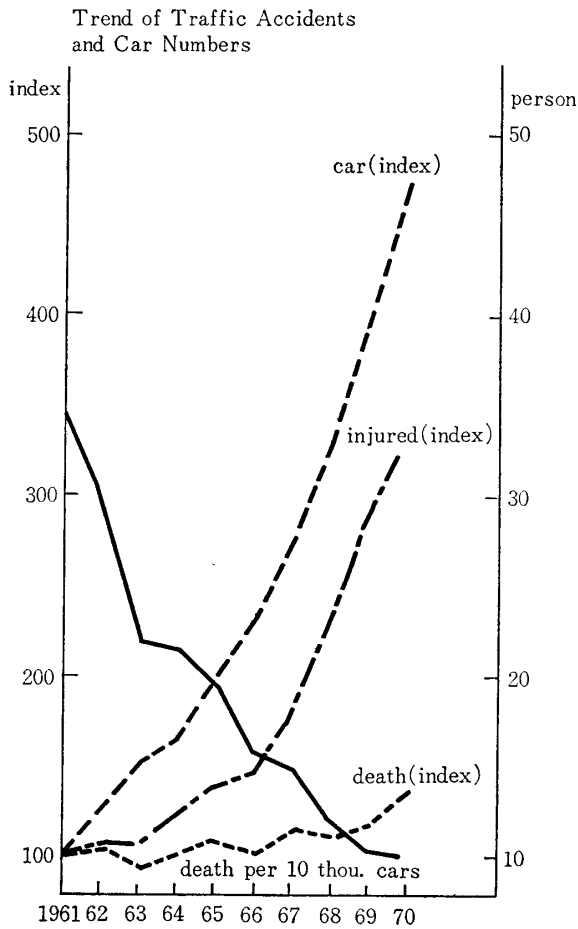
S. Kanazawa, *Kyōseihoken no Shomondai (Problems of Compulsory Insurance)*, in *Nihon Kōtsūhō-gakkai*, ed., *Kōtsūmondai no Genjō to Kadai (the Present Condition and Problems of Traffic)*, Yūhikaku, Jan. 1971, pp. 70-71.

money payment for accidents have swelled to affect management of the latter, driving them to attack auto makers' neglect of safety. . . . Against this mind-change of the insurance circles voices of accuse are not few that stress the fifty-year-long relation in which both have enjoyed a high-rate growth."²⁾ These facts remind us anew the complicated interests and different standpoints lying among the auto industry, insurance companies and organs, people-sufferer and injurer-car.

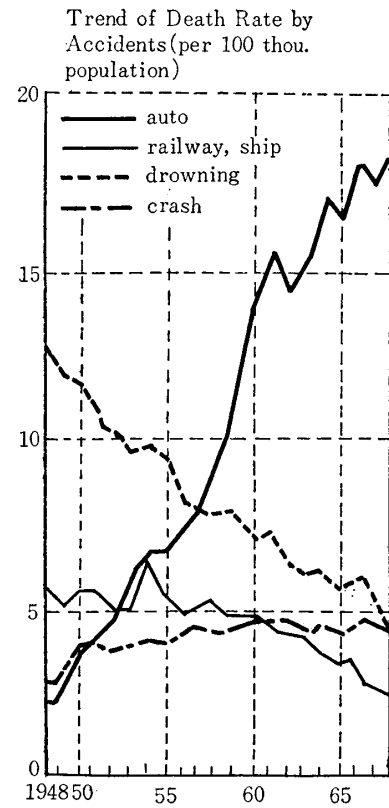
Both Liability and Licence Ins. must be considered on the base of modern-age characters of traffic accidents. The first character is that such accidents are closely related, as two faces of a thing, with the development of civilization, especially mechanical and engineering science, hence an unescapable social evil. The second is the phenomenon of mass-happening, a phenomenon not only large in the number but also stepping out of the contingency in terms of insurance. For they occur too frequently—at a rate of possibility that every people and family would be visited by them inevitably once a lifetime. Nevertheless their risk varies with the numbers of cars-drivers and times of drives, and in addition with environmental changes such as road and natural conditions—hence impossible to grasp uniformly under the law of large numbers and in terms of insurance. They are risks which are still fluctuating with high liquidity—fluctuating not only in the number but also in scale and region. The third concerns miserableness of the results—a grave situation both physically and economically, which extends over both parties, foot-passenger and driver, i.e. sufferer and injurer. Hence not only numerous civil actions between the two parties but also penal and administrative cases are seen. The fourth is universality and generality; in other words, traffic accidents occur as possible risks to persons regardless of their kind, class, occupation, age and sex, while the time, place and degree are indefinite. The fifth is that combinative nature of the causes of traffic accidents may be mentioned. Traffic accidents relate not only with carelessness of drivers and foot-passengers, but also with various factors and elements of different dimensions being interwound, and for this reason countermeasures are very hard to be taken. This makes a point that requires some devices to insure risks of traffic accidents. Licence Ins. has been taken up as an attempt of such devices, apart from the question whether it should lead to supplementation-complementation or surpassing-overcoming of Liability Ins.

As the measure to cope with auto accidents, efforts of prevention are first to be mentioned. Prevention may include two methods, precautionary and disciplinary. The precaution against auto accidents themselves, however, will need enormous cost and toil; it would be almost impossible to perform completely in view of the present condition with the fluid and changeable risk and the actual state of auto accidents. As the disciplinary method we can conceive intensification

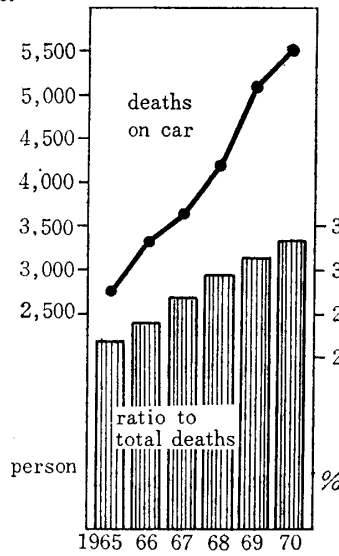
2) "Tsumetaku Natta Koinaka Jidosha Maker to Hokengaisha Jikoshiharai Kyūzō (Cooled In-Love Between Auto Makers and Insurance Companies Because of Swell of Insurance Money Payment for Accidents In America)", *Asahi Shinbun*, Nov. 25, 1970.



Op. cit. Kōtsūmondai no Genjō to Kadai, Shiryōhen, research data, p. 175.



Prime Minister's Office, Shōwa 45 nendo Rikujō ni okeru Kōtsūjiko, Sono Genjō to Taishō(the Present State and Objects of Traffic Accidents on Land in 1970), Dec.1970, p.5.



R.Ikunai, Bōei Unten Sakusen no Subete(What is Safety-Driving), in Kotsū Sensō-Yobō to Hoken(Traffic Problems-its Prevention and Insured Method), Hoken Hyōron sha, June. 1971, p.178.

of administrative punishment, penalty or compensation for damage which are imagined to display the function of threatening. Among these, however, what are applicable to insurance may be confined to increases of compensation, i.e. insurance benefits, and, in connection with accompanying increases of premium, strict adoption of the class-of-risks system of premium. Yet such treatment through insurance, i.e. the merit-demerit system, will not generate the function of threatening so much. Primarily driving is indispensable to modern people, and auto accidents involve always not only driver's carelessness but also many other factors, so that we can find auto accidents repetitious and inevitable. Furthermore if punishments through insurance, in addition to penal ones, were imposed to obtain threatening effects as an effort of accident prevention by the disciplinary method, there would be duplication and overload of punishments. In conclusion preventive efforts through insurance are almost unexpectable to work effects. If Licence Ins. is created and the merit-demerit system introduced, the function of accident restraining will be limited.

Next comes on the stage the efforts of relief for auto accidents that have already occurred. In performing such efforts it must be kept in mind that many factors besides driver's carelessness are found in the causes of the mass-happening of auto accidents, and that there are not a few cases of fault on the side of foot-passenger.³⁾ And a trend of development in the relief method is recognizable from compensation by the injurer to the sufferer to relief by the injurers as a whole to the sufferers as a whole, and further to relief by the whole society. Again a shift is observable from the principle of negligence liability to absolute, and further to the guard of the right to live and of man. If we have not Liability and Licence Ins. or even any voluntary auto and auto liability insurance, relief may have to be given by some system of social security or the like. Whatever an accident may be, insofar as it concerns with human physical injury, the sufferer must, and has a right to, be relieved by some method, while state and society have obligation of relief. On such step of thought as this, however, the level of relief to the suffer by auto accidents, with social-security nature given, must be marked with a certain limit. For any broad level-up of relief and extension of its scope will mean a step-out from the customary strict definition of social security. Accordingly it must be said inevitable that a certain ceiling exists in the amount of compensation, i.e. relief, of this step of development also in compensating suffer utilizing insurance.⁴⁾

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- 3) Of all the causes of auto accident on the side of foot-passengers, "fault-less" accounts for 20% for death and 27% for injury. Most numerous faults are "rush-out to road" and "cross road immediately before and after car", totalling to 40%. Accidents recognized as rule-break in road-crossing make up 9% of total death-injure, and 16% of death. Death by playing on road and infant's oneself-walking 7% of death.

K. Miyazawa, *Kōtsū Jiko no Higaisha Gaku* (Study on Sufferers of Auto Accident), *Nihon Keizai Shinbun*, July 10, 1970.

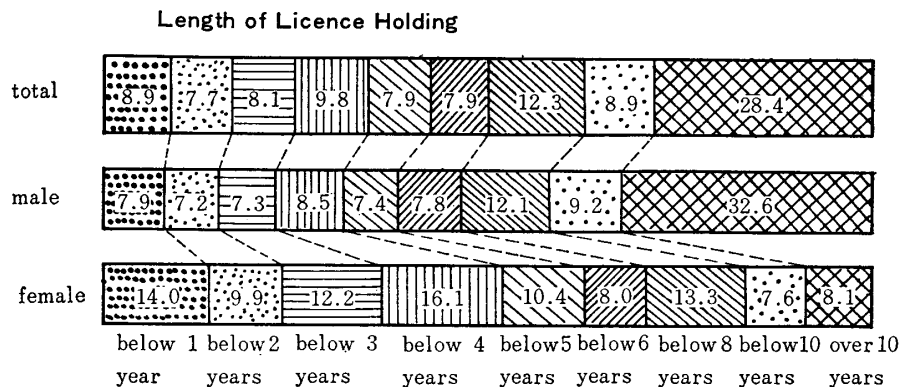
- 4) Three points should be noticed in considering the amount of compensation for auto and other accidents. (1) The amounts have been levelled up by the moment

(note 1) In Japanese insurance circles, non-ownership liability insurance is called “driver’s insurance.” So “driver’s licence insurance” should be called compulsory licence-holder’s liability insurance.

(note 2) Characters and countermeasures of auto accident are explained to the point, in M. Nishihara, *Kōtsū Hōgaku no Kadai* (Problems in Traffic Law), (contained in op. cit. *Kōtsūmondai no Genjō to Kadai*,) and I’m affected by this paper so much.

A—2. Basic Problems on Licence Insurance

Some relativity between licence holding and automobile accidents is vaguely considered to be lying. But their correct relativity, i.e. their law of cause and effect, is not be grasped yet. By the way there isn’t their direct relativity without putting “driving” between them. In fact, we often hear of some licence holders who never drive with reason. And that, it’s impossible to know how importance we should attach to licence holding as a cause of auto accident, without considering drive frequency and length of licence holding. This relativity between licence holding and auto accident can’t be grasped under the law of large numbers from now on, and efforts to grasp it may have no significance. So Licence Ins. can’t be considered insurance itself, and can be grasped by the weak theory of insurance or other theories and ideas.



(Source: Survey on Licence Holders, *Songai Hoken News*, Aug. 5, 1971.)

of some big or socially noticed accident. This lacks scientific ground. It must be said curious that the amount changes without scientific calculation moved by voices of mass-communication, leading to “cause social noises firstly.” (2) Scientific calculation has an aspect leading to better medical care because, for example, “No higher medical costs and no higher compensation,” “A higher medical cost and a higher compensation.” On the other hand, however, this may invite useless and overfluous medical care, hence an injury to both the sufferer and injurer. (3) It is an inverse course of matter that a level-up of compensation amount= higher evaluation of human life and other values in general insurance, notably voluntary, is effected through that of Liability Ins. which is compulsory and recognized as social-security nature.

By Licence Ins. mere holding of licence imposes a portion of liability and burden for relief=compensation to the sufferer from auto accident; a shift of what hitherto has been beared by car owners by Liability Ins. to non-owners. It may be true that car owners are generally richer and in the upper class than licence holders without car. Then doesn't the birth of Licence Ins. bring about retardation or contraction on income redistribution which is emphasized as the aim and function of social security? If it is intended to make up or lessen some part of the deficits of Liability Ins. by Licence Ins., this may result in inverse income redistribution, doesn't it? Isn't this negation or degradation of social-security nature which has been taken as necessary and indispensable? The relation between the finance, receipt-outlay, of the two insurance systems must be framed cautiously and on a pertinent theory.

To purchase, own and drive a car and to enjoy its utility are a basic wish and necessary act of modern people. Obstruction in any sense against this is questionable. In Licence Ins. premiums are levied at the stage of licence taking. Possibly this fact makes people hesitate to hold licence, and further produces an inclination to abandon purchase and drive of cars. Doesn't it? As the generally accepted idea of people one who has taken licence will strive to buy a car at all

Traffic Accidents and Licence Holders, by first party's ages (1969)

Age	Accident		Licence Holder		Accidents per 10 thou. holders
	Number	%	Number	%	
Below 15	2, 291	0. 3	—	—	—
16	10, 162	1. 5	205, 788	0. 8	493. 8
17	16, 582	2. 5	401, 522	1. 6	413. 0
18	29, 524	4. 4	569, 645	2. 3	518. 3
19	42, 259	6. 3	771, 608	3. 1	547. 7
Junior total	98, 527	14. 7	1, 948, 563	7. 8	505. 6
20~24	193, 137	29. 1	4, 651, 961	18. 8	415. 2
25~29	128, 987	19. 3	4, 403, 811	17. 8	292. 9
30~34	83, 703	12. 6	3, 718, 095	15. 0	225. 1
35~39	63, 398	9. 5	3, 422, 646	13. 8	185. 2
40~44	41, 974	6. 3	2, 744, 985	11. 1	152. 9
45~49	23, 707	3. 6	1, 621, 301	6. 5	146. 2
50~54	14, 802	2. 2	1, 025, 714	4. 1	144. 3
55~59	9, 649	1. 4	703, 949	2. 8	137. 1
60~64	4, 594	0. 7	362, 089	1. 5	126. 9
65~69	1, 659	0. 2	137, 433	0. 6	120. 7
over 70	532	0. 1	41, 560	0. 2	128. 0
Total	666, 960	100. 0	24, 782, 107	100. 0	268. 2

(The rate of accident to licence holder is the highest for 16-19 year class, next 20-24 year class.)

Op. cit. Kōtsumondai no Genjō to Kadai, p. 181.

costs. This mental flow is cut at its first stage, i.e. desire of licence taking. And if licence is taken and its premium is paid in defiance of such mental obstacle, willingness of driving will be abnormally stimulated, resulting in unnecessary drives, and will stir up longing for drive of young-agers who hold licence for the first time, the age stratum of most frequent accident.

Needless to say, voluntary automobile insurance and compulsory Liability Ins. stand in a relation of mutual complement and supplement as insurance regarding traffic accidents. Then against these public liability-insurance systems, voluntary or compulsory, on what position can the new-born Licence Ins. be placed? This insurance can be characterized as different from liability insurance, yet we must question the exact structural interrelation between these three sorts of insurance, which is still unsettled.

There is a problem whether the creation of Licence Ins., and the shift of weight on it, will involve a fear of accident increase. To purchase, own and drive a car nearly coincide in time and as action. They arise almost together. In Liability Ins. premiums are levied and paid at the very moment of car acquisition, awakening accident consciousness, which is carried over to the step of driving. But in Licence Ins. premiums are collected at the moment of licence taking, which will alike awaken accident consciousness yet is not always shifted to later purchase or driving necessarily and directly, i.e. concurrently, and accordingly accident consciousness, once held, is interrupted or diluted. In short it is impossible to expect such accident consciousness through holding of licence, taking of Licence Ins., levy or payment of premium.

The enforcement of Licence Ins. will raise a problem of economic inequality between licence holder owning no car and one owning it; between family with one car and one licence and that with a car and several licences. Also as a problem of insurance there lies a fear of many cases of unequal treatment, and in a pattern that burdens are relatively heavier on the less-rich than on the rich. Of course such danger also will not be few that the weight of liability for accident and that for burden become unproportionate, or fall in an inverse relation.

These points above should make obstacles to the creation of Licence Ins., but naturally logic to support it also exists. First, it seems to be commonsense that licence holders, even owning no car, participate in driving at least to a small extent. Insofar as this, it is a fact that licence holders are making a cause of accidents, though its actuarial grasp is difficult. For this reason it may be a justifiable requirement to charge part of public liability on them.

Non-driving of a licence holder is release of right, which may not exempt him from responsibility for his constructing the basic part of the cause of accidents. Primarily it cannot be denied that licence holding gives socio-economic benefits on living; for example, favorable conditions in finding employment are of course expectable. Hence the burden of premium by taking Licence Ins. may be understood as giving back part of social benefits gotten by licence holding to the society.

Licence holders will take opportunity of driving, if to the least extent. Even if a holder has caused no accident, isn't it impossible to regard him as an underlying cause of accident in the sense that he makes a reason for road congestion? From the fact that causes of accidents cannot simply be ascribed to drivers' carelessness, and for the reason that road congestion makes a heavy cause of them, those who engage in driving, i.e. licence holders, should join compensation and relief to the suffered through their payment of premiums. And this payment of premiums is reasonable in the sense of counter-benefit to the acquisition of licence which primarily should be given through rigid training and test but is now very easy for several reasons.

Viewing from whatever angle, Licence Ins. requires a social-security idea in addition to an insurance idea. And to consider the function of income redistribution involved therein, doubtlessly licence holders are economically in a more favored position than the sufferers. To transfer income from the former to the latter through premium payment as income redistribution, this agrees with the idea of social security.

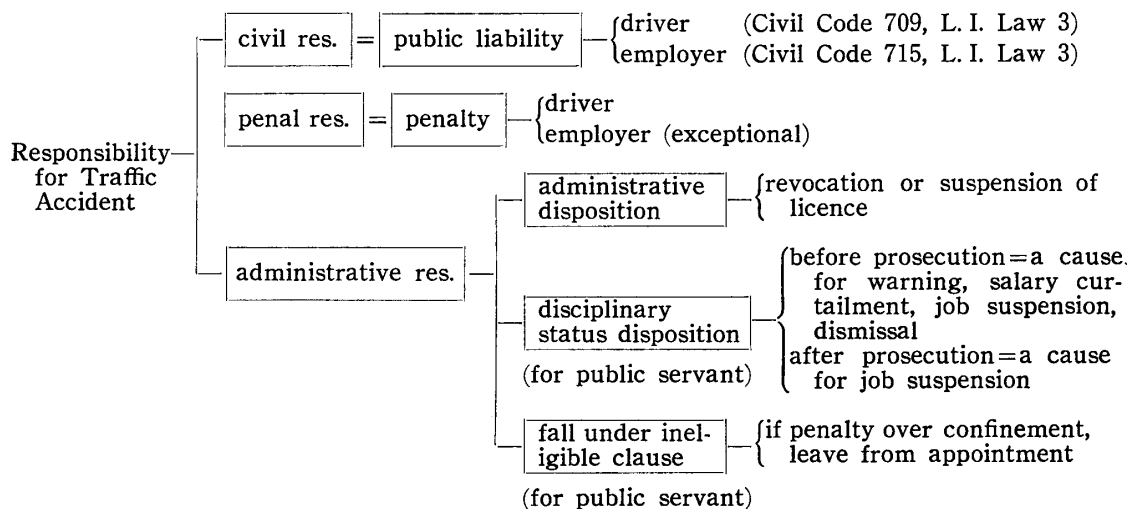
Weight of Liability-Ins. Premium in Consumer Price Index

Business Sort	Business Area (annual premium)	Number of Business Surveyed	Weight of Premium in Costs (a)	Weight of Fee and Freight in CPI (b)	Weight of Premium in CPI (a)×(b)
Hire Taxi	Tokyo Metro. (area A ¥50,040)	41 firms	1.34%	0.65%	0.009%
	Ishikawa Pre. (area B ¥31,900)	10 firms	1.14%	0.65%	0.007%
	Yamagata Pre. (area D ¥14,510)	25 firms	0.40%	0.65%	0.003%
Truck	General Road (big size ¥39,010 small size ¥10,620)	24 firms	1.15%	—	—

Prepared by materials of Transport Ministry. Freight of truck is not included in CPI.

(Note 1) A criticism may be possible that to collect a simple, unitary premium evenly from licence holders who do not drive frequently and those who do contradicts the class rating system, that is, the principle of equality between benefit and counter-benefit. Against this there is a view that more opportunities of risk occurring may true rest with the latter drivers but a higher class of risk lies in the former on account of rare driving and less skill. Thus there is an offset of risks, and hence the problem is not so important.

(Note 2) There is an opinion against Licence Ins. that it lessens sale of the present driver's insurance and leads to ignorance of it.



Tawara Legal Office, *Kōtsūjiko no Hōritsu Sōdan* (Legal Consultation on Auto Accident); Gakuyōshobō, 1969, p. 251.

[Persons who has public liability]

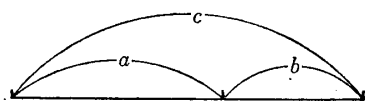
- (1) Tort feasor (driver), Civil Code 709.
- (2) Person responsible for supervision (parents of minor, statutory supervisor of mentally deranged person), Civil Code 714.
- (3) Employer (company, entrepreneur, personal employer), Civil Code 715-12.
- (4) Acting supervisor (company's director, branch-head, business-office-head, traffic-section-head, etc.), Civil Code 715-2.
- (5) Traffic utilizer (car owner, etc.), Liability Ins. Law 3.
- (6) State, public body—Public Servant Law 1.

T. Kimiya, *Jidōsha Baishō o meguru Shomondai* (Problems on Auto Accident Liability, I), *Shosai no Mado*, No. 195, Yūhikaku, Feb. 1971.

A—3. Logic for Licence Insurance as Upper-Layer or Lower-Layer to Liability Insurance

It is supposed to pose a big problem surrounding the foundation of Licence Ins. how to connect it with Liability Ins., and how to interpret the two-system structure of compulsory insurance. Naturally there is an idea to unify the two into a single system, which will be discussed later in this paper. Most theorists support interrelated co-existence of the two. In any way it will be required to clarify the relations between these two schemes, which are compulsory and of social-security nature, and Auto Ins., which is voluntary, general, and personal. The major point of question will be whether they are complementary-supplementary or competitive. It is necessary to promote theorization synthetically and structurally, and to decide the matter from the standpoint of people.

As mentioned already, both Liability and Licence Ins. have two functions of accident prevention and resource raising. In the creation of Licence Ins. display of the latter function is strongly expected while that of the former not so much. Below is an estimate of premium receipts from Licence Ins. on the base of assumed rates, totaling to 74.8 billion yen. The essential point is that an appreciable amount is raised by small burdens of numerous licence holders.



a : amount of economic security by voluntary automobile insurance.

b : amount of economic security by compulsory automobile liability insurance.

c : total amount of economic security for auto accident by public liability insurance and insurance of relief to sufferer.

- 1) Increase of a and decrease of b (a case unimaginable as commonsense).
- 2) Increase of b and decrease of a .
- 3) Increase of a and increase of b and c (relatively rare in Japan).
- 4) Increase of a and increase of a and c . (major case in Japan).
- 5) Simultaneous increases of b and a and increase of c (this is a desirable move in Japan where the social-security level has not yet reached the international level).
- 6) This is a step where c tentatively fixed as an amount that can fully insure the value of human life. b is laid down as the basic minimum, and a is determined as $c-b$. Primarily c should be firstly fixed; it is not fair that c is determined as the value of $a+b$.

[Premiums annual]

Motor bicycle	500 yen
Small size special	1,500 "
Big Size	3,000 "
Autocycle	1,000 "
Ordinary, big size special, tractor	2,000 "

Estimate of Total Premium Revenue, by type

	Licence Holder (person, end 1968)			Premium	Total premium revenue
	2nd class	1st class	Total		
Big size	11, 175, 380	1, 351, 066	12, 526, 446	3, 000	37, 579 million
Ordinary	1, 005, 681	13, 712, 918	14, 718, 599	2, 000	29, 437
Big size special	8, 689	209, 043	217, 732	2, 000	435
Small size special	—	890, 255	890, 255	1, 500	1, 335
Tractor	780	—	780	2, 000	2
Autocycle	—	4, 110, 217	4, 110, 217	1, 000	4, 110
Motor bicycle	—	3, 879, 123	3, 879, 123	500	1, 940
Total	12, 190, 530	24, 152, 622	36, 343, 152		74, 838 million

Data by the Japan Auto Industry Association.

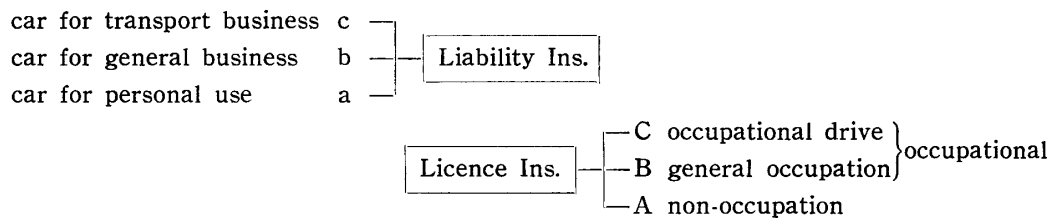
To add Licence Ins. to Liability Ins. as upper-layer involves some questionable points. The first is this. Auto accidents are foreseen to increase further in Japan, and the costs for damages and sufferer relief will show sharp rises. If the upper-layer plan is adopted, the benefits of Liability Ins., which generally make the basic ground, will be fixed and the fixed benefits be preserved and continued, while the benefits of Licence Ins.—the upper-layer or -structure—will be increased and levelled up, with the burden being loaded unduely on licence holders who are less connected with accidents and hence less responsible. The fear becomes all the more larger that car owners and drivers are replaced by licence holders

for their liability. Yet most of the increases in benefits, i.e. costs, in the future should be burdened on the insured of Liability Ins.

A second problem lies in the collapse of the structure of the injurer's liability for accidents. Even though the matter concerns with insurance for auto accident, damages or sufferer relief, it is evident that there exists still the injurer's liability for the sufferer, and in a wider sense that as human being. Hence if the upper-layer foundation of Licence Ins. works to supplement or replace the injurer's liability embodied within Liability Ins., this will contradict the so-called social justice.

Third, in the actual state that much expectation is being laid on Licence Ins. for release from financial hardship, if the expected function is partial replacement of the function of reinsurance, there would be a danger of an abnormal shape as insurance because such character of reinsurance, either manifest or latent, cannot be attached to Licence Ins. There will be much resemblance between being upper-layer and being reinsurance.

Fourth, discussions are proceeding on the idea and device of improvement as well as the future figure and process of Liability Ins. itself. The fear is that whether the creation of Licence Ins. as upper-layer may not disturb the line of compensation and injury insurance being discussed there and impair willingness and effort of rationalization and improvement of Liability Ins. By considering as above, as a conclusion we cannot give immediate support to the plan of creation of Licence Ins. as upper-layer.



car for personal use a	car for general business b	car for transport business c	←Liability Ins.
A non-occupational	B occupational (general)	C occupational (driving)	←Licence Ins.

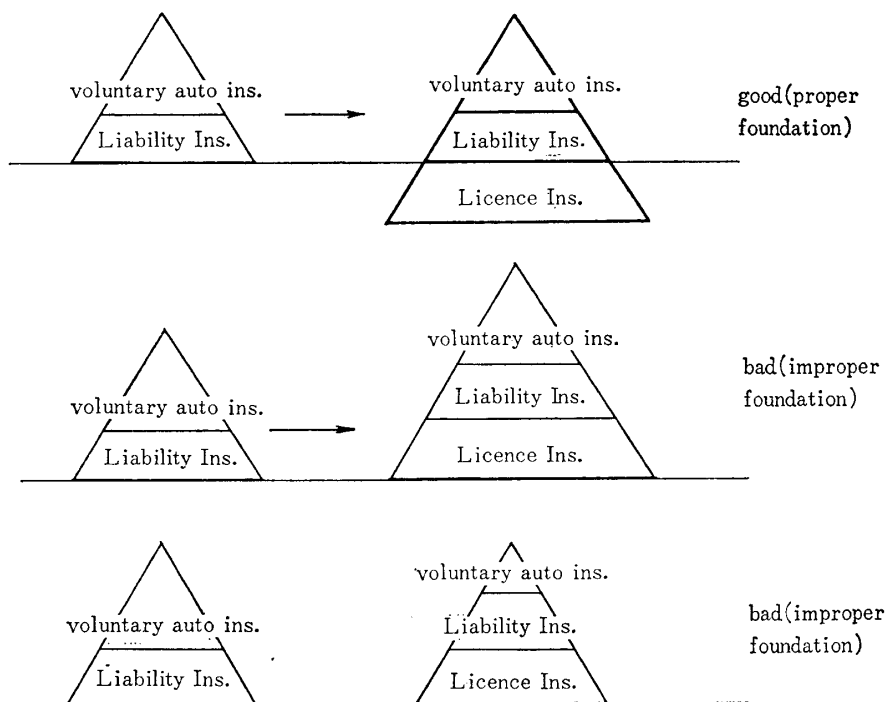
- (1) Premium for non-occupational person
 - 1. A 2. A+a
- (2) Premium for occupational person (general)
 - 1. B, 2. B+a, 3. B+b=α, 4. B+a+b=α+a
- (3) Premium for occupational person (driving)
 - 1. C, 2. C+a, 3. C+c=β, 2. C+a+c=β+a

There may be much justification for making Licence Ins. a lower-layer in addition to Liability Ins. The first reason is that Licence Ins. is a system to meet the problem of liability lying, wide-spreadly but not so heavily, in the base or

underground of auto accidents. Therein, apart from the relation of fault → liability → compensation, is realized a social-security feature in the sense that minimum economic security is effected from the standpoint of sufferer relief. Thus by the set-up of Licence Ins., a scheme to relieve the sufferers from auto accidents at the minimum, social security attains minimum security for all people about such accidents.

Licence Ins. has a strong point in that it is framed on the theory of community responsibility or the thought of community solidarity, apart from the principles or techniques of insurance. This conforms with the idea of social security which, as another case, underlies the whole system of health insurance, in whose structure a compulsory system supports various forms of this insurance. Similarly in our present theme the structure is voluntary auto and driver ins.—Liability Ins.—Licence Ins., and in this order the nature as individual insurance recedes while that as social security advances.

Licence Ins. may be said a device added to the beneath of Liability Ins.



Licence Ins. may have a meaning of counter-benefit to the acquisition of licence and the permission of driving. Auto driving, which in itself is linked with auto accident risk, is a produce of combination of those who have licence and car. Licence and car jointly work on accident happening through a cooperative and supplementary relation of the factual existence of drive. Amidst the trend of level-up and increase as a whole of Liability Ins. benefits, Licence Ins. is being given a meaning as an effective means of financial-problem solution, for which is seems more pertinent to be contemplated as lower-layer in addition to Liability

Ins. than as a form of push-up. On this idea the plan of pool accounting with Liability Ins. is easier to adopt than separate one. The said two plans of pool and separate accounting are not always identical in implication and function.

Since generally speaking in Licence Ins. its scheme does not exactly correspond to risks, the merit-demerit system in premiums may be harder to introduce than in Liability Ins. Accordingly it is more reasonable to connect Licence Ins. with voluntary insurance as lower-layer rather than as upper-layer, placing Liability Ins. at the mid-position. And the difficulty of applying the merit-demerit system implies that of using individual premium. Such insurance as this had better exist in the bottom, wide-spreadly and lightly.

A—4. Specific Features in the Frame of Licence Insurance

Since Licence Ins. has a very unique nature and is supposed to install particularities and problems as insurance, some special consideration should be paid on its items in framing it. Because exact conformity between risk and premium is difficult to attain for this insurance, most deliberations will imply efforts to solve and lessen evils, inequality or doubts relevant to this point.

The first issue concerns with the combination of two methods of levying premiums, that is, ability-rate proportional to income and benefit-rate proportional to licence-use frequency. The frequency of drive conforms with that of licence use. Then it may be reasonable that those who have licence alone are allowed more favorable and cheaper premiums than those holding both licence and car. Naturally car owners will enjoy a higher degree of driving.

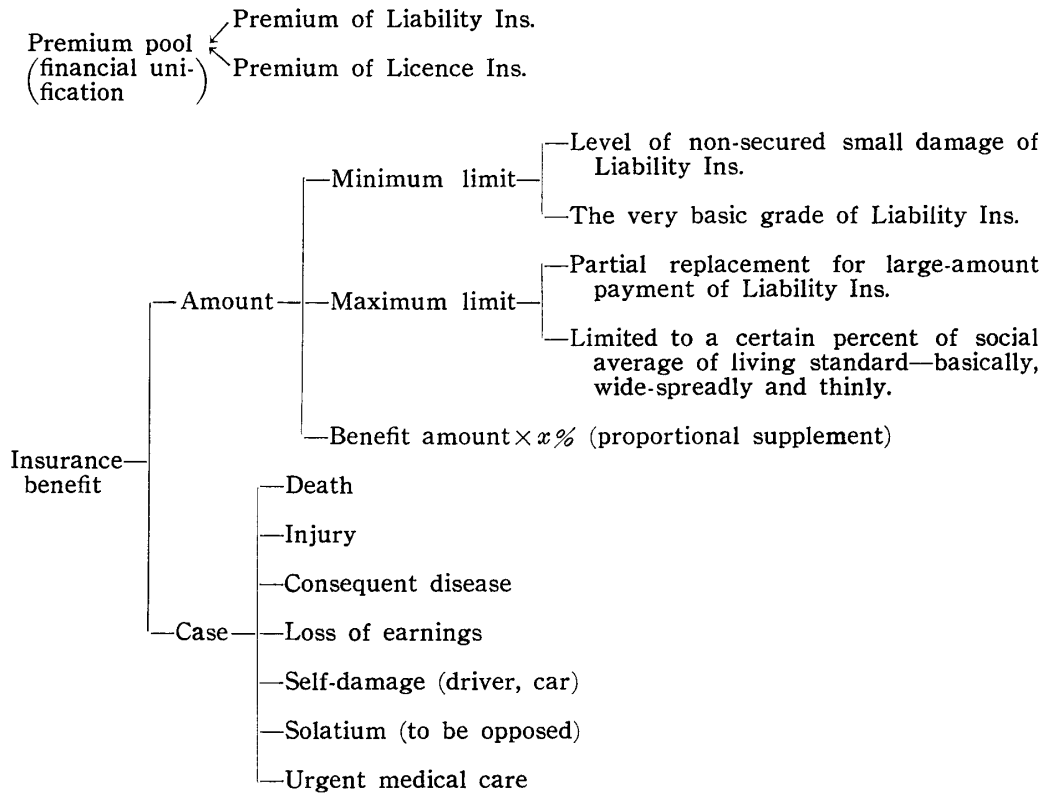
A device of special consideration of reduced premiums for those who can be assured of non-drive for a certain time is approval, provided due certification exists, for example, that of medical care, long-period foreign trip, or non-drive.

Another issue is en-block taking of insurance by a family and the attendant system of premium discount, because driving of a car is limited to twenty-four hours a day, hence the more the number of drivers per car, the smaller becomes the drive frequency per licence holder.

Safety drive plan is of course thinkable. Again if one holds policies of voluntary auto, liability or sufferer-relief insurance in a large amount or several accounts—above a certain level—premiums may be discounted for him. In this case voluntary and compulsory insurance may compete each other, but this should be overlooked. From a wide and long-run viewpoint it is desirable to dissolve voluntary insurance into compulsory one.

It is also supposable to make Licence Ins. compulsory up to a certain level and voluntary over this. This means a structure of compulsory and voluntary insurance. And for plural policies some discounting of premium is considerable.

Isn't it possible to build Licence Ins. so that it may cover damages of the injurers, i.e. drivers, including personal damages as well as physical damages, notably breakage of car and other things, in other words self-damages? Of course in this case the amount of coverage will not be so large.



Some logic will become necessary for loading premiums of Licence Ins. on the so-called “employee drivers.” Primarily this insurance should be specifically noticed as insurance pertinent to driving for the sake of driver himself, and is a scheme to insure potential risks of accident. If insurance related to business activity poses the focus, premiums should be counted into costing of business. Yet Licence Ins. is an idea to collect premiums regarding licence holding in principle. It is insurance to be born when the value of (number of private-use cars) / (number of traffic-business cars) has become large, and that of (number of cars) / (number of licences) has become large. In the past often at the occasion of rate up for Liability Ins. raise-up of tax fee was requested by the taxi businesses, yet such request on account of the creation of Licence Ins. is unreasonable.

If the merit-demerit system of premium, i.e. classification, is employed expecting its effect of accident prevention, the fruit will not be so large. And in this case classification should be made on the basis of experience of rule violation rather than that of accident, because the potential risks of accident are involved more in violation. Even though economic effects are unexpected, it is certain that extra-premiums work effect on driver’s honour and moral.

B. Logic for the Plan of Single Unified System of Liability and Licence Insurance

B—I. Character of Liability Insurance as the Issue

Liability insurance may be taken to come under non-life insurance, as a system aiming at coverage of losses on property caused on the insured when he has become liable to make some payment to the third party by legal provisions or contracts. The liability here includes public liability not only on contract but also by tort, and it suffices to form an insurable risk that the insured has received a judicial or non-judicial claim from the third party on his liability, not necessarily his performance of such liability. "This kind of insurance is already seen in many schemes of social insurance, but recently it has remarkably increased importance also in commercial insurance such as auto liability insurance, nuclear energy liability insurance, etc."¹⁾ A scheme of liability insurance named public liability insurance has come into the footlights.

By the way, there are a growing number of cases where owners or related persons of businesses are charged with absolute liability. "To deal performance of public liability by the financial guaranty of the liable person alone is often hard or difficult and may result in insufficient compensation to the sufferer. The system of liability insurance is increasing importance as an institution having a significance of liability-distribution by a large number of persons to meet such accidents, beside the general functions of non-life insurance."²⁾ Such liability insurance is divided, by the causes of liability of the insured to the third party, into *legal* liability and *contractual* liability; again the former into *public* liability due to tort or non-performance of liability and *accident compensation* liability based on provisions of special laws. Accordingly we have public-liability insurance which covers losses on property of the insured due to public liability to the third party and accident compensation insurance which covers his accident compensation. As a typical regulation on accident compensation there are provisions on the employer's accident compensation to the workmen in Article 8 of the Labor Standards Law, and in order to cover the employer's liability by this law there is workmen's compensation insurance as public insurance.

Thus we can see that surrounding liability and public liability insurance a relation with social insurance is born, schemes of liability distribution by many persons is considered, and workmen's compensation insurance has come on the stage as semi-social-insurance.

Recently re-examination is being increasingly put on the framework of accident compensation schemes working separately; workmen's accident by work-

1) S. Wagatsuma, ed., *Shin Hōritsugaku Jiten (New Dictionary of Jurisprudence)*, new ed., Yūhikaku, 1971, p. 709.

2) H. Suekawa, et al. ed., *Minjūhōgaku Jiten, (Dictionary of Civil Code)*, Vol. 2, Yūhikaku, 1968, p. 1110, item "liability insurance."

men's accident compensation, traffic accident by indemnity by the Civil Code, and other accident by social-security systems. The points of discussion are: To distinguish between occupational accident and non-occupational one is not proper viewed from the character of respecting the principle of equality and universality of social security; there should be a unified, unitary system from the standpoint of a scheme that may afford effectual protection to unforeseen accidents in society and perform prevention, rehabilitation and compensation comprehensively and unitarily; "society is liable to compensate all people for unforeseen accidents, including not only employees but also independent businessmen, housewives and so on; compensation should be given on the public burden and by the uniform method of appreciation regardless of their causes."³⁾ This last remark is noteworthy, for it exhibits a new thought seen in the system of workmen's compensation of New Zealand. The country's Committee on Accident Compensation, on receiving a recommendation by the Royal Examination Committee on Compensation, has made a proposal that "earners' scheme" to cover employees and independent businessmen and "road accident scheme" for all accidents on the road should be effected at once and at the same time, in place of the present workmen's compensation and liability on the civil code. "Thus presently in New Zealand the examination of the problem of establishing a new and comprehensive scheme of accident compensation is in progress. A solution of the problem is expected to be born in the near future taking a viewpoint of unitary and comprehensive social-security system and adopting the so-called Community Responsibility principle. And this is supposed to give a fresh air to the compensation schemes of many countries."⁴⁾ Here we can find an example of study in auto accidents, relating them to compensation scheme and insurance institution standing on the ground of the new concept of Community Responsibility. In view of this fact we must not simply define Liability Ins. as non-life insurance or liability insurance.

In pursuing the character of Liability Ins. in connection with social security, an approach is to begin with the analysis of auto accidents as the origin of insurable risk. In this argument it is stressed that auto accidents are unavoidable for the maintenance and development of a civilized society, especially for rapid economic growth, and that they are distortions, or say environmental disruption amid social progress due to the defects of national administrative policies, notably on transport and road, and conclusively Liability Ins. should be grasped in the sense of social security as a *de facto* measure for auto accidents.^{5), 6), 7)}

3) T. Hirata, *Shakaihoshō no Genten* (Origin of Social Security), *Shakaihoshō Kenkyū*, Vol. 7, No. 2, Sept. 1969.

4) *Ibid.*, p. 1.

5) Targets for Setting National Minimum

[People's Living Council] 1. Secure of environments of living—setting national minimum, establishment of administration as system, technical development from

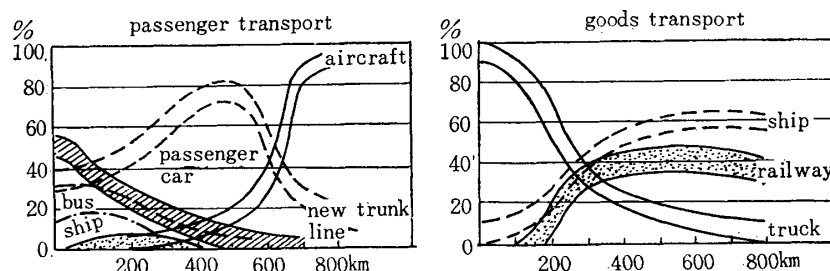
a new viewpoint; 2. Completion of comfortable environments—emphasis on environments in housing policy, conformity with expanding society, intensification of nature-protection policies; 3. Creation of higher-grade environments—reform of education adoption of reinvestment system for ability development, completion of environments for creative recreation. (Reply Report on the Measures to Secure Healthy Living under the Developing Society, Nov. 1970).

[Congress for Peaceful Economic Planning] 1. Conditions relevant to life and health—disasters, environmental pollution, traffic accidents, workmen's accidents, medical care, sanitation; 2. Environmental conditions of dwelling—housing, water supply, drainage, dust clearance, park and green areas, road and transportation, information, public service; 3. Conditions for worthy living—educational environments, welfare of children, welfare of physical and mental injureds, welfare of the aged, welfare of workmen, culture-sports-recreation, consumer protection. (People's White Paper on Economy, 1970).

[Tokyo Metropolis] 1. Tasks to protect life and health—disease and injure, earthquake disasters, fire disasters, flood disasters, traffic accidents, water pollution, air pollution; 2. Tasks for stable living—(1) protection of living—physical and mental injured (children), aged, laboring mothers, workmen, consumers, smaller enterprises; (2) ground for comfortable living—housing, living environments, transport, ports; 3. Tasks for younger generation—primary and junior-high schools, high schools, special schools, play grounds. (Middle-Term Plan of Tokyo Metropolis, 1968).

(Source, Y. Fuse, Seikatsu-Kankyō Tōshi to Kōeki Gyōsei (Investment for Environments of Living and Administration Over Wide Area), *Keizai Hyōron*, Vol. 20, No. 4, April 1971, p. 170).

6) Outlook of Shares of Transport Machines by distances for 1985



(Source: Japan Regional Development Center., *Nihonretto no Shōrai-zo, Future of Japan*, vol. 2, June, 1969.)

7) International Comparison of Road Conditions

Country	Road Length (1000 km)	Paved (1000 km)	do Rate (%)	Car Number (1000)	Paved Road per car (m)	Population (1000)	Road per 1000 persons (km)
United States	5,929	2,533	43.0	104,702	24	179,323	33.1
France	1,263	1,011	80.0	13,040	78	49,779	25.4
Germany, W.	408	310	76.0	14,058	22	53,977	7.6
Italy	287	250	89.1	9,610	26	49,904	5.8
Britain	320	320	100.0	12,471	26	52,709	6.1
Japan	1,005	127	12.6	13,336	10	101,408	9.9
India	949	149	15.7	886	168	435,512	2.2
Thailand	20	9	45.0	285	32	26,258	0.8

Note: Data by IRF for 1969, population by UN for 1969, Statistical Year-Book; 2. Japan's values as of end-March 1969, population end-Oct. 1969; 3. Japan's cars exclude motor bicycles.

(Source: Prime Minister's Office, *Rikujō no Kōtsujiko, Traffic Accidents on Land*, 1970, p. 17.)

Another argument, distinguishable from this, pertains in contents to relief of the sufferers. The sufferers are the economic weak, common people and workers. They are obliged to bear unforeseen expenditure by accidents while being shut out from earning. Liability Ins. can be defined as a social security program only when it strives for the security of their rights to live. Possibly many other theories about its social security feature are conceivable but doubtlessly these two approaches make the main current.

True the so-called three-step structure of the economic security of living has been much avowed, being now a settled theory. In this theory we can conceive an interrelated and complementary system as a security means in the individualistic society, comprising individual insurance as self-security, group insurance as security by employer, and social insurance as social security. For our present problem, the indemnity-of-loss theory as our current theory about the nature of insurance, especially that of non-life insurance, is unsuitable to the thought in discussion, regardless of whether we unify Liability Ins. with social insurance as social security or build a close interrelation between the two. And this will raise many problems. The concept of indemnity of loss and that of economic security seem difficult to unify. Many features of Liability Ins. involve some points which cannot be dealt by the indemnity-of-loss theory which clearly defines genuine insurance. The non-life-insurance element and the welfare-insurance-element, which may safely be called life-insurance-element, must be unitarily grasped by a theory about the nature of insurance going ahead of the indemnity-of-loss theory. Liability Ins., which comes under non-life insurance yet surpasses it in many aspects, may be said a good example to show the limit of indemnity-of-loss theory in non-life insurance.

Since in Liability Ins. the principle of absolute liability is recognized to some extent, it cannot singularly be defined by public liability and consequent indemnity of loss. Similarly this insurance could not complete the two aims or factors—damage prevention and coverage—which make the essentials of the damage-compensation system. For this reason it has firstly to advance to the idea of cooperative bearing of damages, and will further extend to the thought of joint liability of society. Joint liability of society is right the phenomenon of realization of socialization, and it may be markedly said that social security came on the stage on this opportunity. If traffic accidents can be recognized as unescapable to social progress, and if the sufferers from accident can be taken as presumable and inevitable, then prevention should make the first-step measure, to be followed by relief, and within this relation public liability must be posited. And the public liability is required to be beared fairly and equally. There a view may follow that businesses' liability for auto accidents should strongly be held in consciousness.

It seems justifiable to say in auto accidents community responsibility or joint liability of all parties concerned is involved. Community responsibility is conceivable as that for the occurrence of results, that is, accidents and damages. Hence absolute liability is spoken. By the principle of negligence liability it may

be possible to arrive at liability insurance through the problems of compensation for damage and next indemnity of loss, but impossible to advance to prevention of damages and to give full explanation to the shift to compulsory system as well as the implication of sufferer relief standing on the universality and frequency of risks which make the origin. In any way, Liability Ins. may be said a system of new character, and is supposed to bring about a turning point that the three-step structure of self-security—security by employer—social security, i.e. that of individual insurance—group insurance—social insurance, which has been considered mainly about life insurance, is extended to non-life insurance.

In the case of personal (i.e. human body) accident,⁸⁾ such as auto accident, public liability insurance surrounding it cannot be dealt with solely by the principles of non-life insurance in general. Problems around human body, life, health and living contain an essential significance to modern people. Accordingly, while on one hand inquiry into negligence and causes and pursuit of public liability are conducted, on the other hand stare must be put on the result itself and efforts be carried for compensation for damage and relief. Here is born the principle of absolute liability and, taking account of the case of injurer's insolvency, measures of relief are taken on the thought of community responsibility. Thus the sufferers are relieved through relief to the injurers, and vice versa. True Licence Ins. is increasing the nature of welfare insurance and deepening the color of social security.

B.—2. Connection between Liability Ins. and Social Security

To consider auto accidents from the aspect of their cause, it may be said that some part is ascribable to the responsibility of state and society. When a driver's unfailable care for preventing accident cannot succeed, there must be found causes of other dimension, i.e. different from him. These are incompleteness or error of state's transport policy. In such case some allowance should be made on compensation for damage, and if this results in neglect or inadequacy of relief to the sufferer so much, it becomes necessary to cover the shortage by state's economic and social policy, social services or social security, etc.

Now, a feature of auto accidents is that there is always developed a relation of opposite other-parties, that is, injurer and sufferer, or originally driver and

-
- 8) (1) Personal accident
- | | | | |
|---|------------------------|---|---|
| { | a) Financial damage | { | ① Positive damage ... medical expense, funeral expense, etc. |
| | | | ② Negative damage ... idle-day compensation, future loss of profits |
| { | b) Non-property damage | { | ③ Mental ... consolation money |
| | | | ④ Damage as human being ... latent value of life |
- (2) Physical accident
- | | | | |
|---|------------------------|---|--|
| { | c) Property damage | { | ⑤ Positive ... repair expense, fall of value |
| | | | ⑥ Negative ... car idleness, replacement |
| { | d) Non-property damage | { | ⑦ Mental ... special case |

foot-passenger. Accidents occur as a phenomenon of interrelation between the two. They both strive for their own safety and to avoid responsibility for accident, taking account of the effect of other-party's action.

$$F=f(x, y)$$

where F =function of the degree of safety, or that of auto accident prevention,
 x =variable of driver's own safety and avoidance of responsibility for accident,
 y =variable of foot-passenger's own safety and avoidance of responsibility for accident.

Maximum of F is obtained by introducing into this equation the values of x and y that satisfy

$$dF = \frac{\delta f}{\delta x} dx + \frac{\delta f}{\delta y} dy = 0. \text{ } ^9)$$

So it is seen that both parties must make equal effort in order to raise the degree of safety and accident prevention.

If one of the parties, either driver or foot-passenger, performs traffic in an unfair, unjustifiable condition, i.e. such condition as renders responsibility for accident unescapable, the other party must make a double effort in order to prevent accident.¹⁰⁾ In the actual, however, the party who neglects care and has negligence may be more numerous on the side of driver, and under the same degree of carelessness or vandalism and malicious mischief that of driver will produce a larger and more miserable result. It is inevitable that more liability is required on drivers than on foot-passengers. In most cases foot-passengers make the object person of compensation for damage as sufferer or one who needs relief.

If any liability for relieving the sufferers exists, it is considered to be one surpassing public liability in a much higher dimension. This liability for relief is ultimately attributed to state, and will take an actual figure through social security. Were it not for Liability Ins. relief of the sufferers would naturally be conducted by social security; it is the justice of modern society that, of what sort the accident may be, all the suffers are always given relief so long as personal injury is concerned. This is a principle relevant to the guard of rights of living or man. The principle of absolute liability is one-dimension lower compared with it, and the principle of negligence liability is still one dimension lower than that of absolute liability. Therein is manifested the idea of relieving the sufferers as a whole by the injurers as a whole, in which the separation of liability and relief is achieved to some, or an appreciable, extent.

9) K. Okijima, *Anzen-kanri Gairon (General Theory on Safety Control)*, Tōmeisha, Dec. 1968, p. 166.

10) "To study the causes on the side of footpassenger, non-fault accounts only 20% for death and 27% for injury; thus the causes are found on the side of sufferers, too," op. cit, K. Miyazawa, *Kōtsūjiko no Higaisha-gaku*.

The relation of Liability Ins. with health insurance or workmen's compensation insurance presents us with an interesting theme for studying its social-security nature. The sufferers from auto accidents can utilize health insurance yet actually such use accounts for only 8% of all cases while the rest are free, i.e. non-insurance, medical care utilizing Liability Ins. upon it. This is because both the sufferers and doctors prefer application of Liability Ins., and especially doctors hold that free care is necessary for the high-level care needed for the injured by auto accidents. As the results the sufferers take free care in response to doctor's request and fall into hardship of large expense, then the so-called surplus or heavy care. Consequently insurance money is spent up for medical care, causing shortage of relief. This obviously means that the attainment of the purpose of Liability Ins. is hindered on the step of medical care or treatment, and herein lies the propriety of giving priority to health insurance rather than to Liability Ins. Similarly in such case as long and unascertainable period for complete recovery due to heavy injuries, it is more reasonable to place priority on the benefit of workmen's compensation insurance in view of increasing expenses.

The pointing out of the above phenomena that priority of benefits by health insurance or workmen's compensation insurance should be requested and that the benefits of Liability Ins. are being combined with free medical care and treatment to oppress the sufferers pushes the intended improvement of Liability Ins. management to a form of appreciable approach to the method and system of social insurance. A step further, and the benefits of Liability Ins. will be involved in those of social security, or the benefits of social insurance will permeate into the former. In any way, it is impossible, theoretically as well as practically, for Liability Ins. to remain alien from social security with respect to medical care. Since accidents other than those by auto need urgent and high-level care, if health insurance is incapable of meeting such cases, it will mean that this insurance scheme itself is meaningless. And the view that takes as justifiable the difference of care between auto and other accidents is negation of the idea of social security itself. Liability Ins. cannot be deprived of its social-security nature again with respect to medical care and treatment.^{11),12)}

- 11) T. Minami, "Such thought seems curious to me that care for the injured by auto accidents cannot a-priori enter the scope of social insurance by the pattern of injuries itself. In Germany, for example, these are dealt with by social insurance completely," in T. Kimiya, chairman, Discussion—Problems around Liability Ins. Medical Care, 1, Shosai no Mado, No. 203, Yūhikaku, Nov. 1971, p. 13.
- 12) O. Hanawa, ditto, 2, in Shosai no Mado, No. 204, Yūhikaku, Dec. 1971, pp. 2-3. "Since traffic injuries are of social nature, these are beared by society . . . If all traffic accidents are charged on public expenditure . . . health insurance is not on public expenditure . . . I take the idea that traffic injuries should be carried on public expenditure apart from health insurance in a wider sense of accident care." Following this Hanawa touches the problem of health insurance injury care introducing the concept of comprehensive care including accident. All members of this discussion meeting (Kamiya, Hanawa, Nishihara) have ap-

B—3. Appearance of Licence Insurance and its Relation with Liability Insurance

Licence Ins. as new branch of insurance has come on the stage of discussion partially as a consideration to dissolve the financial deficit of Liability Ins, and partially as a deliberation to include the effect of accident prevention to some degree. Primarily holding of licence is a prerequisite for car driving, and the said increase in licence holders make us imagine that the days will not be so remote when all active and workable people are included into them. Then personal unification of foot-passenger and driver as well as that of sufferer and injurer will be attained almost completely, and every people will combine the position of those occurring auto accident risks and that of those threatened by the risks. From the standpoint of negligence liability there may be no ceiling of claim for damages but then the problem may be the limited ability to pay of the injurers. By contrast by absolute liability some limit may be laid down, yet the economical situation will be the same that a limit arises. And it is said that rate up is difficult in the case an insurance for the masses. Liability Ins., following this rule, has to consider some extra means of revenue in face of deficits, Licence Ins. making the first one that has come on the stage.

Auto is an object very easy to lend and borrow, with the so-called "a car for rent" making a typical phenomenon. Here it is questionable whether to load liability and burden to compensate of accident merely on car owners because of car ownership does agree or not with the feeling or reality of society. That is to say, when one has borrowed a car and caused an accident, is it permissible not to pursue the economical burden of compensation to him? Standing on this question the idea of Licence Ins. has been born, yet its relation with social security, too, is not neglected. The social-security nature here mentioned is not simply that concerning the problem of burden of expense as is often spoken, but that being pursued in a wide and rich sphere, including (1) licence holders, (2) drivers, (3) persons potential to cause accident and (4) persons potential to be sufferers. Among these, the numbers of (1) and (4) are rapidly drawing near and being unified. Between (1) and (2) there isn't great distinction.

proved taking Liability Ins. with health insurance. In any way, various relations of claims of the sufferer arise between compensation and insurance or different sorts of insurance, which may be illustrated as follows. (1) right to claim for damages against injurer-driver (every insurer has this right in principle, Civil Code 709). (2) right to claim for damages against the owner of injurer-car and the employer of injurer-driver (Liability Ins. Law 3, Civil Code 16, 72). (3) sufferer's right of claim against insurance company on compulsory insurance or liability mutual-aid against agricultural cooperative (Liability Ins. Law 16, 72). (4) claim of employee of injury compensation against employer (Labour Standard Act. 5, 88). (5) claim of benefit by Workers' Accident Insurance to state (Workers' Accident Law 12). (6) claim of life-insurance benefit to insurance company. (7) claim of social-insurance benefit to state, local administrative body, special juristic person on the public law, juristic person for the public benefit.

(2) and (3) exactly duplicate each other. (4) is right the whole nation. The insurance that affords economic security uniformly and wide-spreadly to the potential sufferers, (4), is of social-security nature. Licence Ins., which has been devised to care for the costs, premiums and financial deficits on the premise of Liability Ins., is also heavily colored with the nature of social security. Hence Liability and Licence Ins. must be considered in a close interrelation in respect of their relevancy to social insurance and security.

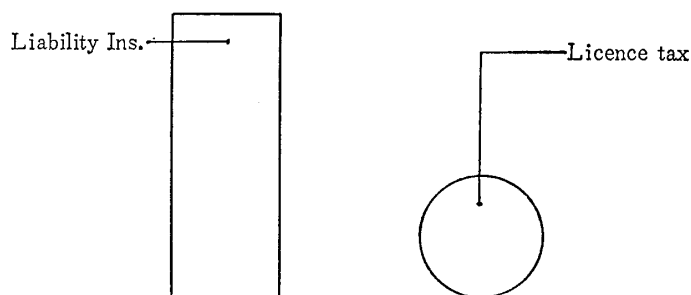
Formula of Linkage between Liability and Licence Ins.

(1) *Non-linkage and non-insured plan*

This plan leaves Liability Ins. to exist and function as it has been doing, and apart from this, levies, say, a licence tax at the occasion of issue or taking of licence. By this resources a fund is set up to make payment to Liability Ins. to cover deficits, or else independently a system of sufferer relief is created and managed. Yet creation of a new tax in conjunction with auto accident must be said to have few possibility today when the heaviness of taxes is being placed under criticism.^{13),14)}

(2) *Non-linkage and Coexistence plan*

By this plan Liability Ins. continues to exist and function, and apart from it Licence Ins. on licence holders is set up, on compulsory base. Thus an independent system of sufferer relief is established. Under this system, however, relief will



13) See next page 58.

14)

Tax Burden on Owner-Driver
(annual amount for passenger car, unit yen)

	1st Year (at purchase)	2 ~ 4 Years	Total 5 Years
Excise tax	50,000	—	50,000
Auto purchase tax	15,000	—	15,000
Auto tax	21,000	84,000	105,000
Oil tax	55,000	220,000	275,000
Total	141,100	304,400	445,500
Liability Ins.		43,490	43,490

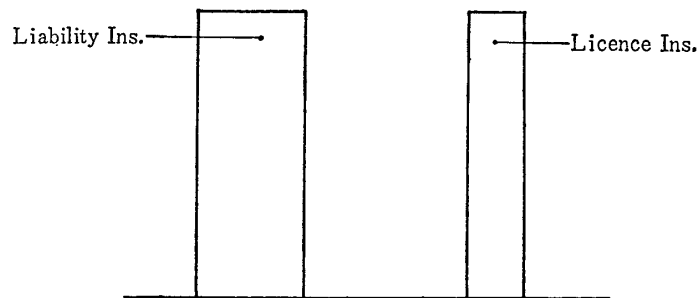
Note: Assuming a car of 1,000~1,500 CC, price 500 thousand yen, monthly drive length 1,600 km, 10 km-drive per 1 l of oil, oil tax 78.7 yen per 1 l, premium of Liability Ins. for 2~5 years on 2-year base, excise tax 10%.

13) Plans of New Tax on Automobile

Proposer	Name, Contents	Payer	Rate	Usage of Revenue
Construction Ministry	Road use tax. (on manufacture and shipment of auto)	Maker	Passenger car: light type-20,000, small size-30,000, common-50,000. Truck: light-50,000, 4-ton class-1,000,000. For used car owner tax 20% of the above, only once	Road, for shortage of state's budget and treasury investment
Transportation Ministry	Synthetic traffic tax. (new tax on ownership of car)	Owner	Small passenger car: self-use-20,000, business use-50,000. Middle size truck: self-use 55,000, business use-14,000	Set-up of special synthetic traffic account for road and other projects
Autonomy Ministry	Raise-up of Existing Auto tax. (on ownership)	Owner	Passenger car: light type-1,000, small size-6,000, common-10,000. Truck: light-1,000, 4-ton class-15,000	For city-town-village road
Urban Policies Study Committee of Jimintō	Synthetic traffic tax. (on ownership)	Owner	Passenger car-20,000, truck-45,000, bus-70,000 (average)	Set-up of special synthetic traffic account for road and railway construction
Road Study Committee of Jimintō	Road use tax. (on manufacture and shipment)	Maker	Passenger car: light-20,000, small size-30,000, common-50,000. Truck: light-50,000, 2-ton-7000, 5-ton-100,000, 10-ton and above-300,000. For car in use 20% of the above, only once	For completion of roads

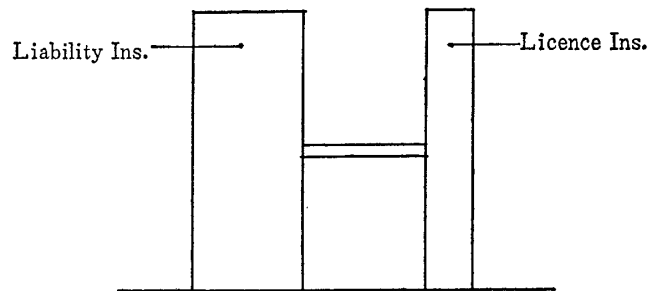
(Source: Plans of New Tax on Automobile, Mainichi Shinbun, Oct. 11, 1970)

become too multi-branched, and the non-linkage means random establishment of insurance systems. If both systems are alike of social-security nature, they should be correlated since systematic unification is one of the basic requirements of social security.



(3) *Linked coexistence plan*

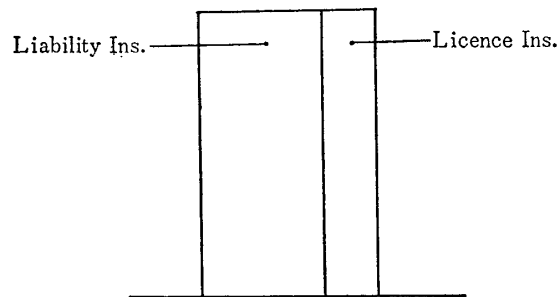
This plan makes the two systems coexist separately, for each of which premiums is collected to build resource fund. In case of deficit in Liability Ins., finance for its coverage flows from Licence Ins. according to a prescribed rule. In this sense Licence Ins. plays the role of raising resources for red-ink dissolution for Liability Ins., and by this a broad level-up of premium of the latter is shifted to and distributed over the wider range of licence holders.



(4) *Functional vertical-division plan*

Activities for sufferer relief are allocated to the both system according to the process of foundation and the nature of each, being of course financially separated. Insofar as these, each has independent function and is independent of each other. However, since this form is partial undertaking of the functions of Liability Ins. by Licence Ins., this may be said functional vertical-division. The ways of division may be various but the inclination will be to ask Licence Ins. to exert effect of calling upon cautiousness and willingness for accident prevention to those who are licence holders, drivers and foot-passengers.

In this connection there is a plan of "consequent disease," that is, to establish funds for rehabilitation work. Still another plan is finance for the sufferers



and injurers. Among these plans of setting up funds, a noteworthy one is that of establishing funds for immediate care, the First Aid Fund making an example. This originates from the thought of "Firstly high-level first-aid,"¹⁵⁾ in whose connection the way of medical care for auto accidents has been discussed:¹⁶⁾ for example, "Terminal organs should be confined to first-aid or treatment of very slight injuries, or "Even if it is difficult to set up Licence Ins. in a short period, study will be continued on contribution by licence holders in the form of accident insurance for the third party or of First Aid Fund,"¹⁷⁾ or "To assign medical organs for, say, first aid and second aid institutionally, and carry patients in a certain time to organs with higher technical level in order to perform perfect and suitable."¹⁸⁾ In relation with such system of care the function of Licence Ins. shall be determined.^{19), 20)} This may lead, however, to the destruction

15) S. Watanabe, in *Zadankai—Wagakuni no Kinkyū Iryō Taisei* (Discussion, Immediate Medical Care System in Japan), *Jiko to Saigai*, Vol. 3, No. 2, Shakai-Hoken Shinpōsha, July 1969, p. 47.

16) O. Tamai, *ibid.*, Discussion, p. 50.

17) S. Kanazawa, *Jidōsha Songaibaishō-hoken Seido no Kaizen* (Improvement of Auto Accident Compensation System), in *Jurist*, No. 462, Yūhikaku, Sept. 1970, p. 39.

18) K. Minami, in *op. cit.* Discussion.

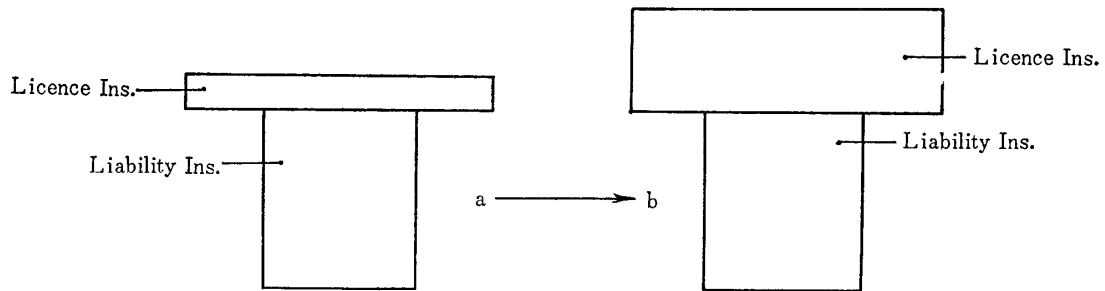
19) According to the conclusion of Reply Report on Immediate Care by a committee of Japan Doctor Association, a problem always arising in immediate care is troubles about payment of expense. The Report states its idea on this problem in "Costs and Coverage of Immediate Care" and "Ethic required in Immediate Care." As to "costs and coverage" it says that cost calculation should be made not by the present method following the scores for health insurance, but as "unique posture of preparation and waiting in which hospitals and medical organs are required to keep necessary personnel and beds," and that the costs should be beared not only by beneficiaries but also by state and local governments. As to the method of calculation the Report takes the conclusion by the special committee of the Association of Oct. 1969. By the idea of Liability Ins. accidents are divided into individual and group happening and coverage is paid aggregately by the administration concerned. This idea of calculation at doctors' association's base and aggregate coverage is accepted in the Report.

20) According to H. Takeda, "The various methods of physical injury prevention were discussed at the occasion of preparing the policy clauses of Liability Ins. . . . A definition was made that takes costs for immediate treatment, escort and other urgent measures as part of costs for prevention," *Songai baishō-hoken ni tsuite* (On Public Liability Insurance), in *Hokengaku Zasshi*, No. 402, June 1968, pp. 49-50. By this opinion the First Aid Fund may be said a fund for accident prevention.

of the system of medical system of social insurance.^{21),22)}

(5) *Plan of Liability Insurance as Lower-Layer and Licence Insurance as Upper-Layer*

Liability Ins. continues to exist and function, to which Licence Ins. is annexed as upper-layer, either on separate accounting or as joint pooling of funds. By this plan, the weight of insurance system will generally shift to the latter, and hence increased levy of premium to dissolve financial deficits becomes expectable by it.

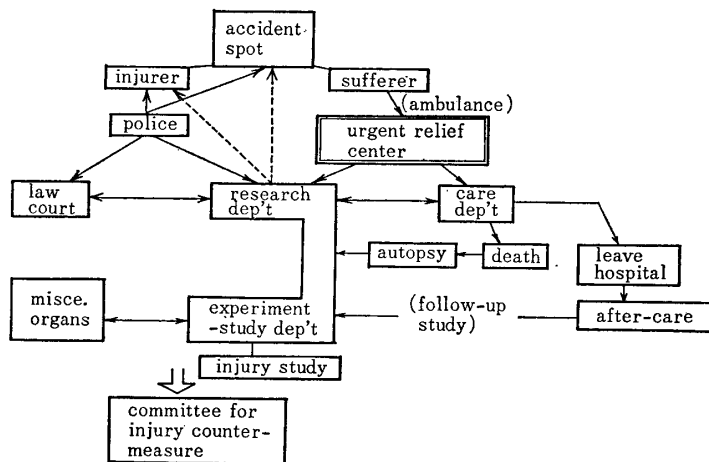


(6) *Plan of Liability Insurance as Upper-Layer and Licence Insurance as Lower-Layer*

This plan is to found Licence Ins. wide-spreadly and lightly in the bottom,

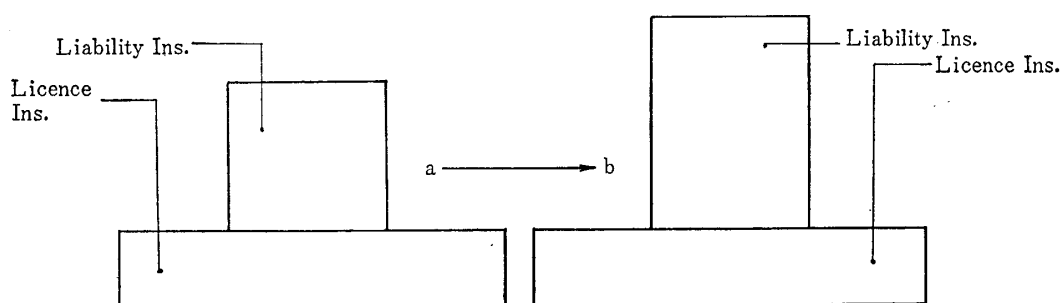
21) About 80% of deaths by traffic accident occur within 24 hours, Japan Traffic Law Association, *Kōtsūmondai no Genjō to Kadai* (Present State and Problems of Traffic), in *Kōtsūhō Kenkyū*, Yūhikaku, Jan. 1971, p. 174.

22) Science of Traffic Injury Prevention



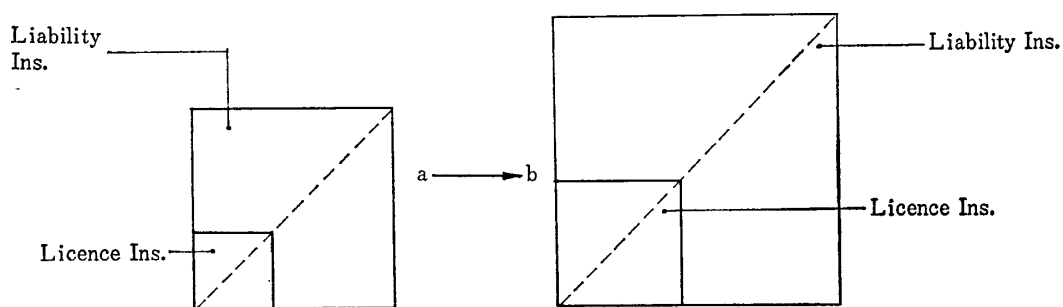
Watanabe, *Kōtsū Saigai no Yobōigaku* (Preventive Medicine of Traffic Accident), in *Jurist*, Vol. 431, Yūhikaku, Aug. 1969, p. 63.

to help dissolve financial difficulties of Liability Ins. Later on such difficulties are to be dissolved by the fortification and expansion of Liability Ins. itself. By this plan, similarly by plan 5, the state of the lower-layer insurance is apt to be fixed while the upper-layer one is expanded in function, and hence pushed to swelling as an insurance system. While the lower-layer plays a complementary yet basic task, the upper-layer is charged with and executes the main task of economic security for auto accidents. To found Licence Ins. as lower-layer will help approach to a structure of social-security nature.²³⁾



(7) *Plan of proportionate allocation of weight*

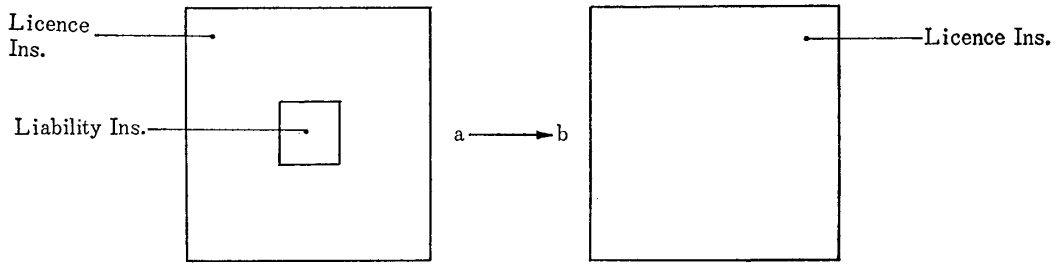
This plan cannot necessarily be said relevant to the problem of framing of Liability and Licence Ins., but may be taken as a device about the importance or weight of the two systems in the whole structure. The intention is to lay down a constant ratio between the two, and let both expand maintaining this ratio. This is similar even if the positions of them in the figure are exchanged.



(8) *Plan of pooling and later absorption (A)*

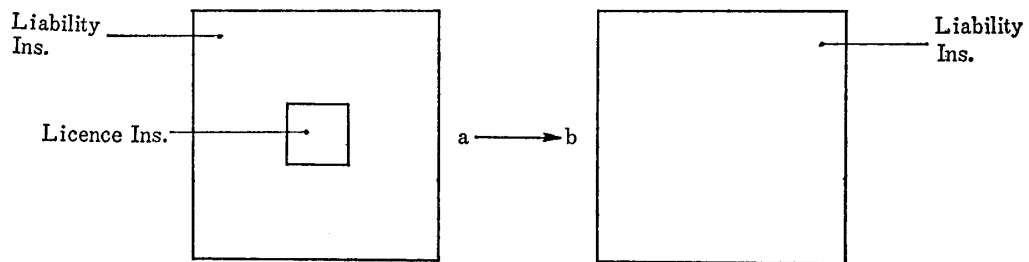
This plan is to found Licence Ins. in order to dissolve the deficits of Liability Ins. and on pooling the resources—thus not on separate accounting—to unify the two systems. But later on in accompany with fortification, expansion and rationalization of the former, the latter is absorbed into it to extinction.

23) Refer the writer's view on the question of propriety of the upper & lower structure in N. Niwata, *Menkyoshō-hoken Ron (Theory of Licence Ins.)*, *Mita Business Review*, Vol. 14, No. 4, Oct. 1971, pp. 57-80.

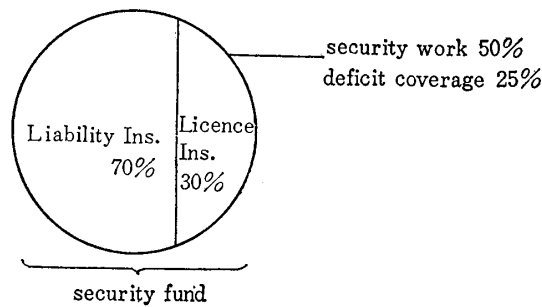


(9) *Plan of pooling and later absorption (B)*

By this plan a universal—covering all licence holders—scheme of Licence Ins. is established while Liability Ins. works as before, but at a later stage where most people come to hold licence and most holders come to own cars, to absorb Liability Ins. into Licence Ins. to extinguish the former.



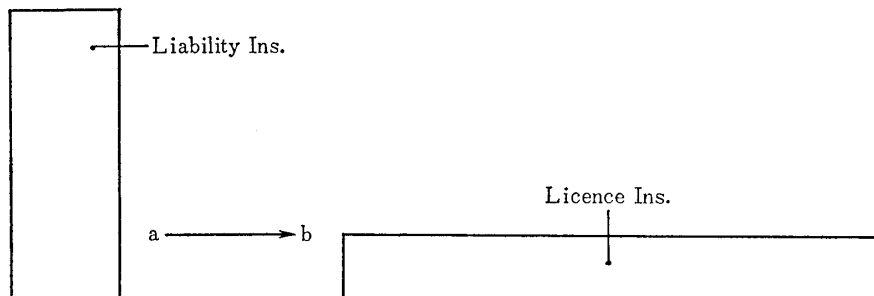
Various plans can be conceived as above from various standpoints. A most general—hence matched to commonsense—plan is a cooperative relation between the two systems for the sake of building economic-security funds for the sufferers. Liability Ins. shall make up about 70% of the funds while Licence Ins. 30%; and of this 30%, 25% be directed to deficit dissolution and 5% to security work. This relation is figured as below.²⁴⁾



24) This figure is based on Prof. Kanazawa's theory.

(10) *Plan of single Licence Insurance*

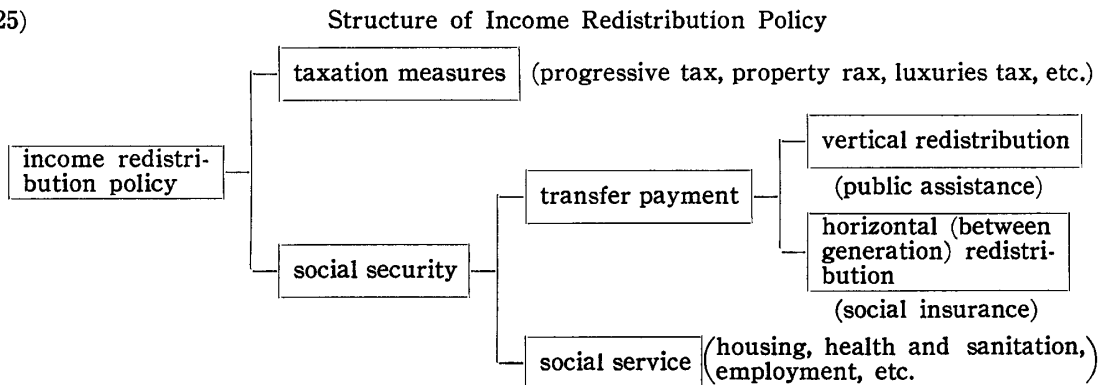
This is a plan to make a new start by consolidating both into singular Licence Ins., provided this is recognized as more suitable to the present situations after full examination of the *raison d'être* of current Liability Ins. as well as the extent and possibility of its relief function. By this idea Licence Ins. will remarkably approach to a sort of public-nuisance insurance or social insurance, or make a change of quality. In some cases it will mean a big retreat of the nature as insurance. True this is a creative idea. It may be looked as an exhibition of income-redistribution function from licence holder, i.e. healthy active people, to sufferer, i.e. physically handicapped and poor people, occasioned by the moment of accidents.²⁵⁾



B—4. Logic to Support Singular Combined System of Liability and Licence Insurance

It accords better to commonsense to consider that accidents are caused by men, i.e. drivers, rather than by autos. However, in the case of Liability Ins. cars are insured. It may be taken that car owners are insured through the form of insurance on cars, but not always as a person potential to cause accident. It has been often considered that liability should be charged also on drivers, who have been hidden from compensation behind car owners in Liability Ins., as

25)



H. Matsuo ed., *Shakaihoshō Tokuhon (Readings on Social Security)*, Tōyōkeizai Shinpōsha, Jan. 1971, p. 107.

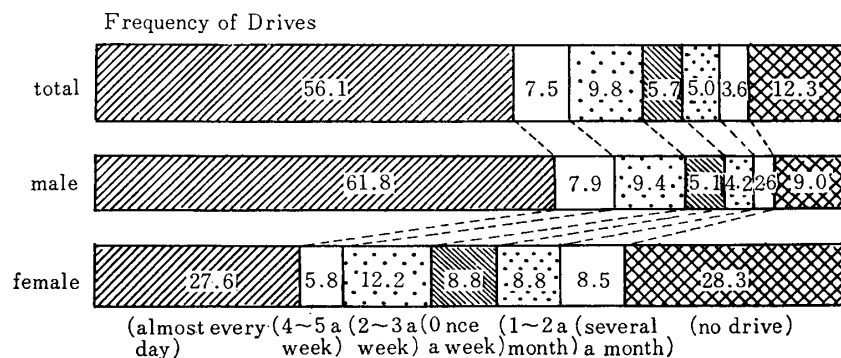
well as licence holders, who constitute the spring, dam or reserve army of drivers. Starting from such thought as this, T. Itō says, "There are two devices of concurrent set-up with Liability Ins., and singular set-up of Licence Ins. I should like to take the latter. Liability Ins. is already going one way of sufferer protection with a benefit of fixed amount, that is, compensation independent of the equality of burdening."²⁶⁾ And "Some say it is unfair to charge premiums squarely on non-owner-drivers who do not habitually drive. However, since the high frequency of accident due to inexperience is already proved by the business of car for rent, high-rate premiums are natural to such dangerous drivers. Those who hold licence as mere accessory should be treated in the same way."²⁷⁾ And today when social-security color is becoming deeper and deeper in the economic security to auto accidents, it would be problematic to trust with full expectation to the hands of private insurance enterprises as one of liability insurances.²⁸⁾

There is much to listen in the argument that, in order to attain two factors—fulfilled relief to the sufferer and perfect pursuit of driver's liability—Licence Ins. should be singularly managed and Liability Ins. be dissolved. For, firstly, those who did not drive for last one year accounted for only 12.3%;²⁹⁾ most of them conducted drive and hence were the creators of risk of accident. In other words, licence holders become drivers as a natural course of matter; the 12% shown may be said exceptions, that is, abandonment of drive due to arbitrary

26) T. Itō, *Jidōsha-hoken Hyakuwa (Hundred Stories on Auto Insurance)*, Hoken Kenkyūjo, Nov. 1969, p. 138.

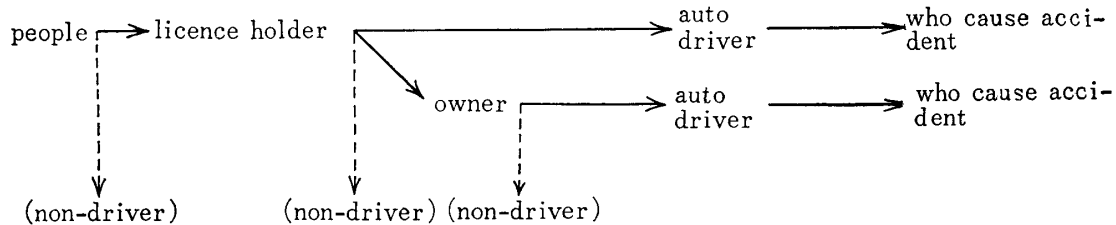
27) *Ibid.*, p. 139.

28) A familiar example in the non-life insurance circles is their way of dealing auto insurance and Liability Ins. There is a simple method to increase profits. It is to suppress such unstable sectors as auto and Liability insurance as far as possible, in other words, to practice that plain business theory of refraining from unprofitable business. If such selfish business thought is taken as natural in the back-scene of efficiency-ism, it is a grave situation," Shuchō-Kigyō Mokuteki o Wasureruna (Don't Forget the Aim of Business), (Morimatsu), in *Insurance*, No. 2501, June 10, 1971.



29) Japan Non-life Insurance Association, *Menkyoshō Jittai Chōsa Hōkokusho (Report on the State of Licence Holders)*, July 1971, p. 9.

reasons, and an allowable value in the risk theory. Although we cannot grasp strictly the law of large numbers on the relation between licence holder and risk of accident, the situation is not non-relation, which may be dealt by the concept of social character of this risk. Then Licence Ins. with social—security nature is possible to form as insurance.



Licence holding and risks of auto-accident correspond each other if loosely. In this sense this risk is a risk scattered all over society. From the viewpoint that an increasingly larger portion of people will be faced with this risk in the future, it should be understood as a social problem rather than as a problem of individuals' liability to compensate. Here let's consider the plan of singular Licence Ins. borrowing an example. Letting alone the discussions concerning the relation of "medical profession liability insurance" or "certified public accountant liability insurance (both are now on planning)" and health insurance or sufferer relief, it is neither medical equipment nor accounting offices and their equipment that is insured, but is doctors or accountants, namely holders of licence for these occupations. And therein the volume of work may not pose any problem. Then these would be no need of holding mental resistance against Licence Ins. which should insure licence holders. When doctor *B* has caused an accident using doctor *A*'s surgical knife, is it doctor *A* or *B* who should take liability? The treatment of this question in insurance relates to our problem. It seems more natural to charge liability on drivers, i.e. persons, than on vehicles, i.e. physical objects. Assuming that the relation between driver and accident is ultimately implied in that between licence holder and risk of accident, the conclusion is that Licence Ins. should annex and absorb Liability Ins.

The plan of singular Licence Ins. is supported by such phenomena as the changing of auto accidents, which are supposed to continue increase, to a social problem,³⁰⁾ the increases of the rates of licence holders and car owners among people, the growth of drive frequency, and the development of traffic. Since in Liability Ins. the social-security nature is recognized, it is logical that this nature is more intensified in Licence Ins. which should foster social security all the more. Then the point of problem is that the two insurance systems have alike a relation with the minimum of economic security. In this sense the two should be unified in the end. In respect of the view that application of experience

30) By a rough estimate, bodily injureds by auto accident count one million persons and directly or indirectly related sufferers seven times as many. The latter figure will reach 15 million in the near future; thus about 15% of population will become sufferers.

premium method, taking account of personal history of accident, is easier to Licence Ins. than to Liability Ins., and considering the complexity of tri-pillar structure including voluntary auto insurance, reasonable systematization of voluntary and compulsory insurance seems suitable. In this context voluntary auto insurance and Licence Ins. can be easily correlated and combined since both are relevant to persons. And to collect expense for minimum security from an extensive sphere and at a small amount is a social-security-oriented method so long as premium collection is concerned. The singular system of Licence Ins. will lead to more active utilization and development of voluntary insurance. The essential point is that Licence Ins. should display a larger social function surpassing deficit covering for Liability Ins.³¹⁾ To use a simile, the method of premium collection of Liability Ins., is per-family allocation and that of Licence Ins. is per-capita. These two methods have been adopted in social insurance.³²⁾

The said social-security nature should be pursued at the level of sufferer protection, not of injurer. It must be said a low grade idea to discuss social security about the injurers, e.g. premium burden, placing priority on injurer's level than on sufferer's level. It becomes possible to ask cautious actions in driving only by loading responsibility for relief on drivers. For last one year licence holders drove cars at a rate of 87.7%. Of the cars as many as 54.3% were other than drivers' own, that is, cars of their family members, employer corporations or institutions, and others.³³⁾ This fact confirms the propriety of Licence Ins.

Most licence holders are income-earners or those who are expected to be so soon, and the fact of licence holding implies the possibility of larger income. Here the principle of per-capita allocation of premium (tax) to social security can be applied. And in most accidents the cause lies not in a decisive fault of either one of the parties, driver or foot-passenger, but of both parties. A number of causes invite an accident as a vicious multiple result. And the need of relief is absolute. The liability to relieve is more serious than that of compensation.

31) The reasons for the proposal of compulsory non-ownership automobile liability ins.=Licence Ins. are follows. (1) A double increase of premium bearers, hence increased premium income. (2) Dissolution of deficit of Liability Ins. (3) Lighter burden on individual car owner. (4) Self-consciousness of drivers on public liability compensate. (5) Possibly level-up of the maximum payment of Liability Ins. *Hoyūsha Sekinin ka Untensha Sekinin ka? (Liability of Owner or Driver?)*, in *Kyōsai to Hoken*, Vol. 11, No. 8, August 1969, p. 75.

32) For example, in National Health Ins. premiums (taxes) are allocated by income, assets, equally on insured, equally on household.

33) State of Drives (%)

Total Licence Holders	Those Who Drove in Last 1 Year	Own Car	Family Member's car	Employer's Car	Other
100.0 (3331, as sample)	87.7	45.7	14.7	21.9	5.4

The problem is on whom the liability is to be charged. Keeping away from asking it from state or society at the present stage of matter, licence holders, most of whom drive, should firstly be asked. By this, their consciousness on compensation will be awakened in the midst of increasing accidents.

There is an opinion that such system of sufferer relief as has the nature of environmental disruption or a social problem, in other words, extending all over the nation, and is relevant to bodily injuries or rights to live, should be burdened on those who can bear it without difficulty, aloof from the viewpoint of liability to compensate. It is a thought that superior persons are to carry social nature of these risks in order to attain and sustain stability and development of society itself. As for the measures or means to fortify the base of society, the whole society and related, if indirectly, people should bear the costs. Compared with the system of social security, measures for auto accidents and sufferer relief may be said a system of social-security nature. Or in another expression these may be said the preconditions for social security to be fulfilled and to exhibit complete effectiveness. They may be compared to the minimum wages system, counter-inflation measures or children's allowance that recently has appeared on the stage of study and operation. There will be born a situation that people, including unmarried and old, are burdened with the costs of children's allowance directly or indirectly, which may be said a representative case of raising necessary resources from those who are most bearable. Compared with this, Licence Ins. is more closely connected to the principle of modern society, and accordingly the dissolution of Liability Ins. and the introduction of Licence Ins. shall not be considered as a jumpy event. Yet it is jumpy in a sense, that is, in the light of the principles of current insurance. In the fluctuating modern age, with thoughts and institutions being established according to it, and especially with auto accidents showing a violent scene, it is indeed reasonable that insurance systems which are one of the measures change themselves. Further social security is changing itself, and the problem may extend as far as over liability to compensate for accidents caused by defective cars or roads. These are relevant to the risks of machinery and engineering which are continuing high-pace growth, hence a complex problem. It may be a way of meeting such complex situation to simplify institutions, and for this reason the plan of singular Licence Ins. is advocated.

