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Observations on the segmentation of earthquake insurance in Japan

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Abstract:

This paper investigates the advantages and disadvantages of more segmented payment standards in earthquake insurance in Japan using a simple economic model. Using this analysis, we conclude that more segmented payment standards are desirable when the targeted consumers have higher incomes because these consumers tend to need insurance money at a relatively later time, whereas more segmented payment standards are not desirable when the targeted consumers have lower incomes because their need for insurance money arises relatively quickly following the earthquake.

Keywords:

Earthquake insurance, Segmentation, Property insurance, Expense insurance

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