

# **HOUSING WARRANTY SCHEME IN JAPAN**

**NOVEMBER 2024**

**The Foundation for Housing Warranty**

## Housing Warranty Scheme in Japan

The purpose of this series of notes is to help people who are interested in the housing warranty system in Japan. We hope this will contribute to a mutual understanding of the housing warranty system and housing policies with people outside of Japan. The information described in this booklet is as of September 30, 2024.

Fiscal Year : One year from April to March

Housing business providers include home builders, suppliers or licensed real estate agents

Abbreviation	
AEDWL	Act for Execution of Defect Warranty Liability under HQAA
CHORD	The Center for Housing Renovation and Dispute Settlement Support
HQAA	Housing Quality Assurance Act
HQAS	Housing Quality Assurance System
JPA	Japan Prefabricated Construction Suppliers and Manufacturers Association
LSCF	Large-scale Loss Compensation Fund
MC	Ministry of Construction
MLIT	Ministry of Land, Infrastructure, and Transport and Tourism
OWH	Organization for Housing Warranty
SDS	Security Deposit Scheme

## Contents

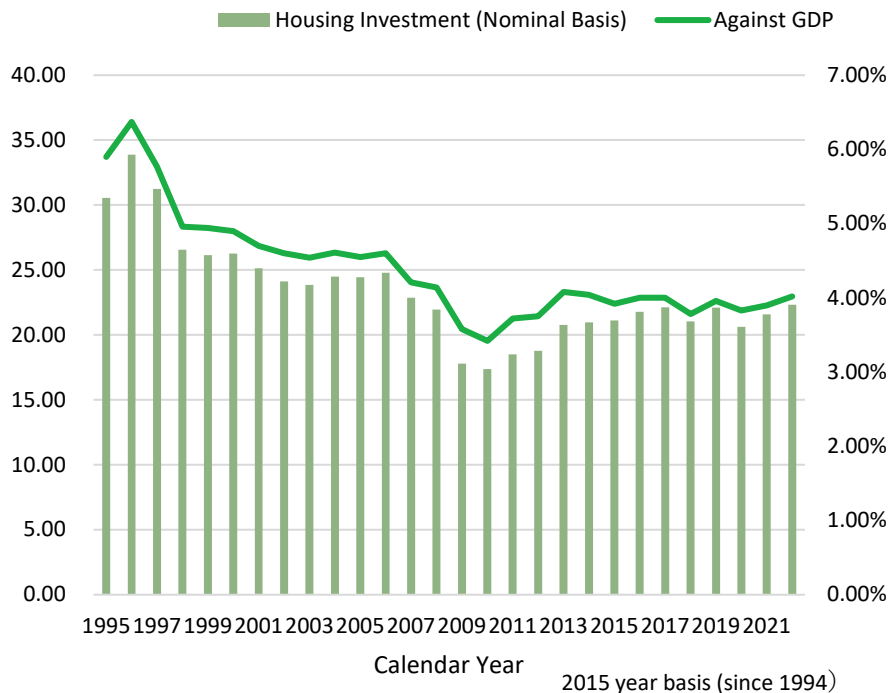
1.	Background of the Housing Warranty System -----	P4
2.	Housing Quality Assurance System (“HQAS”) -----	P7
3.	Housing Quality Assurance Act (“HQAA”) -----	P10
4.	Act for Execution of Defect Warranty Liability under HQAA (“AEDWL”) -----	P11
5.	Securing Financial Resources under AEDWL -----	P12
6.	Type of Insurance Payments -----	P18
7.	Inspection -----	P19
8.	Defect Liability Insurance Products -----	P20
9.	Other Products (Completion Warranty Program) -----	P26
10.	Statistics of Defect Liability Insurance Products -----	P27
11.	Safety Net of Housing Defect Liability Insurance -----	P30
12.	Transactions of Houses and Defects Liabilities -----	P33
13.	Housing Dispute Resolution System, Consultation and Advice -----	P34
14.	Link -----	P39
15.	Reference -----	P40

## 1-1. Background of the Housing Warranty System

- From 1955 to 1973, investments in the housing sector increased more than five times, and their share against GDP stayed in the range of 6 - 9% (vs 3 - 4% at present).
- At the time, housing demand increased due to a shortage of housing, and many companies entered the prefabricated housing market.
- In 1975, the Housing Bureau of the Ministry of Construction (“MC”), the predecessor of the Ministry of Land, Infrastructure and Transport and Tourism (MLIT), formed the Study Committee of the Housing Warranty System.
- At that time, the housing sector experienced a surge in housing defects due to a short supply of construction materials and lower quality of materials and works after the 1<sup>st</sup> Oil Crisis.

Diagram 1 Housing investment and its share against GDP

Trillion Yen



- In 1976, MC advised a guidance of two-year warranty system to the prefabricated housing industry considering the following situation:

- (1) Significant increase of population in cities
- (2) Rapid expansion of residential areas surrounding large cities
- (3) Structural changes in the housing industry

### Structural changes:

- In the past, the housing supply was supported by medium- and small-sized companies in their respective area, which normally constructed five houses per year.
- During the rapid economic growth, people who moved to urban areas faced with the difficulties in finding qualified builders as well as houses at reasonable prices.
- To meet the growing demand, large companies supplying prefabricated houses expanded their business rapidly.

## 1-2. Background of the Housing Warranty System

- MC introduced the Housing Quality Assurance System (“HQAS”) in 1980 to improve housing performance and consumer protections, and sustain qualified housing suppliers.
- The Registration Organization for Warranted Houses (ROWH), the sole operator for HQAS, was established in 1982.
- ROWH was renamed the Organization for Housing Warranty (OWH\*<sup>1</sup>) in 1999.
- HQAS was mainly used by medium- and small-sized builders.

### **Background of warranty system run by private companies:**

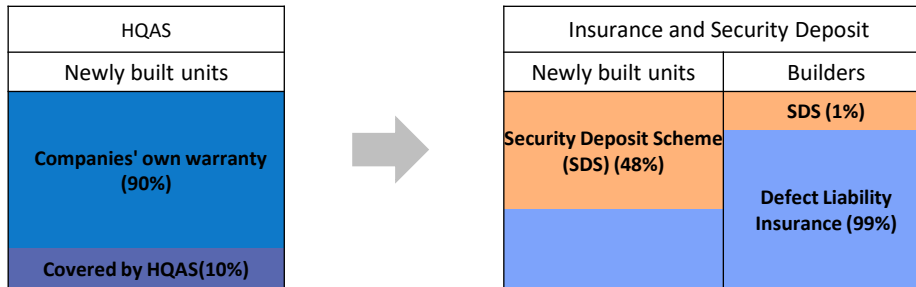
- The Japan Prefabricated Construction Suppliers and Manufacturers Association (“JPA”) was formed by several prefabricated housing companies in 1963.
- JPA set up its own customer service code including warranty system as follows:
  - ❑ 10-year warranty for structural parts and water ingress
  - ❑ 2-year warranty for equipment and finishing
  - ❑ 5-year warranty for termite damage.
- JPA members also have set up their own customer service code. Thereafter, large-sized builders and contractors introduced their own after-sale services, including warranties.
- The above activities led to the establishment of the Security Deposit Scheme (SDS) based on the Act for Execution of Defect Warranty Liability under HQAA (“AEDWL”) in 2007.
- AEDWL was fully enforced in October 2008.
- HQAS ceased accepting new contracts in June 2008 then was subsequently succeeded by Defect Liability Insurance (“DLI”).
- Currently, the percentage of newly built houses covered by SDS and DLI is around 50%. However, only 1% of contractors has been using SDS.

\*<sup>1</sup> Abbreviation of Organization for Housing Warranty is “OWH”

## 1-3. Background of the Housing Warranty System

The diagram below shows that newly built houses are covered by HQAS and a financing scheme based on AEDWL.

Diagram 2 Changes in the Housing Warranty System



- Housing stock in Japan reached about sixty million, all time high as of October 2023\*1.
- Although stock is at the sufficient level however, further improvement is required in terms of earthquake resistance, insulation, and energy efficiency.

Source: Organization of Housing Warranty, Databook 2008

Major challenges for housing industries under the Basic Plan for Housing effective during fiscal year 2021 - 2030

1. Constructing housing circulation systems
2. Procurement of high-quality housing stock
3. Management, and the elimination and utilization of vacant houses
4. Increasing the trading volume of existing houses
5. Dissemination of defect liability insurance products for existing houses and a housing inspection scheme for existing houses\*2

\*1 Source: 2023 Housing and Land Survey of Japan

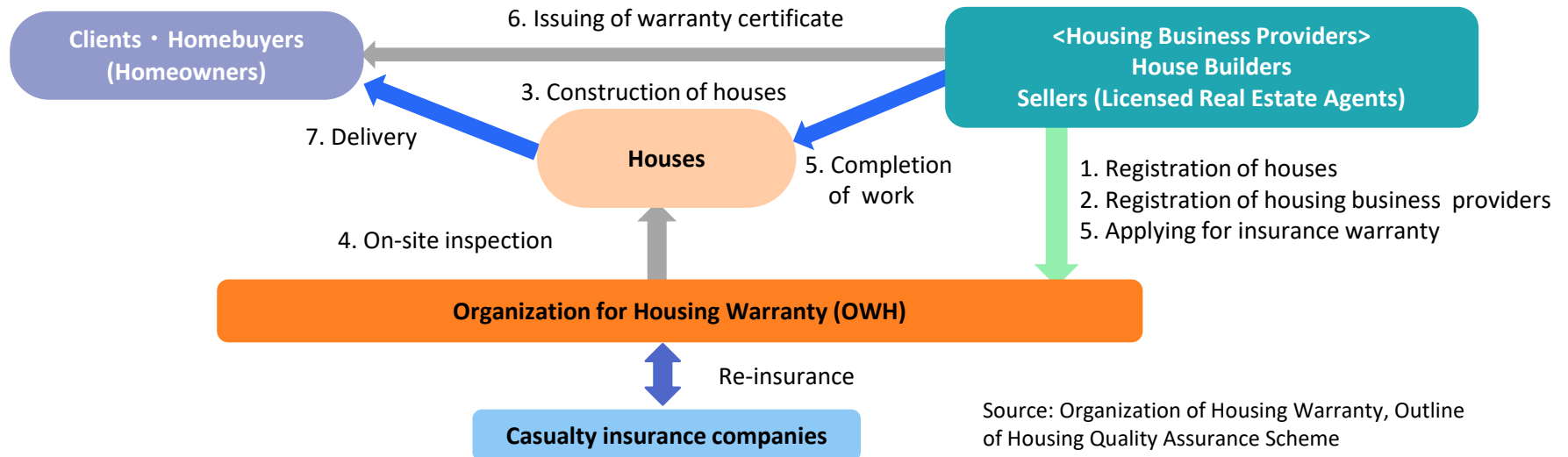
\*2 Licensed architects who have completed the required training course determined by MLIT conduct inspections to find cracks, deterioration and defects in major structural parts (foundation and walls) and water ingress.

## 2-1. Housing Quality Assurance Scheme (“HQAS”)

HQAS was a voluntary scheme:

- 99% of registered house builders were medium- and small-sized companies (i.e. their paid-up capital is less than Yen 300mil, or their number of regular employees is less than 300.)
- House builders, suppliers and housing sale companies could participate in the scheme
- Eligible houses were newly built detached houses, non-detached houses, non-detached houses for lease
- Warranty covered major structural parts and water ingress
- Warranty period was 10 years from the commencement date of the scheme

Diagram 3-1 Housing Quality Assurance Scheme



Source: Organization of Housing Warranty, Outline of Housing Quality Assurance Scheme

### Flow of HQAS

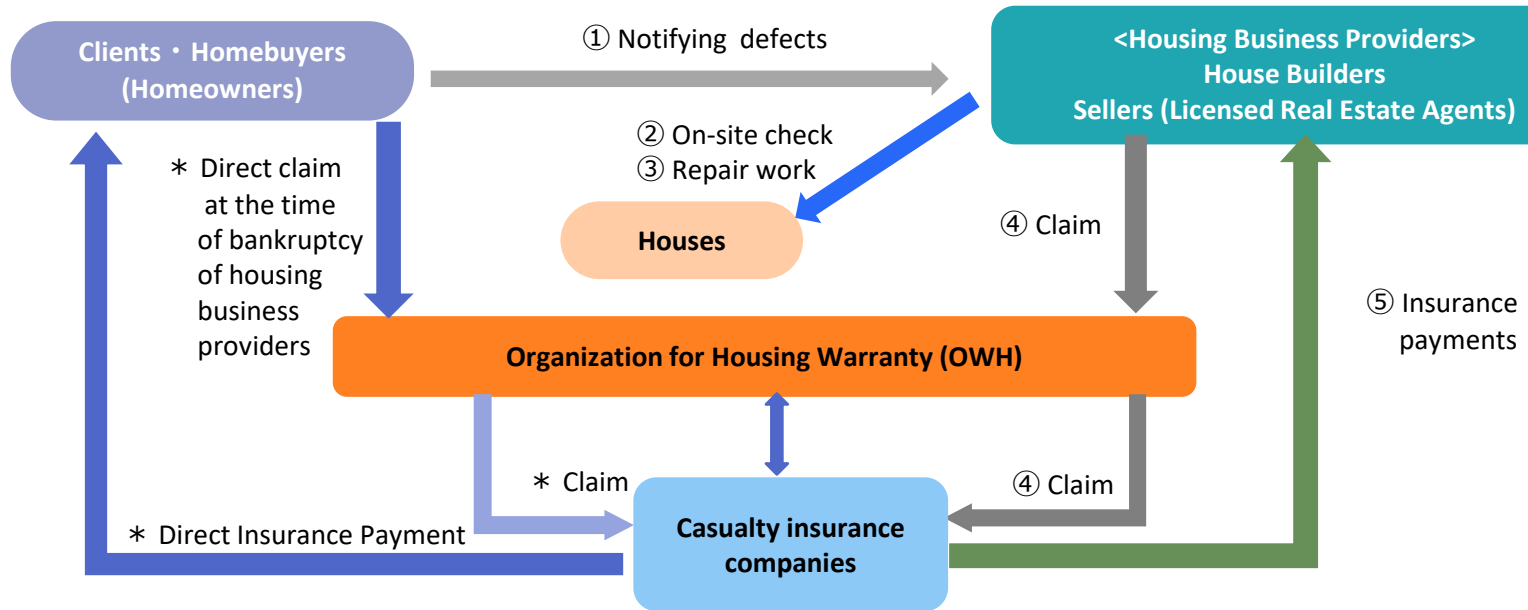
1. Registration of housing business providers
2. Registration of houses with HQAS
3. Construction of houses
4. On-site inspection
5. Completion of construction work • Applying for issuance of warranty
6. Issuing of warranty certificate
7. Delivery of houses

### Fee

Registration fee for housing business providers:  
About yen 30,000 per year  
Warrantee premium:  
Detached house - Yen 70,000 - 80,000  
Non-detached houses: depend on the size and the structure

## 2-2. Housing Quality Assurance Scheme (“HQAS”)

Diagram 3-2 Housing Quality Assurance Scheme



Source: Organization of Housing Warranty, Outline of Housing Quality Assurance Scheme

### Flow if events ensured occurred

- ① Homeowner notifies housing business providers of defects
- ② Registered housing business providers conduct an on-site check, then submit a report to OWH.
- ③ Registered housing business providers conduct repair works
- ④ Registered housing business providers claim insurance payments from OWH
- ⑤ OWH and casualty insurance companies make the insurance payment upon notice of completion of repair work

\* 80% of the payments is paid by casualty insurance companies, and 20% is paid by registered entities

Clients and homebuyers' direct claim and payments:

In the event that housing business providers filed for bankruptcy and failed to complete repair work, clients or homebuyers can directly claim payments from OWH.



## 2-3. Housing Quality Assurance Scheme (“HQAS”)

Diagram 4 HQAS –by housing units & registered housing business providers

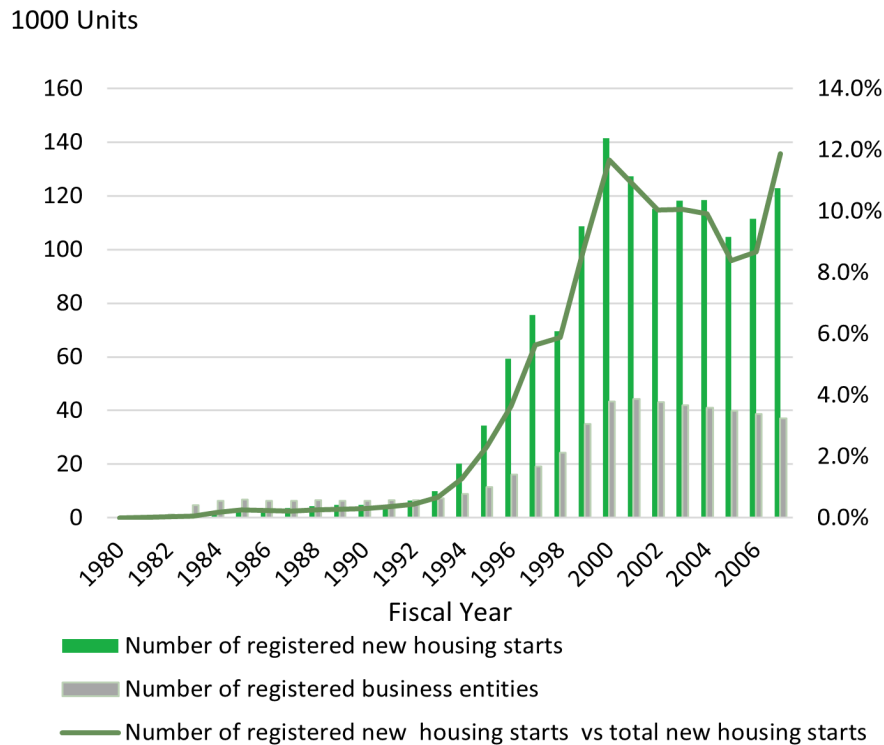


Table 1 Defects reported during 1986 - 2007 based on HQAS

Type	Building Parts	Number reported	(%)
Structure	Foundation	523	15.6%
	Column • Beam	171	5.1%
	Floors	110	3.3%
	Walls	123	3.7%
	Roofs	12	0.4%
Water ingress	Water ingress (wall)	2,013	60.0%
	Water ingress (roofs)	401	12.0%
Total	Total	3,353	100.0%

Source: Organization of Housing Warranty, Databook 2008

Source: Organization of Housing Warranty, Databook 2008

- No. of defects reported during 1986 - 2007 was about 3,300. 72% was related to water ingress.
- Although there were less than 5,000 registered housing business providers before 1993, the number of registrations gradually increased as highly durable housing became popular after the Hanshin-Awaji Earthquake Disaster.
- At its peak, the number of registered housing providers reached 44,000. 140,000 units or 12% of total new housing starts were covered by the scheme in 2000.

### 3. The Housing Quality Assurance Act (“HQAA”)

- The Housing Quality Assurance Act (“HQAA”) was approved in 1999 and became effective in April 2000. Major points are :

(1) Establishment of the Housing Performance Indication System (Voluntary)

This System allows a private organization to conduct an evaluation through document review and on-site investigation, and to indicate the performance of newly built housing and existing housing including quake resistance and energy efficiency.

(2) Establishment of a Designated Housing Dispute Resolution Body.

The Center for Housing Renovation and Dispute Settlement Support (CHORD) became a designated dispute resolution body with the aim of providing a range of support for housing related problems regarding contracts, and the construction of houses with Performance Evaluation Reports after the Completion of Construction between the housing company and clients.

(3) Introduction of the mandatory 10-year defect guarantee liability for the fundamental structure and prevention of water ingress

- Enhancement of HQAA

Two funds were set up with government financial assistance.

1) Defect Warranty Financial Assistance Fund :

This fund enables small- and medium-sized companies (paid-up capital is less than Yen 300million, or the number of full-time employees is less than 300) or individuals to utilize HQAA with a 15% discount off registration fees.

2) Completion Warranty Fund since 1999:

This program enables consumers to complete the house with a limited amount of expense when small- and medium-sized companies fall into bankruptcy.

The fund was used for 1,500 cases during 2000 to 2007.

## 4. Act for Execution of Defect Warranty Liability under HQAA (“AEDWL”)

### Background of enactment of AEDWL:

- In November 2005, it came to light that an architect made fake building structure statements. A Japanese first-class architect was convicted for falsifying data regarding earthquake resistance for 71 buildings (including some residential ones) out of the 208 he designed. This resulted in rebuilding and large-scale rehabilitation work on apartments (“fraudulent acts”).
- In this kind of situation, the sales company which sold the apartments is responsible for warranty liability based on HQAA.
- As a sizable number of apartment units were affected by this incident, the sales company filed for bankruptcy. Consequently, the owners of these apartments had to take out additional loans to buy a new unit on top of the one which was built based on the fake structure statement.

### Lesson of the fraudulent acts

Even though sale companies have an obligation to cover defect warranties, consumers are not protected without the appropriate financial resources.

AEDWL was approved in December 2007 and became effective as of October 1, 2009.

The Act’s main points are:

#### (1) Securing financial resources :

The Act obligates housing business providers (home builders, suppliers, or licensed real estate agents) to participate in deposit schemes or 10-year defect liability insurance (including the right of purchasers and other parties to demand repairs).

(2) Appointment of Insurance Corporations: Insurance corporations who underwrite new house defect liability insurance must be appointed by MLIT.

(3) Reinforcement of Dispute Resolution System: MLIT appointed The Center for Housing Renovation and Dispute Settlement Support (CHORD) as its specified Dispute Resolution Body. CHORD also provides assistance for solving disputes between homebuyers or clients and sellers or house builders, etc., through the Housing Dispute Examination Committees.

## 5-1. Securing financial resources under AEDWL

AEDWL requires any housing business providers who have delivered or sold newly built houses over the past 10 years to submit their status of securing funding resources (Deposit System and Housing Defect Liability Insurance) as of March 31 every year to MLIT. Housing business providers who are obliged to secure financial resources based on AEDWL are as follows:

Based on these schemes, the buyer of a new house can claim reimbursement of repair costs and other necessary expenses through the Security Deposit System or Housing Defect Liability Insurance Scheme if the home builder, supplier or licensed real estate agent goes bankrupt, or for other reasons.

### (1) Security Deposit System

- Housing business providers who have delivered or sold newly built houses must place deposits or designated types of securities in a Depository such as a local Legal Affairs Bureau.
- The amount of the deposit is determined based on the number of units delivered or sold over the past 10 years on the calculation date (March 31 of each year). If deposits are put in the Depository, such deposits cannot be refunded for 10 years.

### (2) Housing Defect Liability Insurance Scheme

- House builders, suppliers, and sellers who are licensed real estate agents provide the buyer of houses with the means to claim reimbursement for repair costs and other necessary expenses through insurance contracts.
- The buyer of houses can make a direct claim for insurance money from the insurance corporation if the home builder, the supplier, or real estate agent goes bankrupt, or for other reasons.

Building Components eligible for Defect Liability Insurance are as follows:

Major Structural Elements	Foundations, Foundation piles, Walls, Columns, Roof trusses, Load-bearing walls, diagonal members (braces, firestop materials, etc.) ,Floor, Sills, horizontal members (beams, girders, etc.) that support the dead weight, load weight, snow, wind pressure, soil pressure, water pressure or earthquake or other impact of the houses.
Water Ingress	Doors, frames and other fittings installed in the roof, exterior walls or openings of a house, Drainage pipes installed in the house to remove rainwater, of which are installed inside of the roof, exterior walls of the house or inside the house.

## 5-2. Securing financial resources under AEDWL

### 1) New Housing Defect Liability Insurance (Type I) - Mandatory

If the buyer of a newly built house is an individual or a corporation which does not have a real estate agency license, the seller must take out Type I insurance.

Newly built houses based on AEDWL are defined as follows:

- The date of sale of the newly built house should be within one year from the completion date, and the house has never been used for residential purposes.
- Both newly built detached houses and non-detached houses (apartments, residence for lease) are eligible.

### 2) New Housing Defect Liability Insurance (Type II) - Voluntary

If the buyer is a licensed real estate agent (regardless of whether they are an individual or a corporation), the seller can take out insurance voluntarily.

Type II, newly built houses are defined as follows:

(a) The date of sale of the newly built house should be within two years from the completion date.

(b) Even if the house qualifies as a “newly built house” (the date of sale of the newly built house is within one year from the date of completion) under AEDWL, if the buyer or seller’s situation falls into the following category, both parties can take out Type II insurance.

- The house was built by a house builder who does not have a construction business license#2
- The house was sold by an individual who does not have a real estate agency license
- The house builder obtained building work from a licensed real estate agent
- A licensed real estate agent has sold the newly built house to another licensed real estate agent

## 5-3. Securing financial resources under AEDWL

Table 2 New House Defect Liability Insurance Mandatory vs. Voluntary

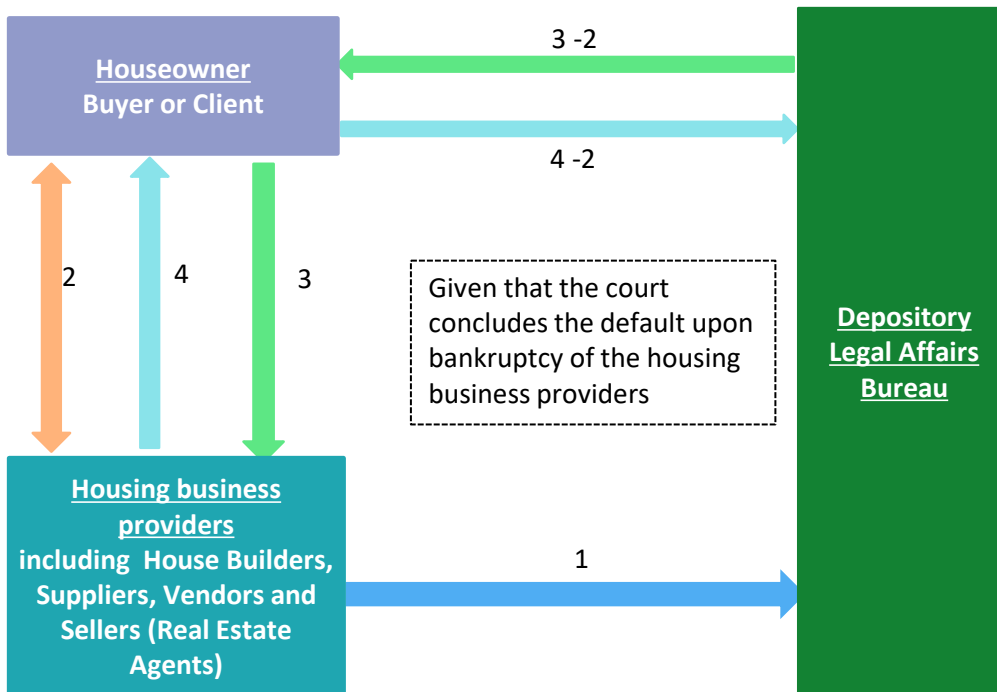
Contract	Seller	Buyer	Securing Financial Resources required? (Y/N)	Mandatory or Voluntary	Insurance	Relevant Clause
Building contracts	Construction Company (Licensed)	Individual or Corporation (no real estate agency license)	Yes	Mandatory	New Housing Defect Liability Insurance (Type I)	Art 19-1 of AEDWL
		Individual or Corporation (with real estate agency license)	No	Voluntary	New Housing Defect Liability Insurance (Type II)	Art 19-1 of AEDWL
	Construction company #2 or individual	License is not relevant	No	Voluntary	New Housing Defect Liability Insurance (Type II)	Art 19-1 of AEDWL
Purchase and sale agreements	Licensed real estate agent	Individual or Corporation (no real estate agency license)	Yes	Mandatory	New Housing Defect Liability Insurance (Type I)	Art 19-1 of AEDWL
		Individual or Corporation (with real estate agency license)	No	Voluntary	New Housing Defect Liability Insurance (Type II)	Art 19-1 of AEDWL
	Construction company #2 or individual	License is not relevant	No	Voluntary	New Housing Defect Liability Insurance (Type II)	Art 19-1 of AEDWL

#2 construction companies which only undertake simple construction work do not require a business license as stipulated in Article 3 of Construction Business Act. “Simple construction work” is defined as follows:

1. Contract amount per work is less than yen 15million, or
2. The building is a wooden house with a total floor space less than 150 m<sup>2</sup>

## 5-4. Securing financial resources under AEDWL

Diagram 5 Security Deposit Scheme



- 1 Places security deposit in Depository
- 2 Building contracts /Sale and purchase agreements
- 3 Requests repairs / 3-2 Conducts repair work
- 4 Requests Refund/4 -2 Refund

Table 3 Security Deposit Calculation

Warranty amount = A x B +C (Note 1 & 2)		
Number of newly built houses per year (1,000) - A	Amount to be multiplied (Yen, 1,000) - B	Addition (Yen, 1,000) - C
Less than 1	20000	0
1 < units ≤ 10	2000	18000
10 < units ≤ 50	8500	30000
100 < units ≤ 500	600	40000
500 < units ≤ 1,000	100	90000
1,000 < units ≤ 5,000	80	100000
1,000 < units ≤ 5,000	40	140000
5,000 < units ≤ 10,000	20	240000
10,000 < units ≤ 20,000	19	250000
20,000 < units ≤ 30,000	18	270000
30,000 < units ≤ 40,000	17	300000
40,000 < units ≤ 50,000	16	340000
50,000 < units ≤ 100,000	15	390000
100,000 < units ≤ 200,000	14	490000
200,000 < units ≤ 300,000	13	690000
units < 300,000	12	990000

### Note related to Table 3

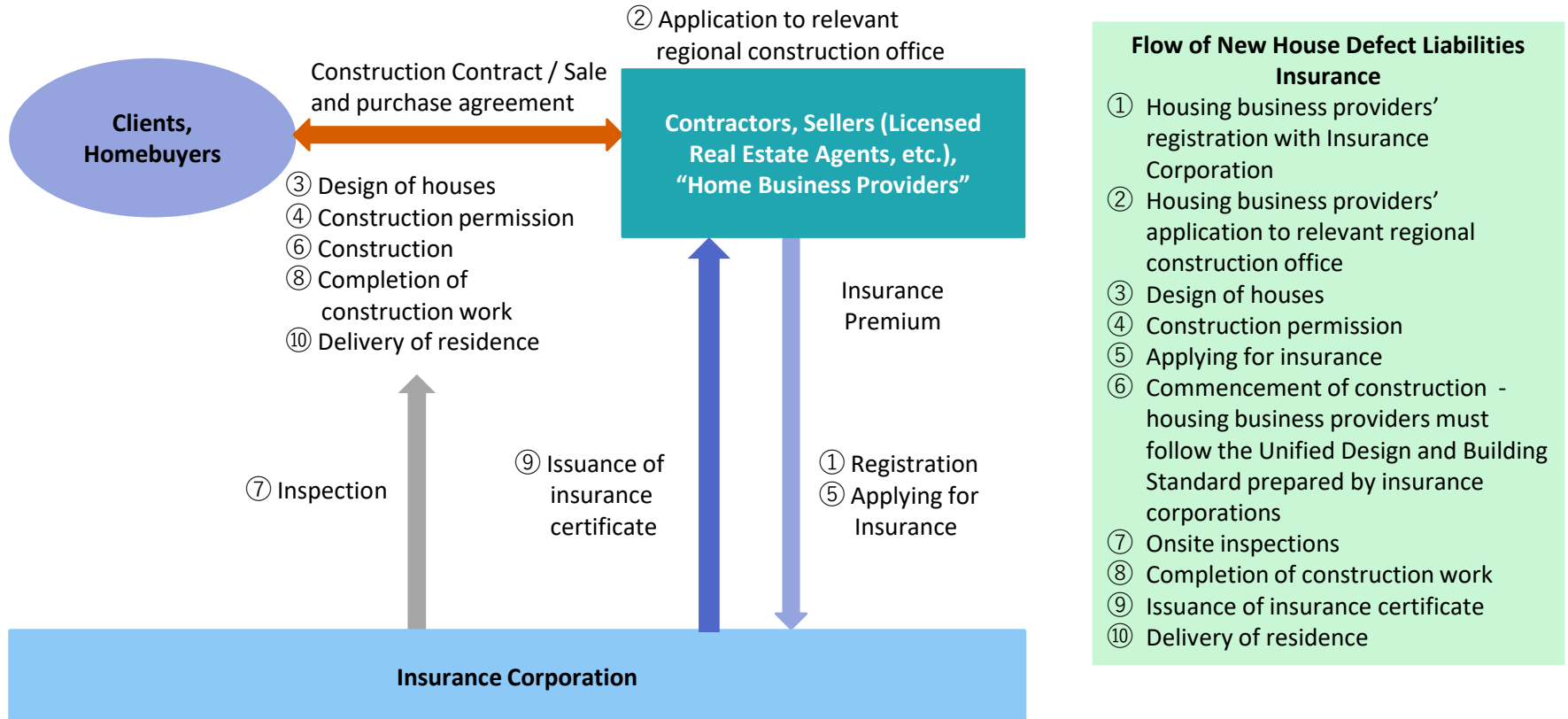
(Note 1): A security deposit is required for all newly built houses except houses covered by New House Defect Liability Insurance (Type I) or newly built houses which were delivered to clients before October 1, 2009.

(Note 2): In the event that the calculated amount exceeds Yen 12billion, the security deposit is limited at Yen 12billion.

## 5-5. Securing financial resources under AEDWL

### (1) The process of applying for Defect Liability Insurance

Diagram 6-1 New Housing Defect Liability Insurance (Type I) Scheme



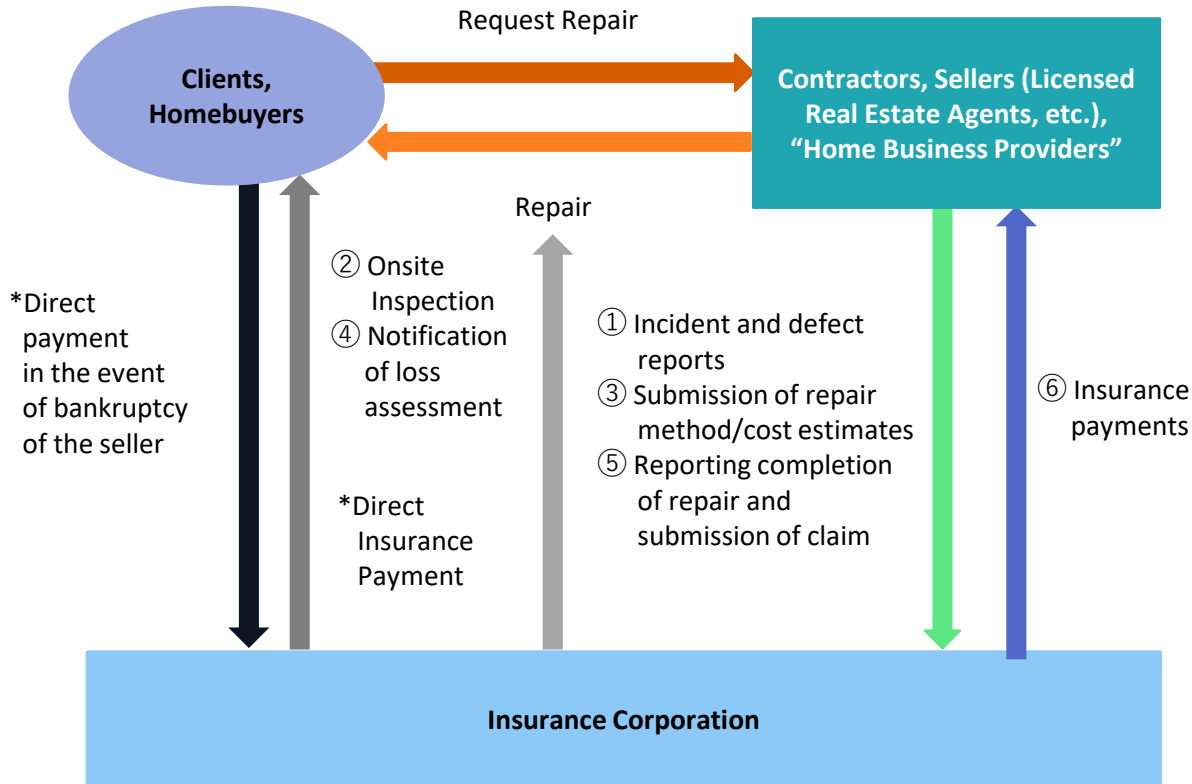
- Insurance premium varies by insurance corporation. Insurance premium includes pure premium, expense loading, and inspection expense.
- Total insurance payments per fiscal year to all housing business providers is capped at yen 12.5billion for both detached houses and non-detached houses.
- Total insurance payments of insurance contracts which were signed during the same fiscal year is capped at yen 12.5billion.
- There are five insurance corporations that provide Defect Liability Insurance at present.



## 5-6. Securing financial resources under AEDWL

### (2) The insurance claim process in the event of occurrence of defects

Diagram 6-2 New Housing Defect Liability Insurance (Type I) Scheme



#### Flow of insurance payment at the time of events insured

- ① Submission of incident and defect reports
- ② Onsite inspection done by loss examiners (if necessary)
- ③ Submission of repair method as well as cost estimates
- ④ Notification of loss assessment
- ⑤ Reporting completion of repair and submission of insurance claim
- ⑥ Insurance payment (80% of losses are paid by the insurance corporation and the remaining 20% should be borne by the business entity)

\*Direct claim from clients or buyer: In the event that sellers fall into bankruptcy or other situations, etc., clients and homebuyers can make a claim to insurance corporations.

## 6. Various types of insurance payments

The insurance money include the following compensation.

### 1) Repair and compensation for damage

The expenses or compensation paid by the housing provider, but limited to the direct expenses required for actual repair work, are as follows:

- i) Materials, labour and other direct expenses
- ii) The housing delivered as a replacement of the insured houses
- iii) Amounts or compensation required to the home purchaser due to a reduction or contract cancellation
- iv) Compensation for damages
- v) Expense incurred by the duty to restore the property to its original state

### 2) Legal expense

Expenses incurred by housing businesses for litigation, court settlements, mediation, arbitration and out-of-court settlements to resolve liability for defects

### 3) Expense of preserving the right to claim compensation

In cases where a housing provider has a right to claim damages or other compensation from a third party, the costs incurred in taking the necessary actions to preserve or exercise that right.

### 4) Investigation expense

In case repair/rectification are required the cost of the investigation required to determine the following:

- i) the extent of the repairs required
- ii) the method of repair
- iii) the cost of the repairs (excluding the cost of investigating the cause of defects)

### 5) Temporary accommodation or moving costs

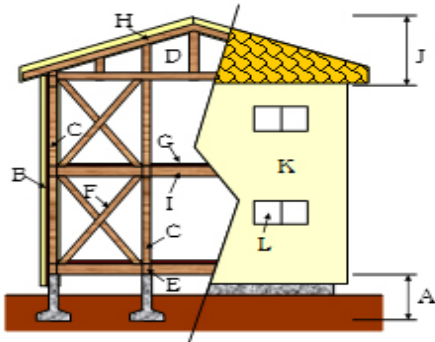
Accommodation expenses, housing rental expenses, and moving expense incurred by homebuyers who were forced to move during the repair.

## 7-1. Inspection

It is mandatory for housing business providers to pass an inspection to enroll in insurance.

Diagram 7-1

A detached house of wooden structure (post & beam traditional structure)



[Principal structural parts]

Foundations	A	Diagonal Members	F
Walls	B	Floor Slabs	G
Columns	C	Roof Slabs	H
Roof Trusses	D	Horizontal Framing Members	I
Sills	E		

[Parts to prevent rainwater leakage]

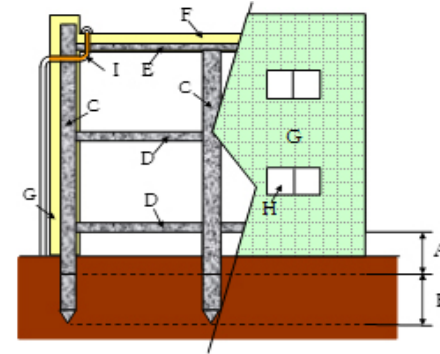
Roofs	J	Exterior Walls	K
Openings	L		

### Area of Inspection

Outside	Inside
Ground [Structure]	Roof Truss [Structure]
Foundations [Structure]	Load-bearing walls [Structure]
External walls [Water Ingress]	Columns · Horizontal Framing Members [Structure]
Roofs [Water Ingress]	Floor [Structure]
Balcony [Water Ingress]	Sills · Floor framing [Structure]

Diagram 7-2

An apartment house of reinforced concrete structure (wall type structure)



[Principal structural parts]

Foundations	A	Roofs	F
Foundations Piles	B	Exterior Walls	G
Walls	C	Openings	H
Floor Slabs	D	Drainage Pipes	I
Roof Slabs	E		

[Parts to prevent rainwater leakage]

### Area of Inspection

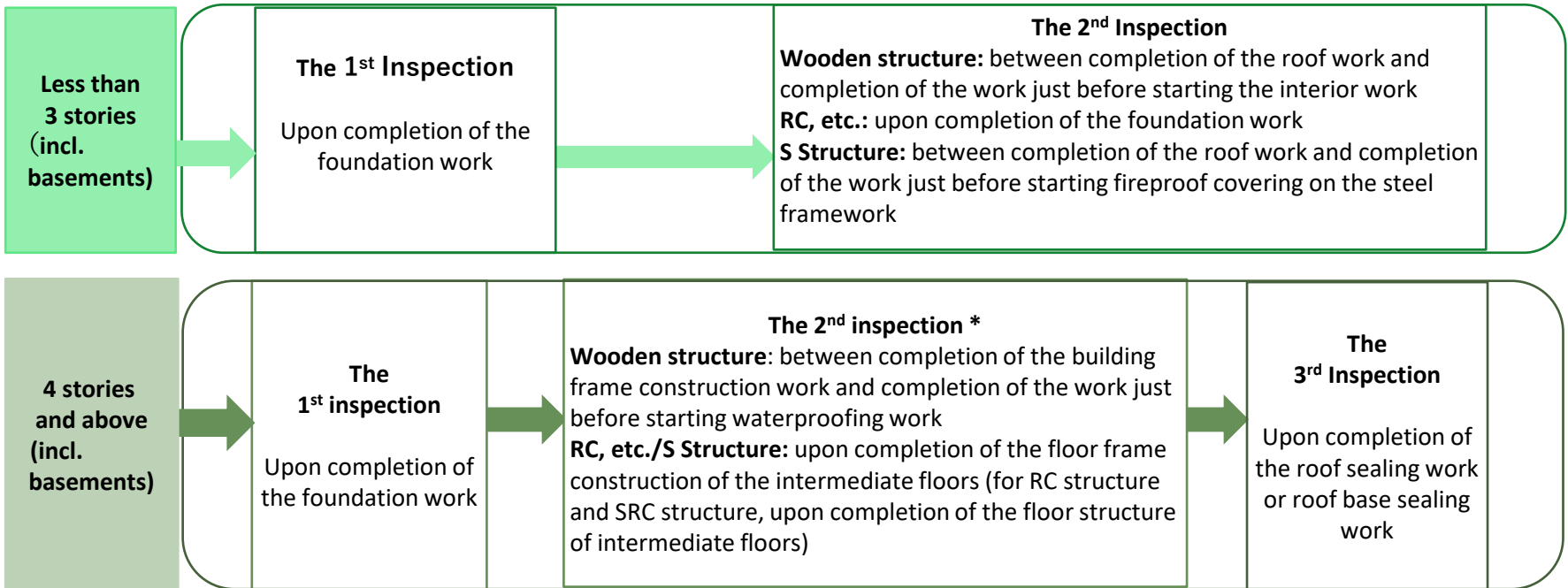
Common Area	Exclusive elements
Piles · Ground [Structure]	Walls [Structure]
Foundations [Structure]	Columns · Beams [Structure]
External wall · ceiling [Water Ingress]	Floors [Structure]
Roofs [Structure]	Precasted [Structure]
Flat roofs · Roof Balcony [Structure]	
Concrete compressive strength · Bar arrangement inspections [Structure]	

On-sight inspection is necessary because quality of newly built houses varies depending on type, builders, etc. unlike other industrial products.

Source: MLIT, 10 years of implementation of Defect Liability Insurance (Japanese Only)

## 7-2. Inspection

Diagram 8 : Inspection at the timing of underwriting



Source: Study Committee of the Housing Defect Assurance Regulation, The Housing Quality Assurance Act Q&A, 2008 websites of Insurance Corporations

\* Depending on the number of floors, inspection may need to be conducted every 7 floors, such as the 10th floor and 17th floor.

\* RC, etc. in the above includes SC, SRC, and reinforced concrete block structures.

- For houses less than three stories, onsite inspections are conducted twice.
- For houses more than 4 stories, the number of inspections is determined based on the number of floors.
- If the inspector or Insurance Corporation informs the housing business provider that the result is “failed”, the housing business provider needs to know the reason and rectify problems that cause failing the inspection. If the house is confirmed as a “failed” house, the housing business provider cannot deliver the house to the client because there is no defect liability insurance attached. This would cause financial issues for the housing business provider. If design and construction methods are not common or not widely applied, the housing business providers are expected to consult with Insurance Corporations in terms of building methods and details of inspection in advance.

## 8-1. Defect Liability Insurance Products

- Dissemination of Existing House Defect Liability Insurance products is expected.
- In 2015, Insurance Corporations started marketing the Extension of New House Defect Liability Insurance.

Three types of Existing House Sale Warranty Insurance products are marketed:

- ◆ A Licensed Real Estate Agent (the seller) is the policy holder
  - ◆ A Real Estate Broker becomes the policy holder due to trading between individuals
  - ◆ The Inspection Company becomes the policy holder due to trading between individuals
- Defect Liability Insurance related to large-scale repair work for common areas of apartments and Defect Liability Insurance for remodeling have been marketed from 2009 and 2010.

a. Registration	a'. Request for inspection & warranty	b. Applying for insurance incl. inspection
c. Inspection	d. Inspection results	e. Insurance contract
g. Direct payments in the event of bankruptcy of contractors		f. Insurance payments
		h. Maintenance work

Diagram 9 Extension of New House Defect Warranty Insurance

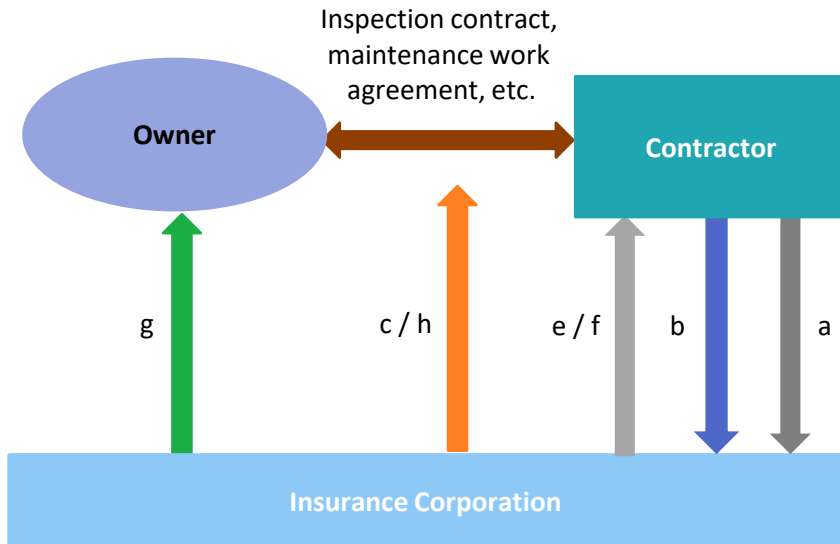
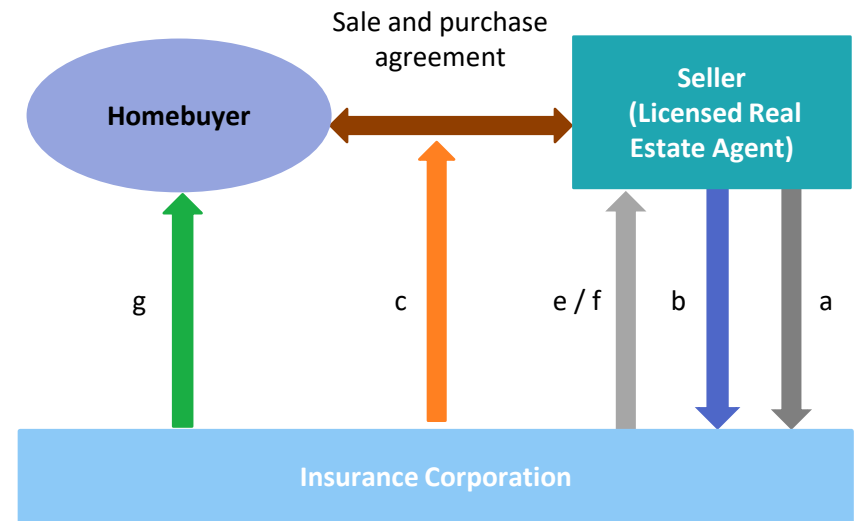


Diagram 10 Existing House Sale Warranty Insurance for real estate agents



Source: MLIT: 10 years of implementation regarding Defect Liability Insurance (Japanese Only)

## 8-2. Defect Liability Insurance Products

Diagram 11 Existing House Sale Warranty Insurance for transactions between individuals (real estate broker (= the seller) type)

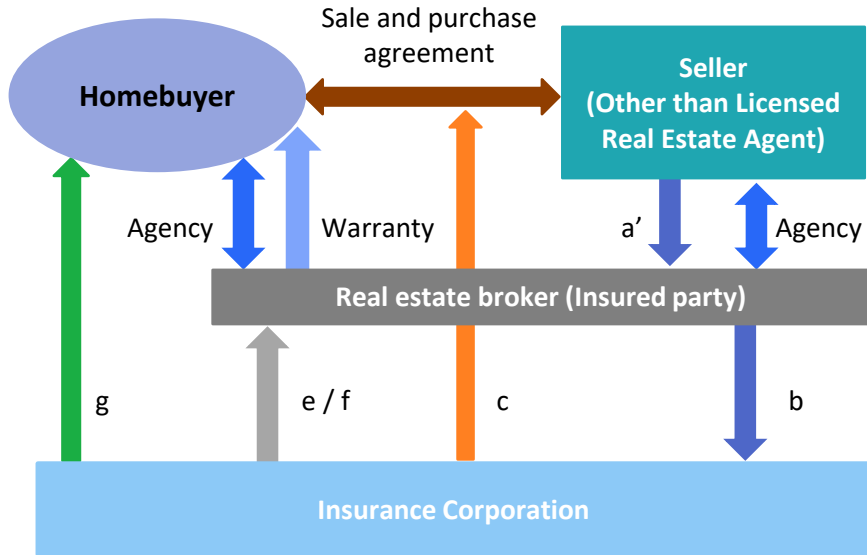


Diagram 13 Remodeling Defect Liability Insurance

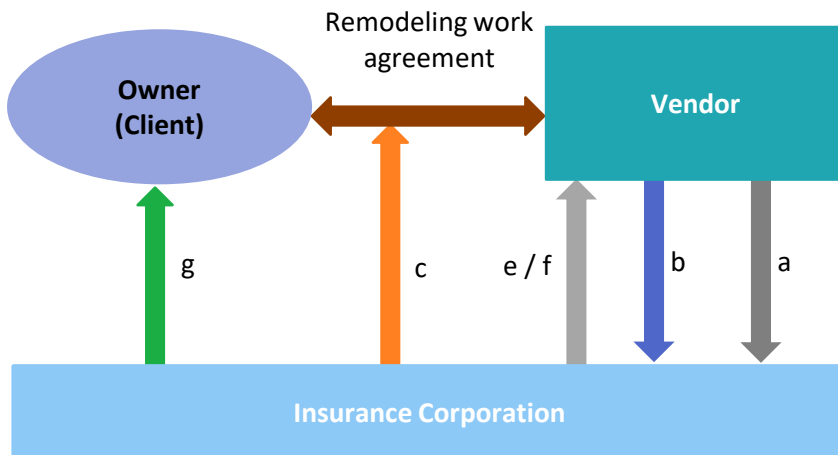


Diagram 12 Existing House Sale Warranty Insurance for transactions between individuals (Inspection Company type)

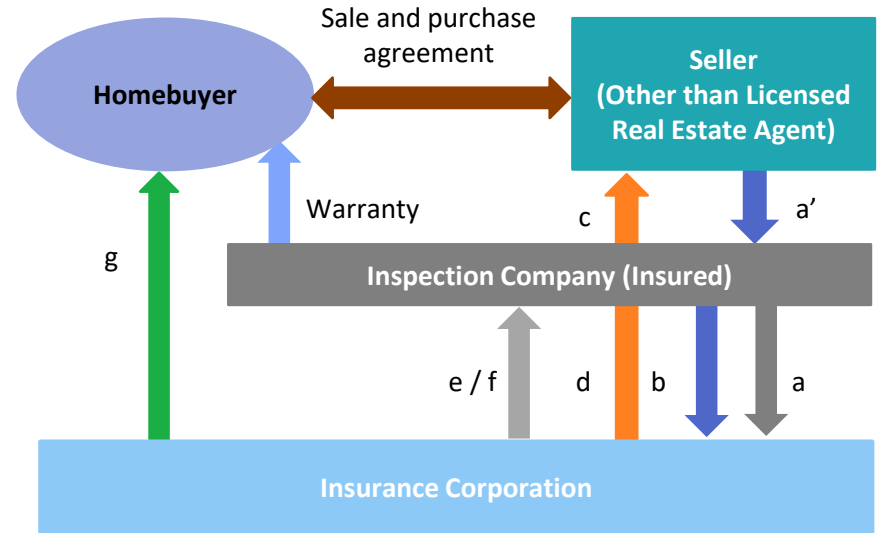
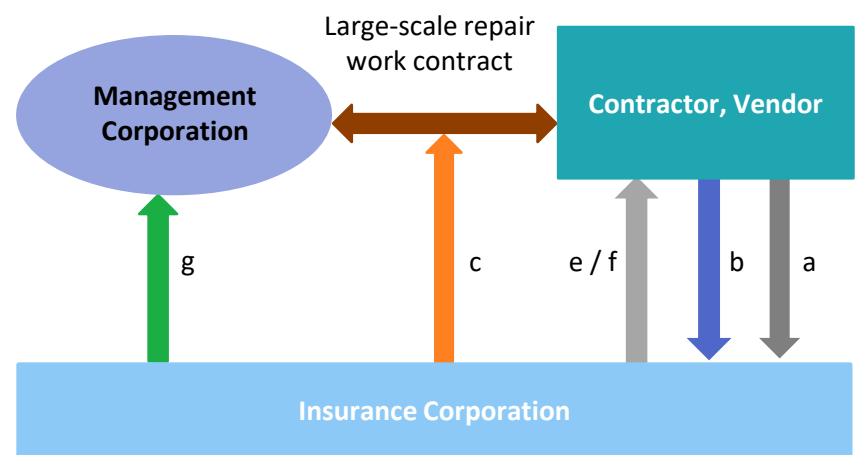


Diagram 14 Large-scale Repair Work Liability Insurance



## 8-3. Defect Liability Insurance Products

At the time of events insured, the Insurance Corporation pays 80% of the insurance amount and the insured Housing Business Providers need to pay the rest of 20%. In the event of bankruptcy of the Housing Business Providers, homeowners can request compensation directly from the Insurance Corporation.

Table 4 Housing Defect Liability Insurance Products 1

	New Housing Defect Liability Insurance (Compulsory) "Type I"	New Housing Defect Liability Insurance "Type II"	Extension of New Housing Defects Warranty Insurance	Remodeling Defects Liability Insurance
Year approved by MLIT	Oct-09	Oct-09	Apr-15	Mar-10
Mandatory (Y/N)	Mandatory	Voluntary	Voluntary	Voluntary
Policyholder / Insured entities	Licensed Contractors, Suppliers, Licensed Real Estate Agents	Contractor who does not require license, individual who sells newly built house	Homeowners	Remodeling Contractors
Contract insured	Construction Contract, Sale and Purchase Agreement	Construction Contract, Sale and Purchase Agreement	Houses insured by New Housing Defect Liability Insurance which is beyond 10 years	Remodeling contracts
Insurable houses	New houses, Apartment units, and Residence for Lease	New houses, Apartment units, and Residence for Lease	New houses, apartments units, residence for lease, Small-sized apartments (floor space less than 500 m <sup>2</sup> with 3 floors or less)	New houses, Apartment units, and Residence for Lease
Do contractors, vendors, real estate agents need to register?	Necessary	Necessary	Necessary	Necessary
Covered Area	Major Structural Elements & Parts Preventing Water Ingress	Major Structural Elements & Parts Preventing Water Ingress	Major Structural Elements & Parts Preventing Water Ingress (coverage can be extended to facilities depending on contract)	Remodeling parts · Major Structural Elements · Water Ingress (except defects related to facilities and equipment)

## 8-4. Defect Liability Insurance Products

Table 4 Housing Defect Liability Insurance Products 2

	New Housing Defect Liability Insurance (Compulsory) "Type I"	New Housing Defect Liability Insurance "Type II"	Extension of New Housing Defects Warranty Insurance	Remodeling Defects Liability Insurance
<b>Insurance Coverage</b>	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.
<b>Site Inspection</b>	Required	Required	Condition is implementation of inspection and specified maintenance work	Required
<b>Duration</b>	10 years	10 years	5 years, 10 years	1year-10years (depending on the type of conditions)
<b>Compensation ratio</b>	80% of insurance amount per one contract, 100% in the event of bankruptcy of contractors, vendors and sellers.	80% of insurance amount per one contract, 100% in the event of bankruptcy of contractors, vendors and sellers.	80% of insurance amount per one contract, 100% in the event of bankruptcy of contractors, vendors and sellers.	80% of insurance amount per one contract, 100% in the event of bankruptcy of contractors
<b>Insurance premium</b>	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation
<b>Max amount insured</b>	Regulatory limit: Yen 20 million / varies depending on Insurance Corporation	Regulatory limit: Yen 20 million / varies depending on Insurance Corporation	Yen 1 million, 10 million, 20 million	Yen 1 million to 20 million (depending on contract amounts)
<b>Deductible</b>	Yen 100,000	Yen 100,000	Yen 100,000	Yen 100,000

Type of special clause for New Housing Defect Liability Insurance (Type I):

- 1) Transferability of contract - In the even the deed of transfer is attached to the New Housing Defect Liability Insurance(Type I), when the house owner sells the house, the buyer of the house can succeed the insurance policy from the seller.
- 2) Uneven subsidence - In case occurrence of uneven subsidence, house owner can receive additional insurance payments. Uneven subsidence means where the amount of subsidence differs depending on the foundation, causing the building to tilt or sink unevenly.



## 8-5. Defect Liability Insurance Products

Table 4 Housing Defect Liability Insurance Products 3

	Existing Housing Sale Warranty Insurance			Large-scale repair work liability insurance
	For real estate agent (Seller of the house is real estate agent)	For transactions between individuals (Real Estate BrokerageType)	For transactions between individuals (Inspection Company Type)	
Products approved by MLIT	Dec-09	Apr-16	Jun-10	Dec-09
Mandatory (Y/N)	Voluntary	Voluntary	Voluntary	Voluntary
Policyholder / Insured entities	Licensed Real Estate Agent	Real Estate Broker	Inspection Company	Vendor or Contractor
Contract insured	Sale and Purchase Agreement (existing housing, seller is a licensed Real Estate Agent)	Sale and Purchase Agreement between individuals	Sale and Purchase Agreement between individuals	Repair Contract of common area of apartments
Insurable houses	Existing housing (detached houses and individual unit of non-detached houses)	Existing housing (detached houses and individual unit of non-detached houses)	Existing housing (detached houses and individual unit of non-detached houses)	Apartment houses
Do contractors, vendors, real estate agents need to register?	Necessary	Necessary	Necessary	Necessary
Covered Area	Major Structural Elements & Parts Preventing Water Ingress (covered area can be expanded to water supply and drainage lines)	Major Structural Elements & Parts Preventing Water Ingress (covered area can be expanded to water supply and drainage lines)	Major Structural Elements & Parts Preventing Water Ingress (covered area can be expanded to water supply and drainage lines)	Major Structural Elements & Parts Preventing Water Ingress, water supply and drainage, electrical equipment, steel parts such as railings, etc. (varies depending on product)

Type of special clause for Extension of New Building defects:

- 1) Transferability of contract - In the even the deed of transfer is attached to the New Housing Defect Liability Insurance(Type I), when the house owner sells the house, the buyer of the house can succeed the insurance policy from the seller.
- 2) Special clause to receive additional compensation in case Reform work cause defects.

## 8-6. Defect Liability Insurance Products

Table 4 Housing Defect Liability Insurance Products 4

	Existing Housing Sale Warranty Insurance			Large-scale repair work liability insurance
	For real estate agent (Seller of the house is real estate agent)	For transactions between individuals (Real Estate BrokerageType)	For transactions between individuals (Inspection Company Type)	
<b>Insurance Coverage</b>	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.	Repair cost, compensation for damage, Investigation fee, Legal expense, Temporary accommodation and moving cost, etc.
<b>Site Inspection</b>	Required	Required	Required	Required
<b>Duration</b>	2years - 5 years (depending on the type of conditions)	2years - 5 years (depending on the type of conditions)	2years - 5 years (depending on the type of conditions)	1year - 10years (depending on the type of conditions)
<b>Compensation ratio</b>	80% of insurance amount per one contract, 100% in the event of bankruptcy of sellers	100%	100%	80% of insurance amount per one contract, 100% in the event of bankruptcy of contractors and vendors
<b>Insurance premium</b>	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation	Varies depending on Insurance Corporation
<b>Max amount insured</b>	Yen 5 million or 10 million per house or housing unit (depending on conditions)	Yen 5 million or 10 million per house or housing unit (depending on conditions)	Yen 5 million or 10 million per house or housing unit (depending on conditions)	Yen 10 million to 500 million (depending on contract amounts)
<b>Deductible</b>	Yen 100,000	Yen 50,000	Yen 50,000	Yen 100,000

Type of special clause for Extension of New Building defects: (continued from P25)

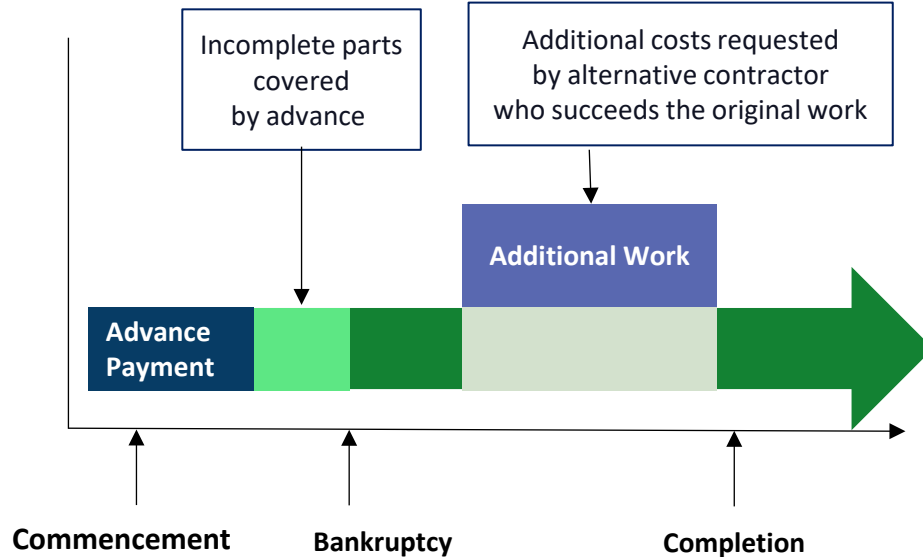
- 3) Compensation for water supply and drainage pipes - In the case defects of water supply and drainage pipes occurred, insurance payment can cover by paying additional premium.

## 9. Other products (Completion Warranty Program)

### Completion Warranty Program:

- Completion Warranty Programs are voluntary.
- At present, three Insurance Corporations provide a Completion Warranty Program.
- House builders or suppliers need to register at Insurance Corporations before receiving this program.

Diagram 15 Warranty under Completion Warranty Program



Insured area and warranty amounts vary depending on the Insurance Corporation.

#### Warranty:

- 1) The loss of advance payment: Advance payment minus amount of construction work completed.
- 2) Additional cost incurred by alternative contractor to complete parts the original contractor did not complete.
- 3) Expenses related to the introduction of an alternative contractor.

#### Limits:

- 1) Advance payment: up to 30% of the contract amount or amount specified by the Insurance Corporation.
- 2) Additional cost: up to 10% of the contract amount or amount specified by the Insurance Corporation.

## 10-1. Statistics of Defect Liability Insurance

Diagram 16 Number of newly built houses with secured financial resources for New Housing Defect Liability Insurance (Type I)

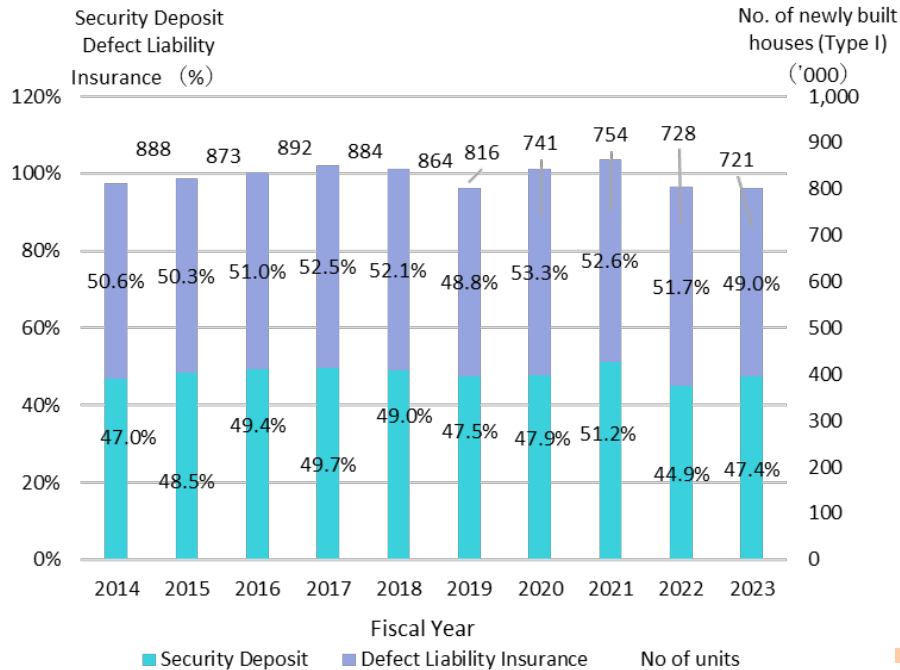
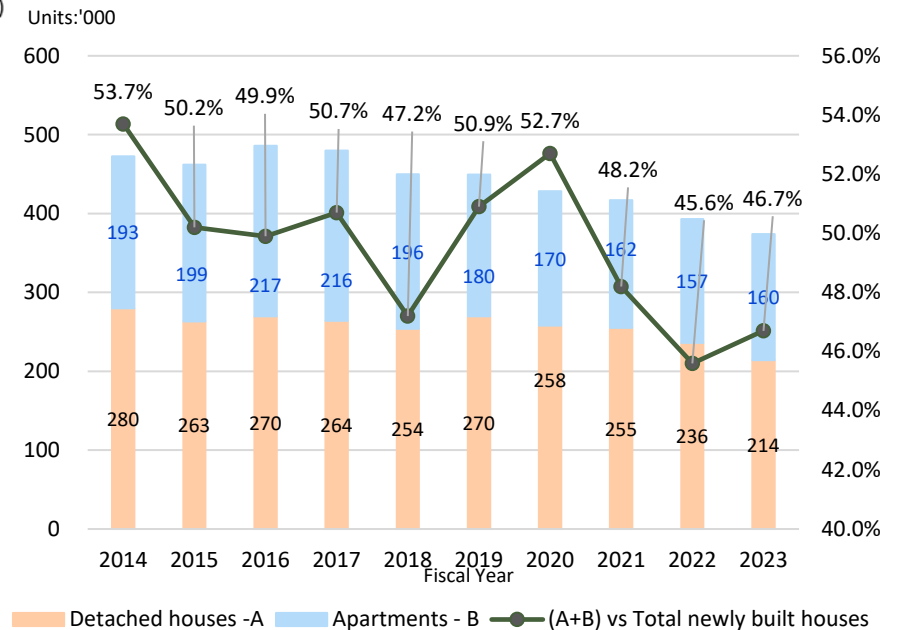


Diagram 17 Number of newly built house insurance policies issued by type of house



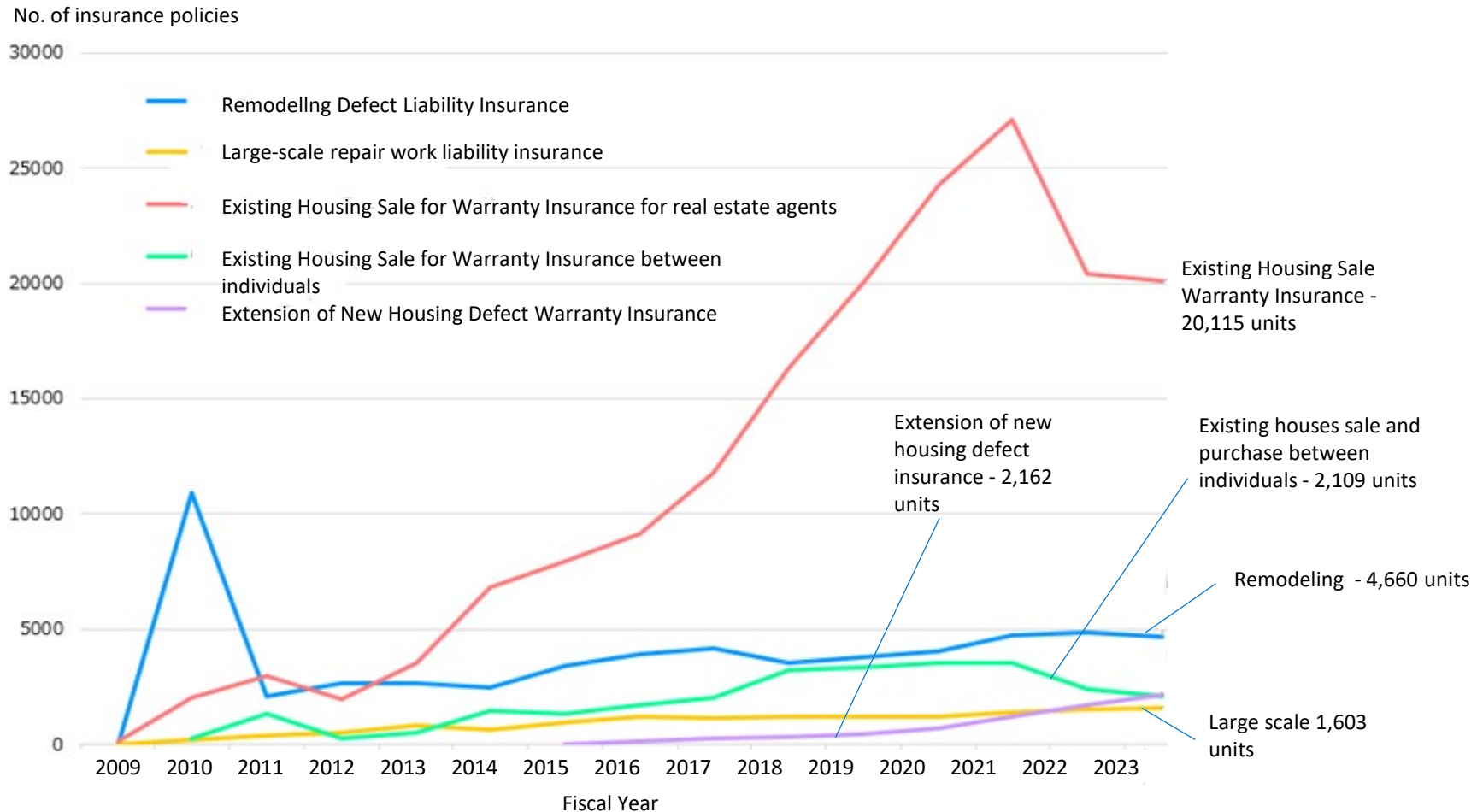
- The number of newly built houses is covered by the Security Deposit system and the Defect Liability Insurance System on an around 50:50 basis.
- Housing business providers who supply less than 1,000 units per year tend to choose Defect Liability Insurance instead of Security Deposit system as a measure of securing financial resources.
- The share of Defect liability Insurance has been in downward trend and was 46% against total new housing starts in FY2023.

Diagram 16 Source: MLIT, Number registered newly built houses on either Security Deposit System or Defects Liability Insurance (Japanese Only)

Diagram 17 Source: CHORD, Annual statistics regarding housing related issues 2024 (Japanese Only)

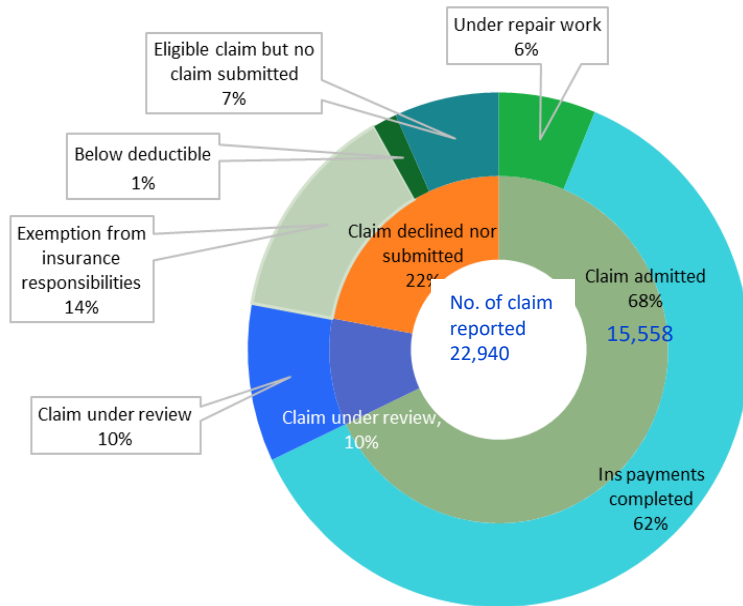
## 10-2. Statistics of Defect Liability Insurance

Diagram 18 Number of insurance policies related to the existing housing warranty program



## 10-3. Statistics of Defect Liability Insurance

Diagram 19 Events insured of Defect Liability Insurance during 2008 - Mar 2024  
(data provided by insurance corporations on an accumulated basis)



• Occurrence ratio of events insured: 0.37%  
(= No. of claim admitted 15,558 / Accumulated number of insurance policies 4,268,156).

• Average insurance payment per policy: Yen 1.23million  
(Water Ingress : Yen 1.1million, Structure: Yen 3.53million)

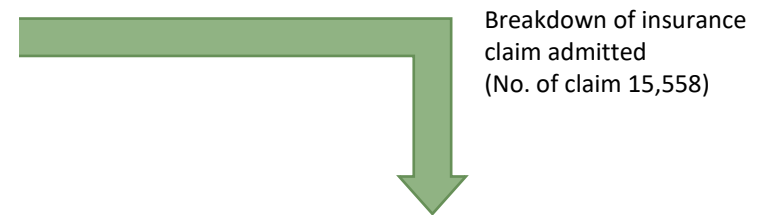


Diagram 20 Breakdown of claim admitted during 2008 - 2023

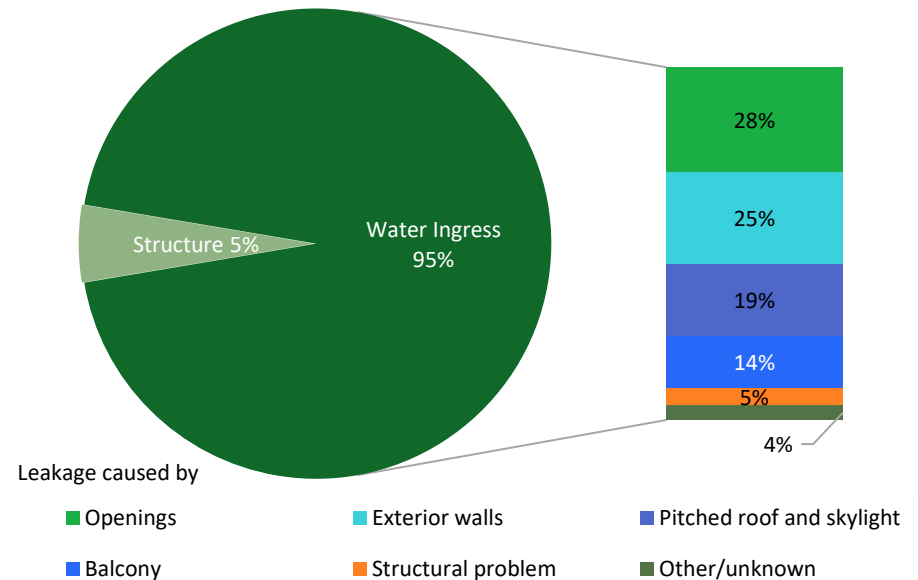


Diagram 19 Source: MLIT

Diagram 20 Source: CHORD, Annual statistics regarding housing related issues 2024

## 11-1. Safety Net of Housing Defect Liability Insurance

### 1 . Rules related to business of insurance corporations

(1) The business of insurance corporations prescribed in AEDWL and the ordinance for enforcement of AEDWL.

- The Minister of MLIT must authorize the appointment of directors, dismissal of directors, business plans, and budgets of every business year.
- The insurance corporation must submit business reports and income and expenditure statements for every business year to the Minister of MLIT.
- The insurance corporation must establish the way of provision of valuation reserve, reserve for contingencies, and the methodology of asset management as prescribed in ordinance for enforcement of AEDWL.
- If the Minister of MLIT finds it to be necessary, the Minister of MLIT may issue supervision orders.
- The Minister of MLIT may have relevant officers enter the business office of insurance corporations and monitor its business on a quarterly basis.

(2) In the event that the insurance corporation falls into bankruptcy, the following action should be taken:

- Upon submission of the application for discontinuation of business from the insurance corporation, the Minister of MLIT may authorize the permission of discontinuation of the business based on the provision of Article 29.
- In the event that the Minister of MLIT finds that the insurance corporation has not conducted business properly and fairly, the Minister of MLIT may order the cancellation of an appointment, the transfer of all contracts or part of a contract during the specified period of time based on the provision of Article 30.
- In the event that an insurance corporation's designation is revoked, the Minister of MLIT may authorize the transfer of all contracts to a designated insurance corporation based on the provision of Article 31.

- Currently, there are five insurance corporations who provide Defect liability insurance products.

Table 5 Name of Insurance Corporation

Insurance Corporation	Organization for Housing Warranty Ltd.	JIO Corporation	Houseplus Co., Ltd.	J-Anshin	House G-men Co., Ltd
Established	2011/05/24	1999/07/01	2008/02/01	1999/06/01	2000/12/01
Paid up Capital (Yen Million)	635	1,000	970	466	300

- Associations of Defect Liability Insurance Corporations, established in 2008, takes the role of training inspectors for inspection of Defect liability insurance.

## 11-2. Safety Net of Housing Defect Liability Insurance

### **2. The Housing Warranty Fund takes the following roles as a safety net in the event of extraordinary risks:**

#### **(1) Subsidy for small and medium-sized companies**

Insurance premiums paid by small and medium-sized companies are set at a discounted level.

#### **(2) Safety net against intention or gross negligence**

Insurance corporations are exempted from insurance payments for losses arising from intention or gross negligence in order to protect from moral hazards:

- Housing business providers should be responsible for such losses. However, if insurance corporations are exempted from insurance payments for this type of losses in the event that housing business providers fall into bankruptcy or otherwise, etc., clients and homebuyers have no way of redress.
- In this type of situation (including the circumstance that housing business providers cannot implement repair work for certain periods of time due to financial stress), insurance corporations enter into reinsurance agreements with the Homebuyers' Rescue Fund ("the Fund") regarding intention or gross negligence.
- In the event that the Fund has insufficient money and cannot make payments to the insurance corporations, the Housing Guarantee Fund may make zero interest-bearing loans to the Fund.

#### **(3) Safety net against excessive losses**

- As for risks related to new house defect liability insurance (Type I), insurance corporations enter reinsurance contracts with casualty insurance companies (except risks arising from intention or gross negligence).
- For excessive losses up to yen 12.5billion, casualty insurance companies jointly set up financing pools for excessive losses in order to manage risks. For losses exceeding yen 12.5billion, casualty insurance companies have reinsurance contracts with the Large-scale Loss Compensation Fund ("LSCF"). In the event of losses exceeding yen 12.5billion, the Housing Guarantee Fund provides non-interest-bearing loans to the LSCF so that it can make reinsurance payments to casualty insurance companies.

#### **(4) Support for new products**

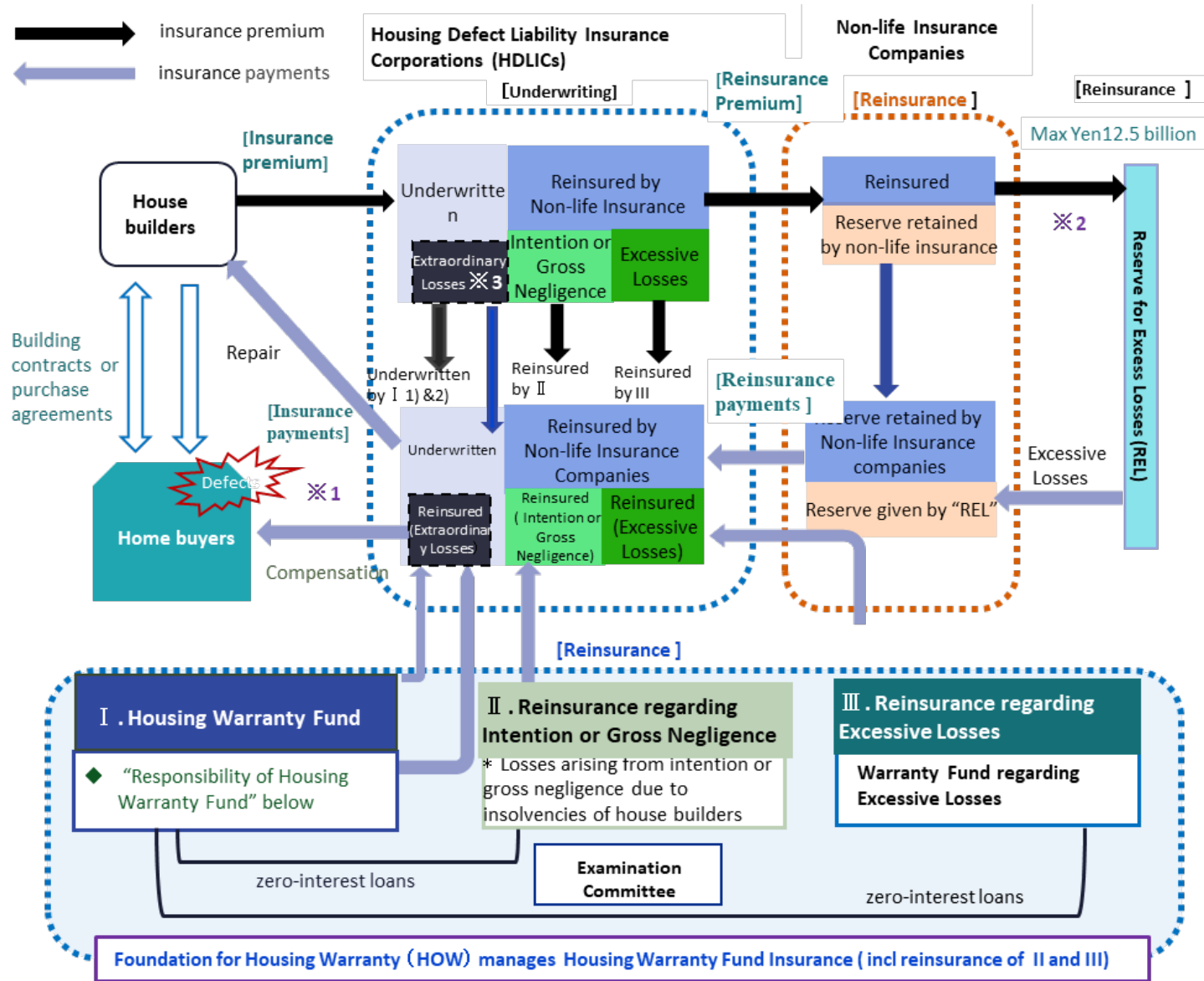
Regarding newly marketed insurance products for existing houses, events insured may occasionally occur at a higher level than initially estimated. This type of extraordinary risk can be covered by the Housing Warranty Fund.

For risk regarding intention or gross negligence (above (2)) and excessive losses (3), the Foundation for Housing Warranty (HOW) provides reinsurance to insurance corporations.



# 11-3. Safety Net of Housing Defect Liability Insurance

Diagram 21



Source: MLIT, 10 years of implementation of Defect Liability Insurance (Japanese Only)

## 12. Transactions of Houses and Defect Liabilities

Table 6 Provision for defects liability between construction contracts and sale and purchase agreements

		Construction Contracts		Sale and Purchase Agreements		
		Civil Law	Housing Quality Assurance Scheme	Civil Law	Housing Quality Assurance Scheme	
Contractors, Vendors, and Sellers		All	Contractors of newly built houses (regardless of whether corporation or individual)	All	Contractors of newly built houses (regardless of whether corporation or individual)	
Responsible area		All	Major structural parts of newly built houses	All	Major structural parts of newly built houses	
Defects liability	Buyer's right to demand cure	Civil Law Art 559	Same as Civil Law (Construction)	Civil Law Art 562	Same as Civil Law (Sale and Purchase)	
	Compensation for loss or damage due to non-performance	Civil Law Art 415	Same as Civil Law (Construction)	Civil Law Art 415	Same as Civil Law (Sale and Purchase)	
	Buyer's right to demand reduction of price	Civil Law Art 559	Same as Civil Law (Construction)	Civil Law Art 563	Same as Civil Law (Sale and Purchase)	
	Non-performance due to grounds attributable to obligee	Civil Law Art 542, 543	Same as Civil Law (Construction)	Civil Law Art 542, 543	Same as Civil Law (Sale and Purchase)	
	Duration		—	10 years from the delivery date (no reduction of term allowed)	—	10 years from the delivery date (no reduction of term allowed)
			Notice of nonconformity to the terms of the contract within one year from the time when the party becomes aware of it. Civil Law Art 637	Notice of defects within one year from the time when the party becomes aware of it (HQAA 94-3)	Notice of nonconformity to the terms of the contract within one year from the time when the party becomes aware of it. Civil Law Art 566	Notice of defects within one year from the time when the party becomes aware of it (HQAA 95-3)
Special provision	Clauses which impair the interests of the client are effective	Clauses which impair the interests of the client are void	Clauses which impair the interests of the buyers are effective	Clauses which impair the interests of the buyer are void		

Source: Housing Bureau Housing Production Division MLIT, The Housing Quality Assurance Act-revised version 2020

## 13-1. Housing Dispute Resolution System, Consultation and Advice

The Center for Housing Renovation and Dispute Settlement Support (CHORD), established in 1984, commenced the provision of dispute settlement support from 2000.

CHORD is engaged in:

- (1) Housing issues
- (2) Support for housing dispute resolution
- (3) Improvement of the business environment of remodeling,
- (4) Research regarding dispute resolution for housing

### **(1) Disputes between homeowners and house builders, vendors, realtors**

The types of assistance offered are as follows:

- (1) Free telephone consultation for housing issues
- (2) Consultation by industry experts (architects and designated lawyers)
- (3) Housing Disputes Examination Committee (HDEC): designated housing dispute resolution bodies, organized at local bar associations in 52 prefectures based on the Housing Quality Assurance Promotion Act. Sellers, buyers house builders, and owners of houses can apply to HDEC for an alternative dispute resolution (ADR) session. 97% of cases that applied to HDEC have been solved through arbitration.

For disputes related to insurance payments, Insurance Corporations can be involved in the dispute. Therefore, the relevant parties may solve the problem without pursuing a separate resolution process. Once the relevant parties in the dispute agree on a settlement, the relevant Insurance Corporation respects and accepts the outcome.

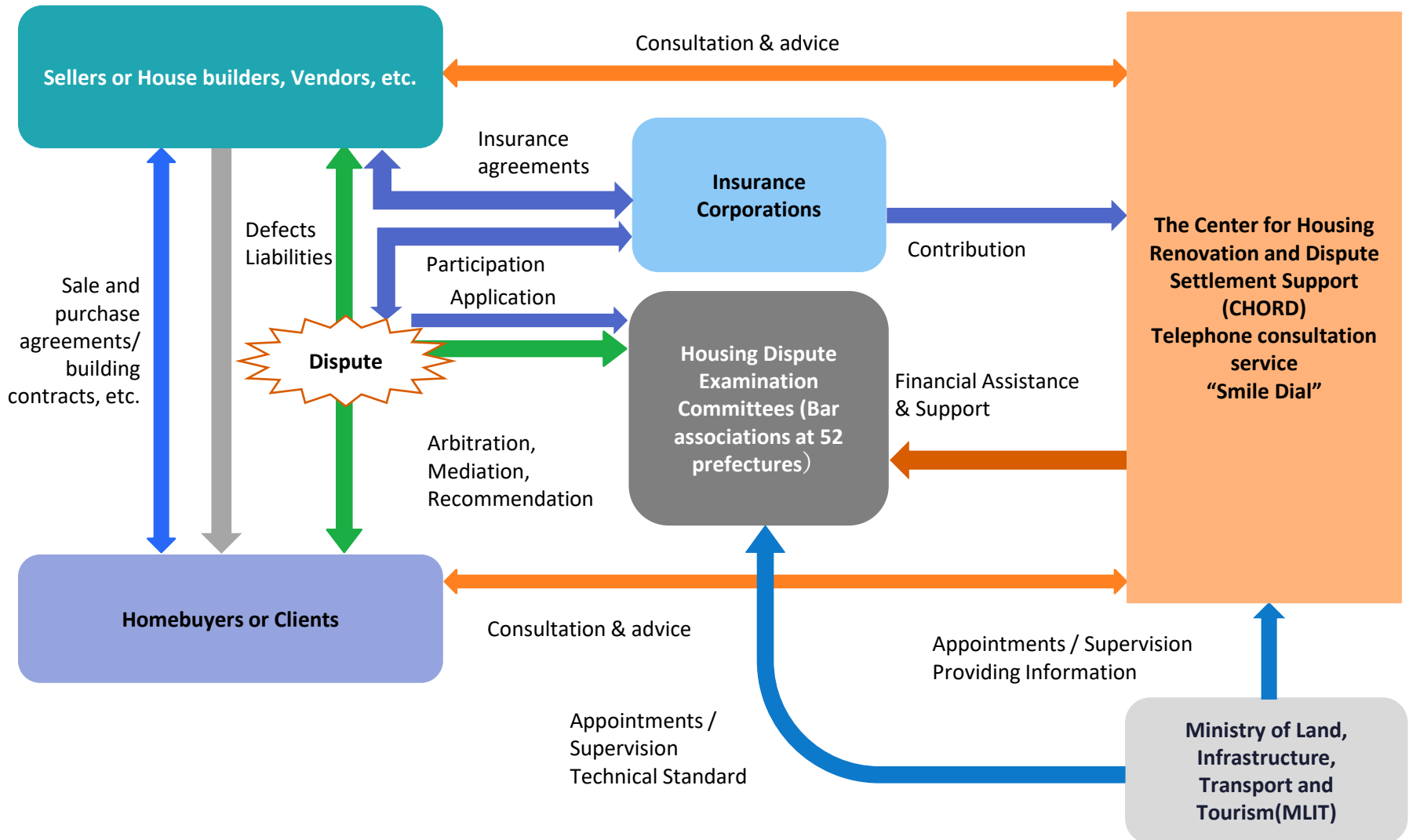
In the event that the Insurance Corporation is involved in the dispute as a relevant party or disputant, the Insurance Corporation usually accepts the offered settlement or arbitration proposal.

### **(2) MLIT's Housing Production Division handles consultations and complaints related to Insurance Corporations**

The Housing Production Division of MLIT handles consultations and complaints from consumers and other parties regarding the operation of Insurance Corporations.

## 13-2. Housing Dispute Resolution System, Consultation and Advice

Diagram 22 Consultation and Dispute resolution system for houses and remodeled houses



Source: MLIT, 10 years of implementation of Defect Liability Insurance (Japanese Only)

## 13-3. Housing Dispute Resolution System, Consultation and Advice

Table 7 Houses eligible for telephone consultation, consultation by industry experts, and Housing Dispute Examination Committees

	Newly built houses			Existing houses							
	*1	with Defect Liability Ins.	Other houses	Remodeling	with Defect Liability Ins.	Other					
Telephone consultation	<div style="border: 2px solid orange; padding: 5px; text-align: center;">                     Consultation, advice, handling complaints regarding construction agreements and sale and purchase agreements                 </div>										
Consultation by industry experts							Covered by CHORD		Not covered	Covered by CHORD*3	
Housing Dispute Examination Committees (ADR)							Covered by CHORD		Not covered	Covered by CHORD*3	

\*1 Houses covered by the housing performance indication system

\*2 There are exceptional cases

\*3 Since October 2022, CHORD has been handling disputes arising from existing houses/remodeling works which are covered by the Housing Defect Warranty Liability Insurance. Insurance Corporations pay fees to CHORD to support their operations.

## 13-4. Housing Dispute Resolution System, Consultation and Advice

Diagram 23 Number of telephone consultations in 2023 (new and existing)

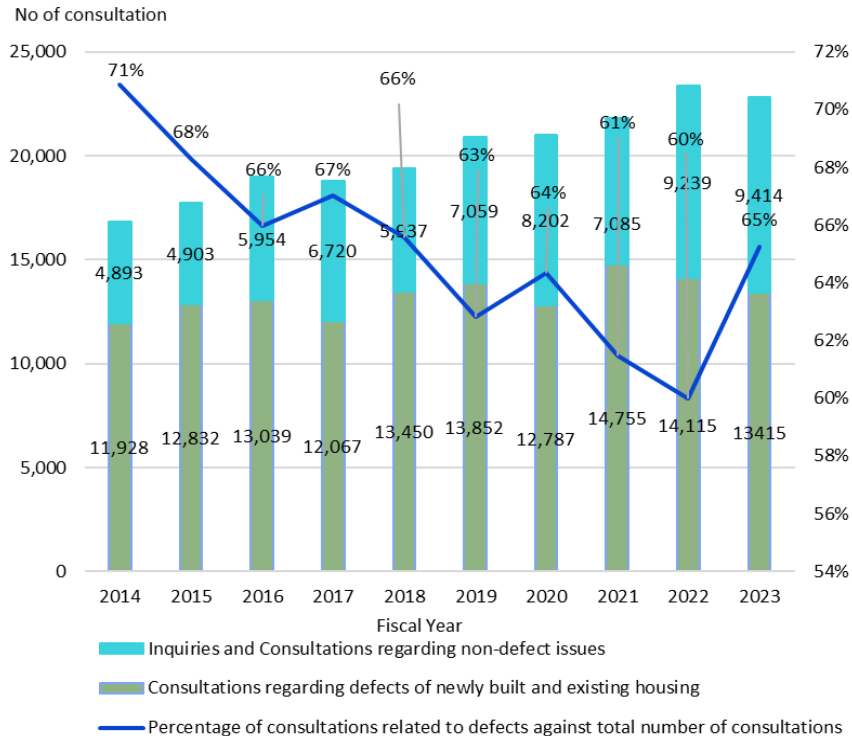
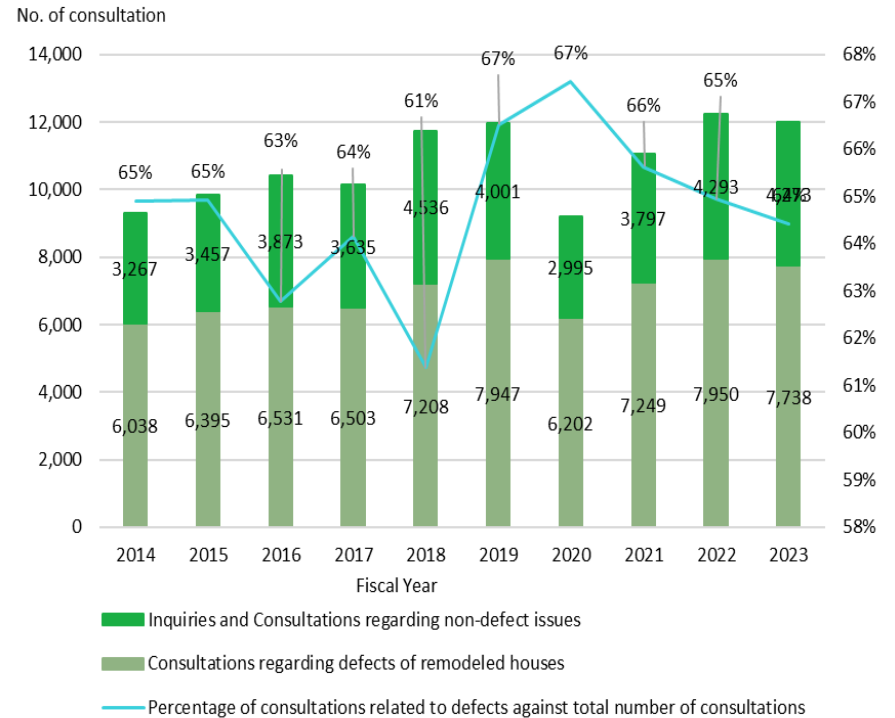


Diagram 24 Number of telephone consultations in 2023 (remodeling)



“Consultations regarding defects of newly built and existing houses” includes consultations for disputes related to contracts/agreements.

“Inquiries and Consultations regarding non-defect issues” includes houses for lease, trouble with neighbors, inheritance, and inquiries for various housing related government schemes.

“Consultations regarding defects of remodeled houses” includes consultations related to disputes arising from contracts/agreements.

“Inquiries and Consultations regarding non-defect issues” includes houses for lease, trouble with neighbors, inheritance, and inquiries for various housing related government schemes.

## 13-5. Housing Dispute Resolution System, Consultation and Advice

Table 8-1 Clients' desired resolution in 2023 (new and existing)

Newly Built and Existing Housing				
No. of cases	Newly built housing	(%)	Existing housing	(%)
Repair	5,729	59.7	557	58.0
Repair and Compensation for damages	852	8.9	67	7.0
Compensation for damages	1,109	11.6	162	16.9
Cancellation of contract	625	6.5	67	7.0
Construction amounts, etc.	19	0.2	0	0.0
Other	1,267	13.2	107	11.1
<b>Total</b>	<b>9,601</b>	<b>100</b>	<b>960</b>	<b>100.0</b>

Table 8-2 Clients' desired resolution in 2023 (remodeling)

Remodeling				
(No. of cases)	Newly built houses	(%)	Existing houses	(%)
Repair	1,600	46.7	531	42.4
Repair and Compensation for damages	295	8.6	144	11.5
Compensation for damages	463	13.5	210	16.8
Cancellation of contract	385	11.2	149	11.9
Construction amounts, etc.	10	0.3	2	0.2
Other	673	19.6	216	17.3
<b>Total</b>	<b>3,426</b>	<b>100</b>	<b>1,252</b>	<b>100.0</b>

Table 9-1 Consultation by area in 2023 (new and existing)

No. of cases	Newly Built and Existing Housing			
	Newly built	(%)	Existing	(%)
Exterior walls	1,436	12.9	85	7.5
Floor	1,229	11.1	188	16.6
Openings	1,213	10.9	102	9.0
Equipment	824	7.4	121	10.7
Exterior	775	7.0	28	2.5
Roofs, incl. attic	677	6.1	80	7.1
Other	4,963	44.6	530	46.7
<b>Total</b>	<b>11,117</b>	<b>100.0</b>	<b>1,134</b>	<b>100.0</b>

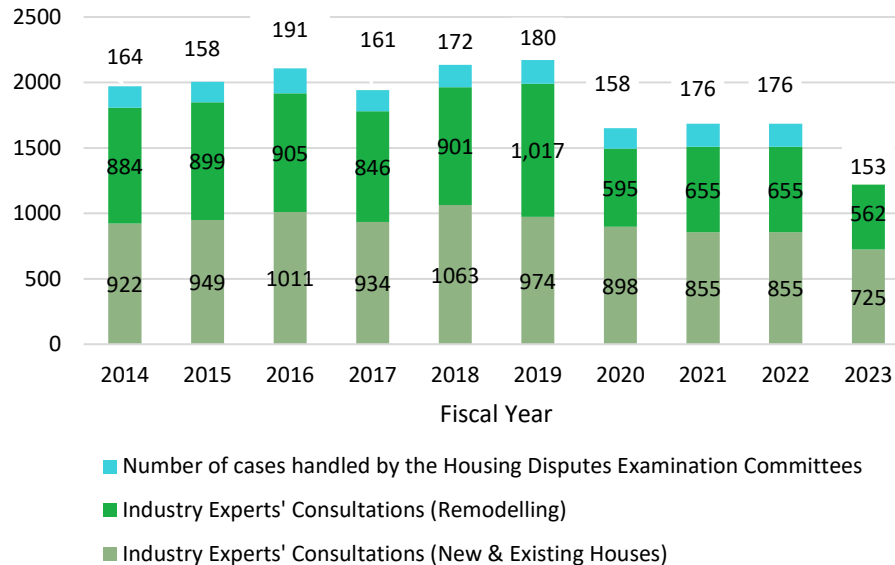
Table 9-2 Consultation by area in 2023 (remodeling)

No. of cases	Remodelling			
	Newly built	(%)	Existing	(%)
Exterior walls	750	21.5	126	8.7
Floor	317	9.1	261	18.1
Openings	266	7.6	132	9.2
Equipment	303	8.7	182	12.6
Exterior	204	5.9	30	2.1
Roofs, incl. attic	564	16.2	108	7.5
Other	1,082	31.0	603	41.8
<b>Total</b>	<b>3,486</b>	<b>100.0</b>	<b>1,442</b>	<b>100.0</b>

## 13-6. Housing Dispute Resolution System, Consultation and Advice

Diagram 25 Number of cases handled by industry experts (fee charged) and the Housing Dispute Examination Committees in 2023

No. of cases



- The applicants can utilize Industry Experts' Consultation which are run by both architects and lawyers for a fee basis.
- Housing Dispute Examination Committees (HDEC), as an ADR organization, handles housing disputes operated by local bar associations. 97% of disputes brought to HDEC have been settled by mediation.

Source: CHORD, Annual statistics regarding housing related issues 2024

## 14. Link

Organization	Contents	HP
Housing Production Division, Ministry of Land, Infrastructure, Transport and Tourism	Housing defect warranty	<a href="https://www.mlit.go.jp/jutakukentiku/jutakukentiku.files/kashitanpocorner/">https://www.mlit.go.jp/jutakukentiku/jutakukentiku.files/kashitanpocorner/</a>
Center for Housing Renovation and Dispute Settlement Support (CHORD)	Dispute resolution	<a href="https://www.chord.or.jp/chord_official/index.html">https://www.chord.or.jp/chord_official/index.html</a>
Japan Federation of Bar Associations	Housing Dispute Examination Committees	<a href="https://www.nichibenren.or.jp/en.html">https://www.nichibenren.or.jp/en.html</a>



## 15-1 Source

Diagram	Name	Sources
Diagram 1	Housing investment and its share against GDP	Cabinet Office, National Accounts of Japan
Diagram 2	Changes in Housing Warranty System	Organization of Housing Warranty, Databook 2008
Diagram 3-1	Housing Quality Assurance Scheme1	Organization of Housing Warranty, Outline of Housing Quality Assurance Scheme
Diagram 3-2	Housing Quality Assurance Scheme2	Organization of Housing Warranty, Outline of Housing Quality Assurance Scheme
Diagram 4	HQAS - by housing units & registered business entities	Organization of Housing Warranty, Databook 2008
Diagram 5	Security Deposit Scheme	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 6-1	New Housing Defect Liability (Type I) Scheme	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 6-2	New Housing Defect Liability (Type I) Scheme	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 7	Parts in Housing, in which 10 years liability is mandatory	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 8	Inspection at the time of underwriting	Study Committee of the Housing Defects Assurance Regulation: The Housing Quality Assurance Act Q&A, 2008, /HP of Insurance Corporations
Diagram 9	Extension of New Housing Defects Warranty Insurance	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 10	Existing Housing Sale Warranty Insurance for real estate agents	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 11	Existing Housing Sale Warranty Insurance for transactions between individuals (Real estate brokerage type)	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 12	Existing Housing Sale Warranty Insurance for transactions between individuals (Inspection Company type)	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 13	Remodeling Defect Liability Insurance	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 14	Large-scale Repair Work Liability Insurance	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 15	Warranty under Completion Warranty Program	Websites of insurance corporations
Diagram 16	Number of newly built houses with financial security resources for New Housing Defect Liability Insurance (Type I)	MLIT, Number registered newly built houses on either Security Deposit System or Defects Liability Insurance (Japanese Only)
Diagram 17	Number of insurance policies issued by type of house	CHORD, Annual statistics regarding housing related issues 2024

## 15-2 Source

Diagram	Name	Sources
Diagram 18	Number of insurance policies related to the existing houses and remodeling	MLIT: Recent Trends of Defects Liability Insurance scheme July 2023 (Japanese Only)
Diagram 19	Type of defects of insured events regarding Newly Housing Defects Warranty Insurance (Wooden detached houses)	CHORD, Annual statistics regarding housing related issues 2024
Diagram 20	Defects by area of insured events regarding Existing Housing Sale Warranty Insurance	CHORD, The integration of information system regarding housing 2021 & 2022 (Japanese Only)
Diagram 21	Safety net of Housing Defect Liability Insurance	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 22	Consultation and Dispute resolution system for houses and remodeled houses	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Diagram 23	Number of telephone consultations (new and existing houses)	CHORD, Annual statistics regarding housing related issues 2024 Table 32,34
Diagram 24	Number of telephone consultations (remodeling)	CHORD, Annual statistics regarding housing related issues 2024 Table 35
Diagram 25	Number of cases handled by industry experts (fee charged) and Housing Dispute Examination Committees	CHORD, Annual statistics regarding housing related issues 2024 ADR Table 1, Expert's Consultation 1
Diagram	Name	Sources
Table 1	Defects reported during 1986 - 2007 based on HQAS	Organization of Housing Warranty: Databook 2008
Table 2	New Housing Defect Liability Insurance Mandatory vs Voluntary	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Table 3	Security Deposit Calculation	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Table 4	Housing Defect Liability Insurance Products	MLIT and Websites of Insurance Corporations
Table 4	Housing Defect Liability Insurance Products (2)	MLIT and Websites of Insurance Corporations
Table 5	List of Insurance corporations	Websites of Insurance Corporations
Table 6	Provisions for defects liability between construction contracts and sale and purchase agreements	Housing Production Division Housing Bureau, MLIT: The Housing Quality Assurance Act - revised version 2020
Table 7	Houses eligible for telephone consultation, consultation by Industry Experts, and Housing Dispute Examination Committees	MLIT, 10 years of implementation of Defects Liability Insurance (Japanese Only)
Table 8	Clients' desired resolution (new and existing houses, remodeling)	Annual statistics regarding housing related issues 2024 Table 46
Table 9	Consultation by area (new and existing houses, remodeling)	Annual statistics regarding housing related issues 2024 Table 90

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