

HOUSING WARRANTY SCHEME IN JAPAN

NOVEMBER 2023

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, 2023.

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 Infrastructure, Land and Transportation |
| OWH | Organization of Housing Warranty |
| SDS | Security Deposit Scheme |

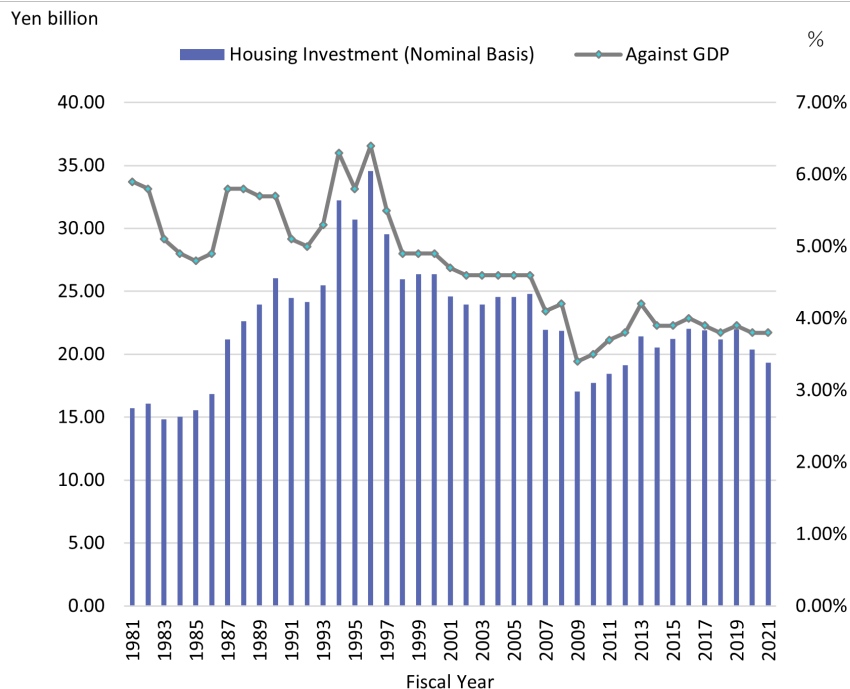
Contents

| | | |
|-----|---|-----|
| 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. | Defects Parts for which 10 years liability is mandatory | P18 |
| 7. | Inspection | P19 |
| 8. | Defects Liability Insurance Products | P20 |
| 9. | 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

- During 1955 to 1973, investments in the housing sector increased more than five times, and its share against GDP stayed in the range of 6 - 9% (vs 3 - 4% at present).
- Same time, housing demand showed an increase due to a shortage of housing, and many companies launched prefabricated housing market.
- In 1975, the housing bureau of the Ministry of Construction (“MC”), Ex-entity of Ministry of Land, Infrastructure and Transportation (MLIT), formed the Study Committee of the Housing Warranty System.
- At that time, the housing sector experienced an incremental housing defects due to short supply of construction materials, lower quality of materials and works after the 1st Oil Crisis.

Diagram1 Housing Investment and its share against GDP



Statistical methodology: 1980-1993 based on 2000 rule, 1994 and onwards based on 2015 rule

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

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

Structural changes:

- In the past, housing supply was supported by medium- and small-sized companies in respective area, which normally constructed five houses per year.
- During rapid economic growing era, people, who moved to urban areas, faced with the difficulty to find qualified builders as well as houses with reasonable price. To meet 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, consumer protections, and sustain qualified housing suppliers.
- The Registration Organization for Warranted Houses (ROWH), the sole operator, was established in 1982
- ROWH was renamed to the Organization of Housing Warranty (OWH) in 1999.
- HQAS was mainly used by medium- and small-sized builders.

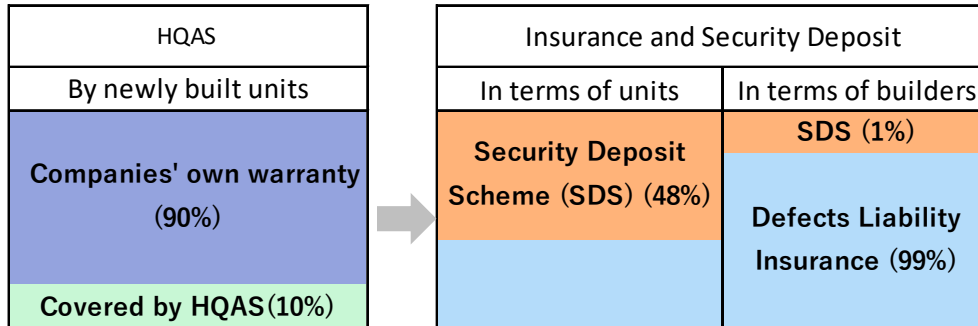
Background of warranty system run by private companies:

- The Japan Prefabricated Construction Suppliers and Manufacturers Association (“JPA”) was formed by several prefabricated housing companies in 1963.
- JPA set up their own customer service code including warranty system as following:
 - ❑ 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 attributed to establish the Security Deposit Scheme (SDS) based on the Act for Execution of Defects 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 are around 50%. However, only 1% of contractors has been using SDS.

1-3. Background of the Housing Warranty System

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

Diagram2 Changes in the Housing Warranty System



Source: Organization of Housing Warranty: Databook 2008

- Since 2006, the National Plan on Housing has been working to develop good-quality residential stock instead of increasing the number of houses under an aging society.
- Residential stock has reached a sufficient level of supply, several area such as earthquake resistance, insulation, and energy efficiency need to be improved.
- Regenerating stock toward higher-quality and longer-life houses requires proper maintenance work, remodeling, rebuilding, and an efficient distribution system.

Major challenges of housing industries under 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. Increase of the trading volume of existing houses.
5. Dissemination of defect liability insurance products for existing houses and a housing inspection scheme for existing houses*1.

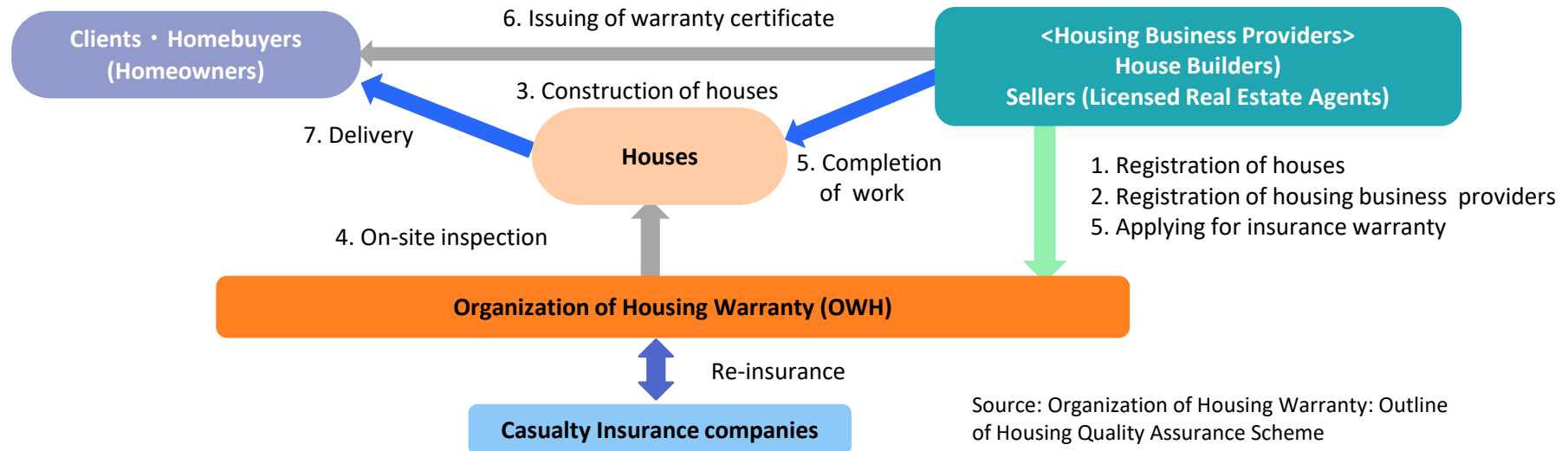
*1 Licensed architects who completed the required training course determined by MLIT, conduct inspections to find cracks, deterioration and defects in the area of major structural parts (foundation, and walls) and water ingress.

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

HQAS was 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 house, non-detached houses, non-detached houses for lease
- Warranty covered area was major structural parts and water ingress
- 10 years from the commencement date of the scheme

Diagram3-1 Housing Quality Assurance Scheme



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

Flow of HQAS

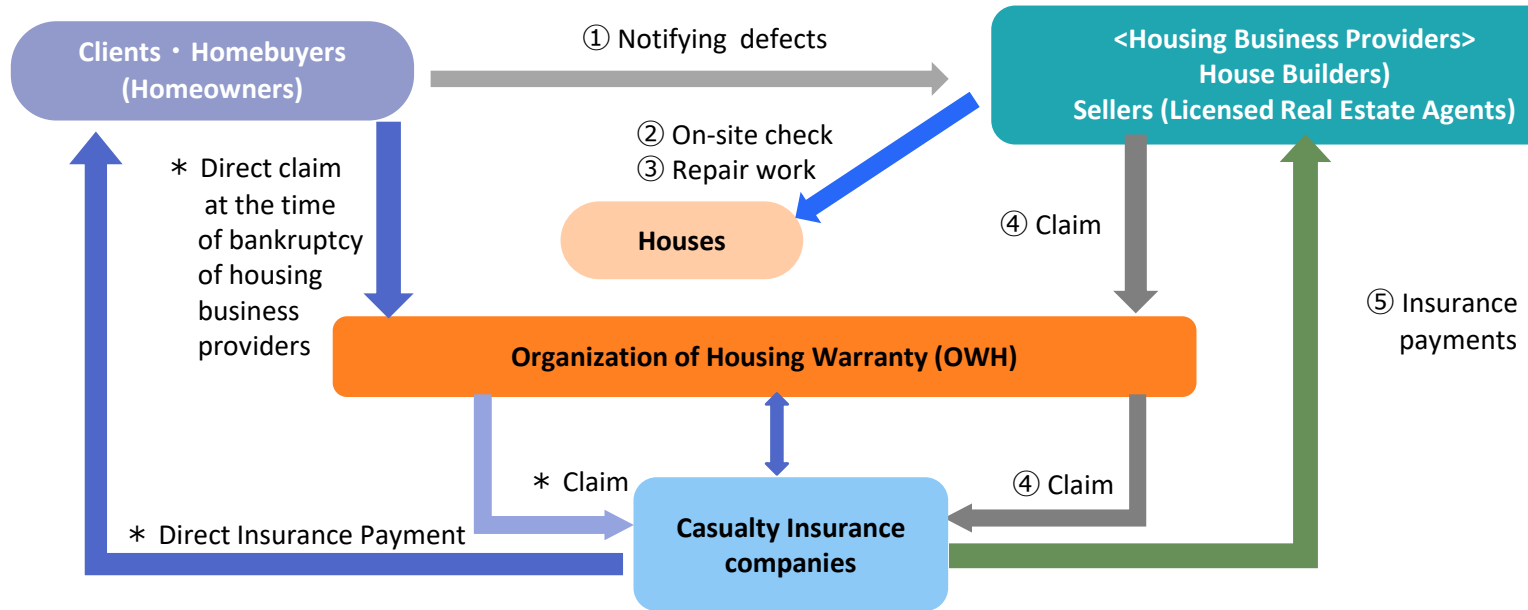
1. Registration of housing business providers
2. Registration of houses to HQAS
3. Construction of houses
4. On-site inspection
5. Completion of construction work • Applying for issuance of warranty
6. Issuing of warranty certificate
7. Delivery of houses

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: depending on the size and the structure

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

Diagram3-2 Housing Quality Assurance Scheme



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

Flow of events ensued occurred

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

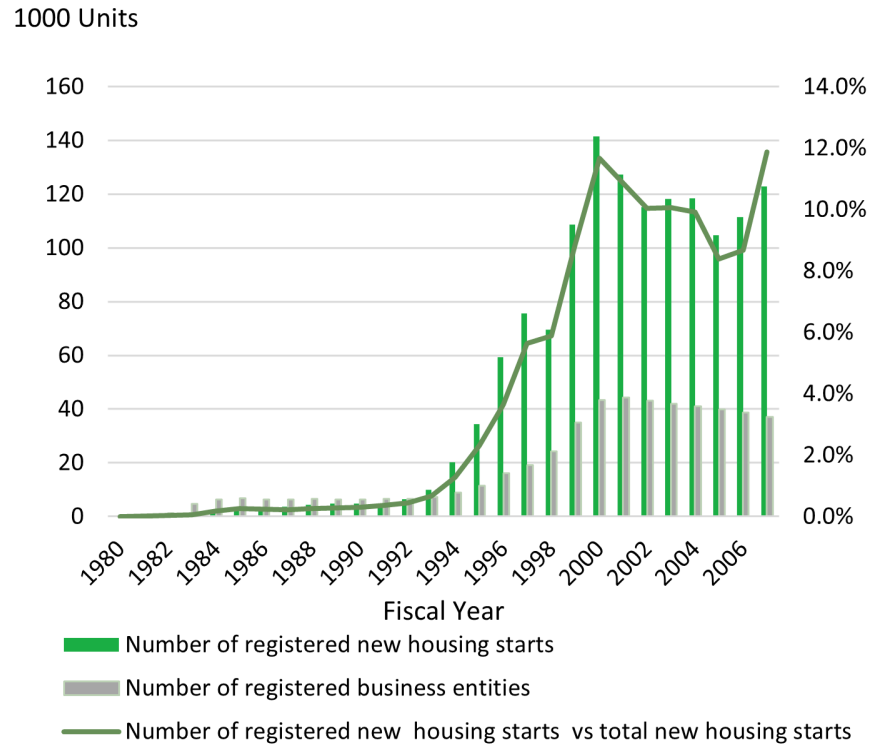
* 80% of the payments is paid by Casualty insurance companies, and 20% is paid by registered entities

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 to OWH.

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

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



Source: Organization of Housing Warranty: Databook 2008

- 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.

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

- No. of defects reported during 1986 ~2007 was about 3,300. 72% was related to water ingress.

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 Designated Housing Dispute Resolution Bodies.

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 or other.

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

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

Background of enactment of AEDWL:

- In November 2005, the case in which an architect made fake building structure statements was disclosed. 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 are 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 having already bought 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.

The Act for Execution of Defect Warranty Liability under HQAA was approved in December 2007 and became effective as of October 1, 2009.

The Act's pain 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 provide an assistance for solving of disputes between homebuyers or clients and sellers or house builders, etc., through the Review Board of Housing dispute.

5-1. Securing financial resources under AEDWL

AEDWL obligates housing business providers to set aside funds for fulfilling 10 years of defect warranty liability (including the right of purchasers and other parties to demand repairs). To ensure that funding is available, housing business providers are obliged to participate in deposit schemes or defect liability insurance. 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 Defects 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:

(i) Builders: builders having licenses from the Minister of MLIT or a prefectural governor based on the Construction Business Act.

(ii) Licensed Real Estate Agents: agents having licenses from the Minister of MLIT or a prefectural governor based on the Construction Business Act.

Based on these schemes, the buyer of a new house can claim reimbursement of repair costs and other necessary expenses through 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 to 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 the reimbursement of 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.
- There are five insurance corporations that provide Defect Liability Insurance at present.

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

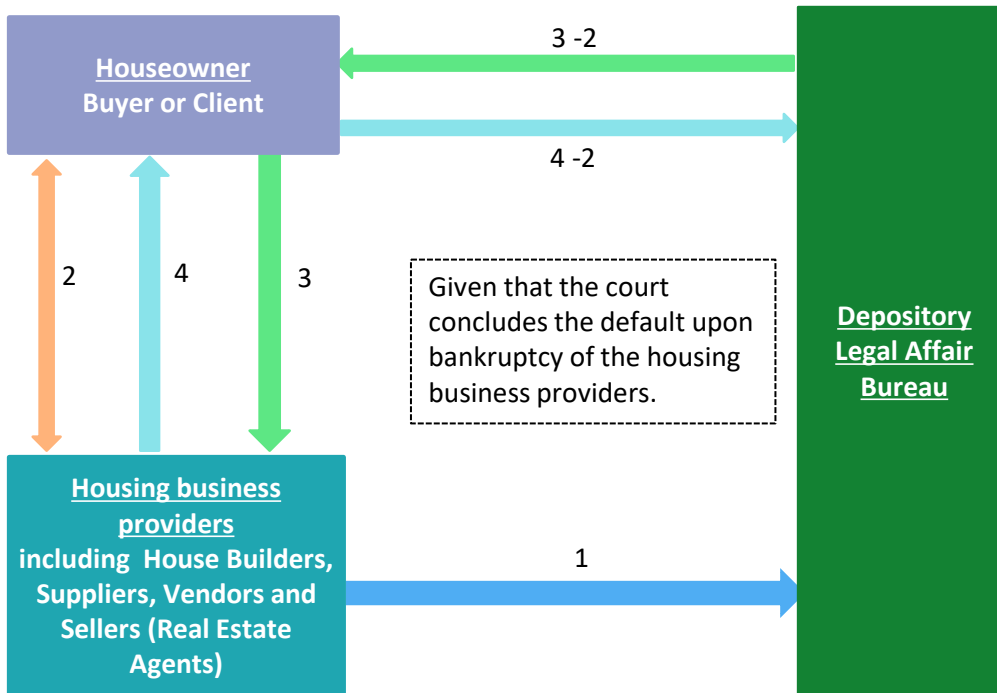
| Contract | Seller | Buyer | Securing Financial Resources required? (Y/N) | Mandatory or Voluntary | Insurance | Relevant Clause |
|------------------------------|---------------------------------------|--|--|------------------------|---|-------------------|
| Building contracts | Construction Company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

#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 m²

5-4. Securing financial resources under AEDWL

Diagram 5 Security Deposit Scheme



- 1 Places security deposit to 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 |

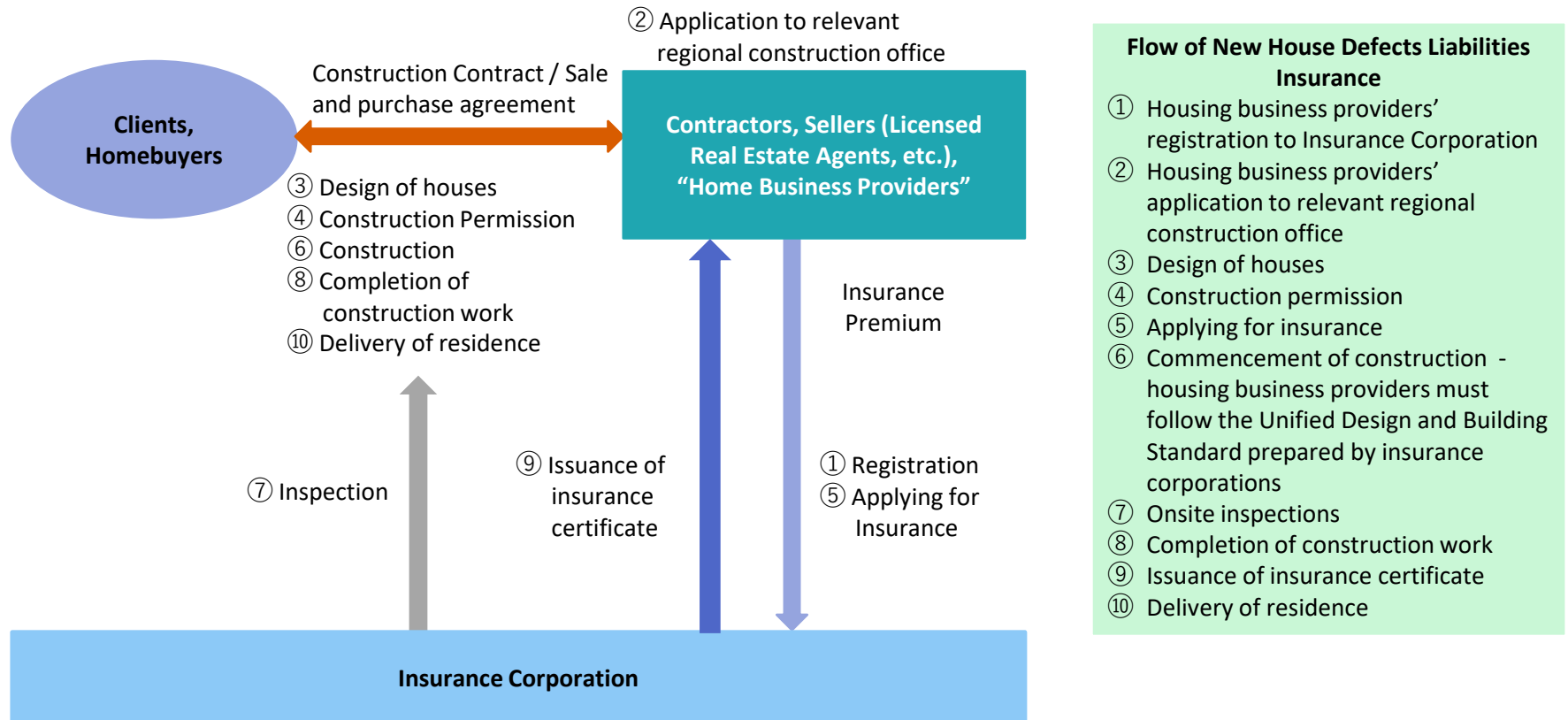
Note related to Table 1

(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

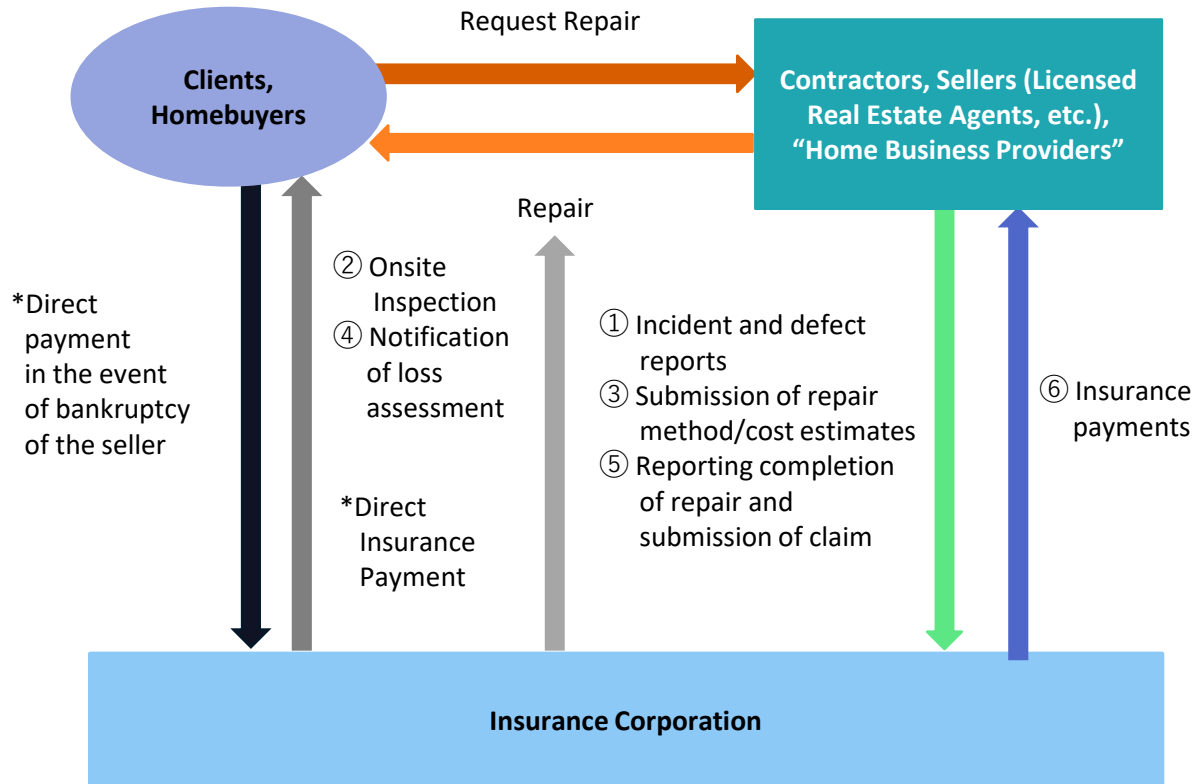
Diagram 6-1 New Housing Defect Liability Insurance (Type I) Scheme



- 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 12.5billion.

5-6. Securing financial resources under AEDWL

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

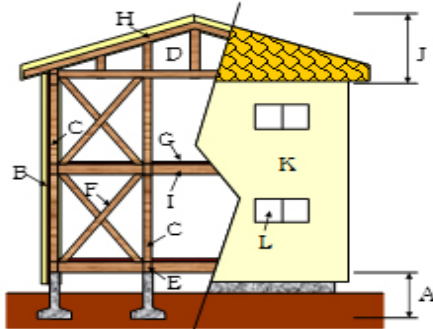


*Direct claim from clients or buyer :In the event that sellers fall into bankruptcy or other situations, etc., clients and homebuyers can make a claim to insurance corporations.

6. Defects Parts for which 10 years liability is mandatory

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

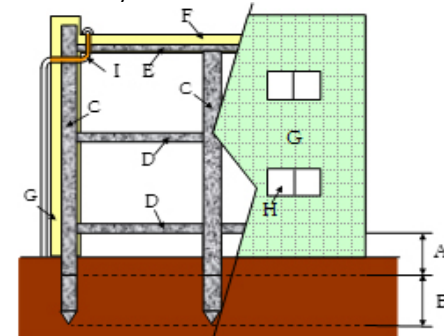
Ground [Structure]
Foundations [Structure]
External walls [Water Ingress]
Roofs [Water Ingress]
Balcony [Water Ingress]

Inside

Roof Struss [Structure]
Load-bearing walls [Structure]
Columns/Horizontal Framing Members
Floor [Structure]
Sills/Floor framing [Structure]

Diagram 7-2

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



[Principal structural parts [Parts to prevent rainwater leakage]]

| | | | |
|--|---|----------------|---|
| | A | Roofs | F |
| | B | Exterior Walls | G |
| | C | Openings | H |
| | D | Drainage Pipes | I |
| | E | | |

Area of Inspection

Common Area

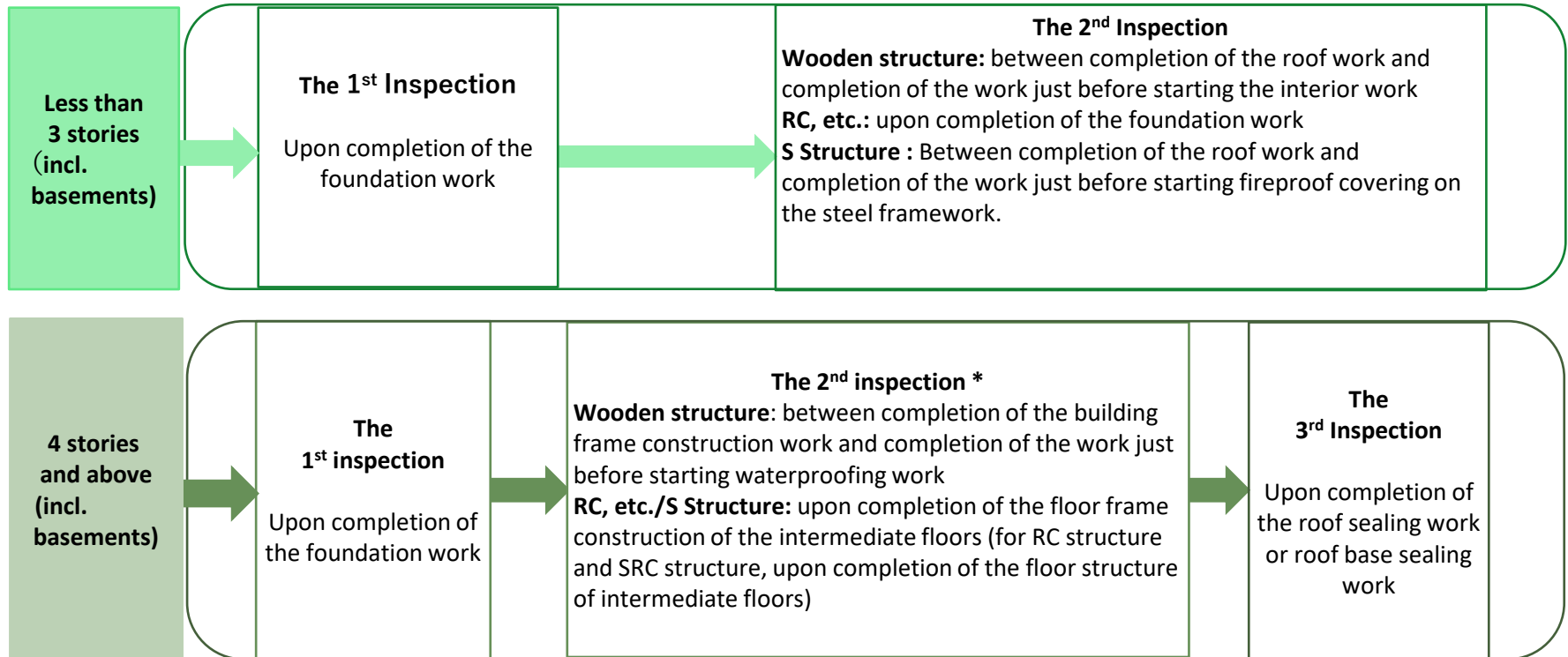
Piles/Ground [Structure]
Foundations [Structure]
External wall/ceiling [Water Ingress]
Roofs [Structure]
Flat roofs/Roof Balcony [Structure]
Concrete compressive strength · Bar

Exclusive elements

Walls [Structure]
Columns/Beams [Structure]
Floors [Structure]
Precasted [Structure]

7. Inspection

Diagram 8 : Inspection at the timing of underwriting



Source: Study Committee of the Housing Defects Assurance Regulation: The Housing Quality Assurance Act Q&A, 2008, /HP 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.

8-1. Defects Liability Insurance Products

- Dissemination of Existing House Defect Liability Insurance products are expected.
 - In 2015, Insurance Corporations started marketing the Extension of New House Defect Liability Insurance.
- Three type of Existing House Sale Warranty Insurance products have been marketed:
- ◆ A Licensed Real Estate Agent (the seller) is the policy holder,
 - ◆ A Real Estate Broker has become the policy holder due to trading between individuals,
 - ◆ The Inspection Company become the policy holder due to trading between individuals.
- Defects Liability Insurance related to large-scale repair work for common areas of apartments and Defects Liability Insurance for remodeling has 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 Defects Warranty Insurance

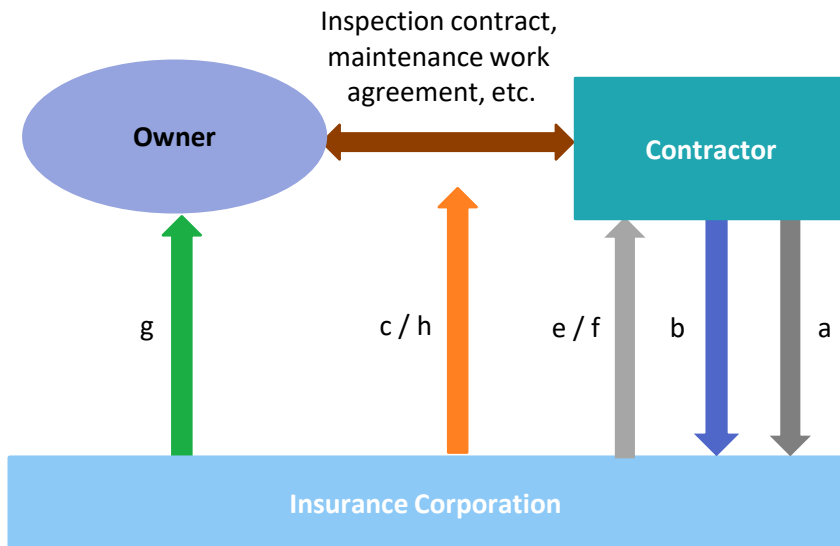
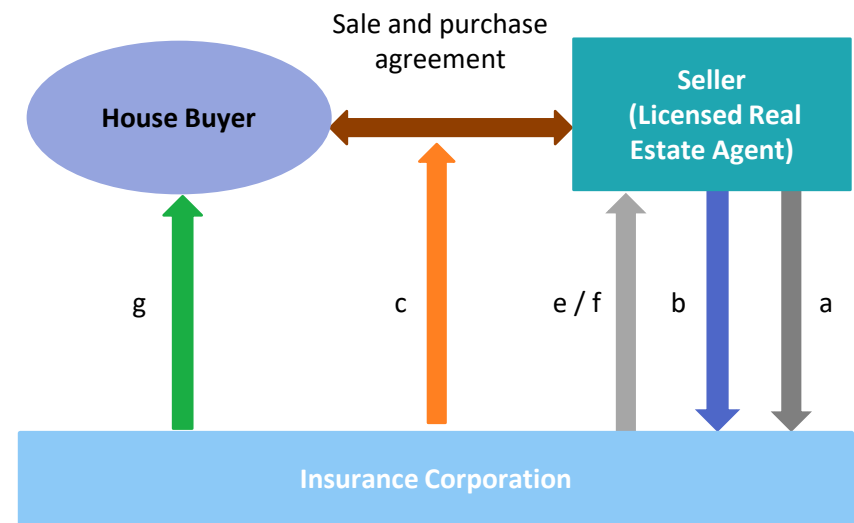


Diagram 10 Existing House Sale Warranty Insurance for real estate agents



8-2. Defects Liability Insurance Products

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

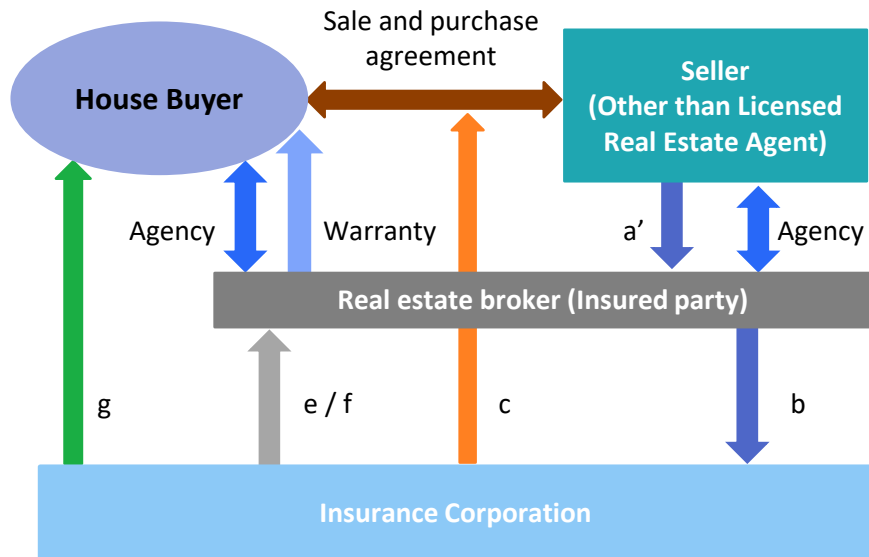


Diagram 12 Existing House Sale Warranty Insurance for transactions between individuals (Inspection Company type)

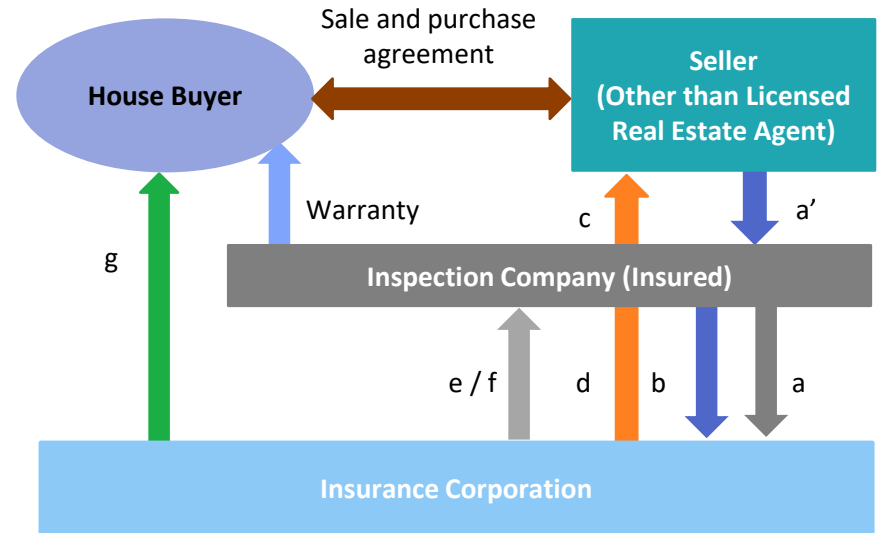


Diagram 13 Remodeling Defect Liability Insurance

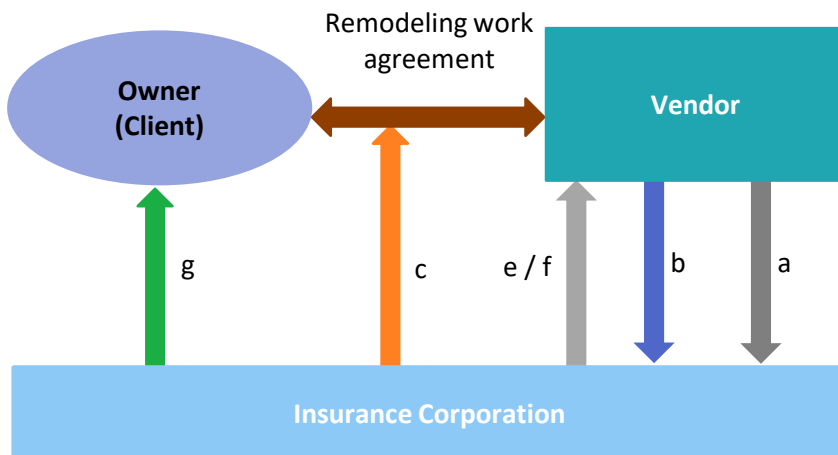
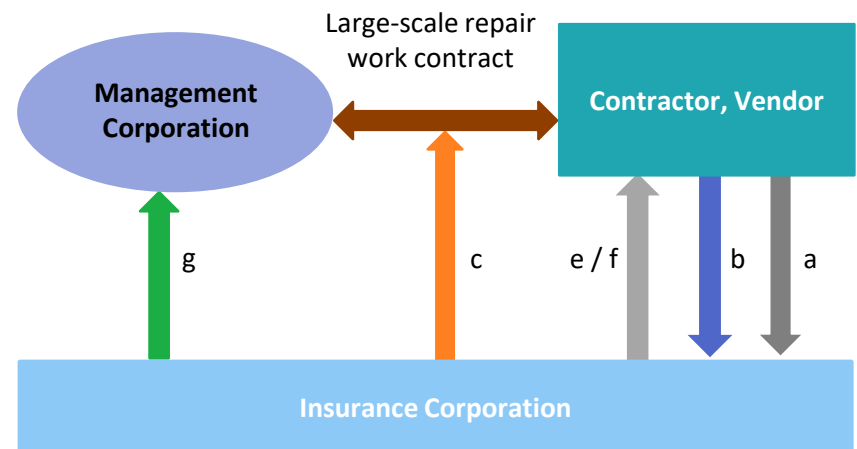


Diagram 14 Large-scale Repair Work Liability Insurance



8-3. Defects Liability Insurance Products

- Defect Liability Insurance for existing houses is voluntary. In order to be insured, an inspection is required

Table 4 Housing Defect Liability Insurance Products 1

| | New Housing Defects Liability Insurance (Compulsory) "Type I" | New Housing Defects Liability Insurance "Type II" | Extension of New Housing Defects Warranty Insurance | Remodeling Defects Liability Insurance |
|---|---|---|--|---|
| Products 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 | House Owners | Remodeling Contractors |
| Contract insured | Construction Contract, Sale and Purchase Agreement | Construction Contract, Sale and Purchase Agreement | Houses insured by New Housing Defects Liability Insurance which is beyond 10 years | Remodeling contracts |
| Insurable houses | Detached houses and individual unit of non-detached houses | Detached houses and individual unit of non-detached houses | New Houses, Apartments, Residence for lease, Small-sized apartments (floor space less than 500 m ² with 3 floors low) | Detached houses and individual unit of non-detached houses |
| 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. Defects Liability Insurance Products

Table 4 Housing Defect Liability Insurance Products 2

| | New Housing Defects Liability Insurance (Compulsory) "Type I" | New Housing Defect Liability Insurance "Type II" | Extension of New Housing Defects Warranty Insurance | Remodeling Defects Liability Insurance |
|--------------------|--|--|--|--|
| Insurance Coverage | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost |
| Site Inspection | Required | Required | Condition is implementation of inspection and specified maintenance work | Required |
| Duration | 10 years | 10 years | 5 years, 10 years | 1year ~10years (depending on the type of conditions) |
| Compensation ratio | 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 |
| Insurance premium | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation |
| Max amount insured | Regulatory limit: ¥20million / varies depending on Insurance Corporation | Regulatory limit: ¥20million / varies depending on Insurance Corporation | 1 million, 10 million, 20 million | Yen 1million ~ ¥20million (depending on contract amounts) |
| Rider | Transfer of contract (Note 1) | | Remodeling contract | |
| Deductible | Yen 100,000 | Yen 100,000 | Yen 100,000 | Yen 100,000 |

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, house owners can request compensation directly from the Insurance Corporation.

Note 1: In the even the deed of transfer is attached to the New Housing Defects Liability Insurance(compulsory), when the house owner sells the house, the buyer of the house can succeed the insurance policy from the seller.

8-5. Defects 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) | |
| 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 |
| | 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) |

8-6. Defects Liability Insurance Products

| | 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) | |
| Insurance Coverage | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost | Repair cost, Investigation fee, Temporary accommodation and moving cost |
| Inspection | Required | Required | Required | Required |
| Duration | 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) |
| Compensation ratio | 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 |
| Insurance premium | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation | Varies depending on Insurance Corporation |
| Max amount insured | 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 10million ~ 500 million (depending on contract amounts) |
| Rider | | | | |
| Deductible | Yen 100,000 | Yen 50,000 | Yen 50,000 | Yen 100,000 |

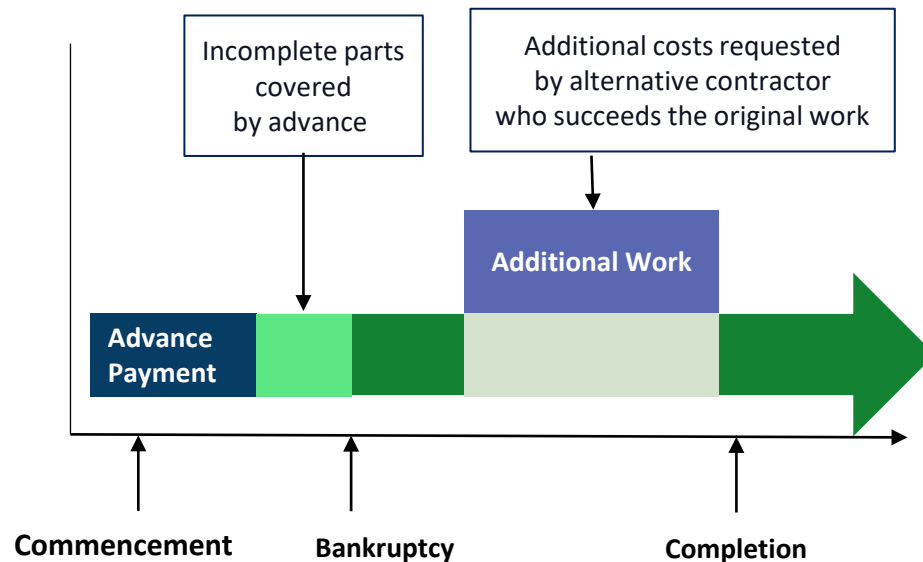
Source: MLIT and HP from Insurance Corporations

9. Completion Warranty Program

Completion Warranty Program:

- Completion Warranty Programs is 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 done 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)

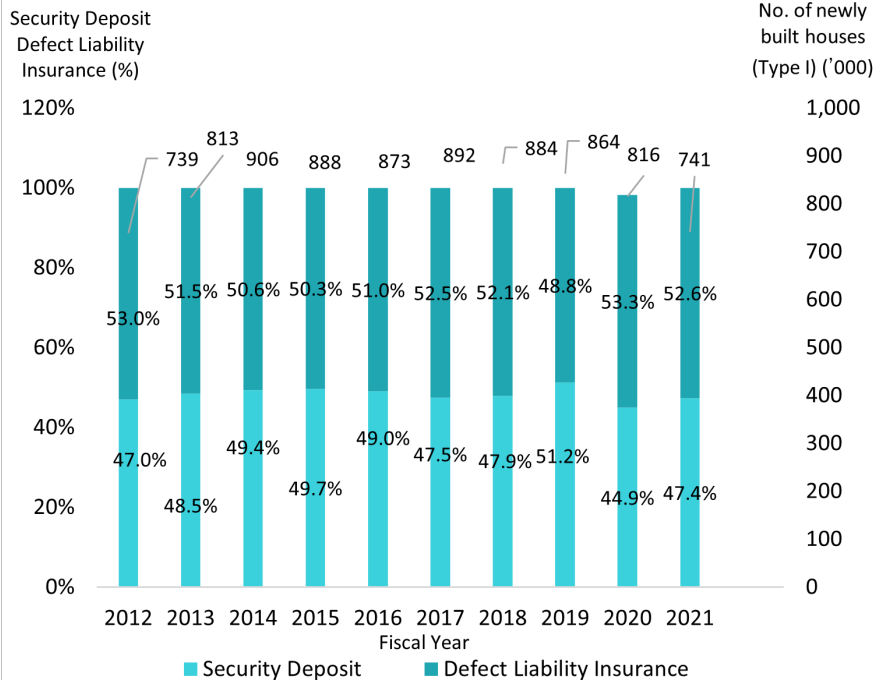
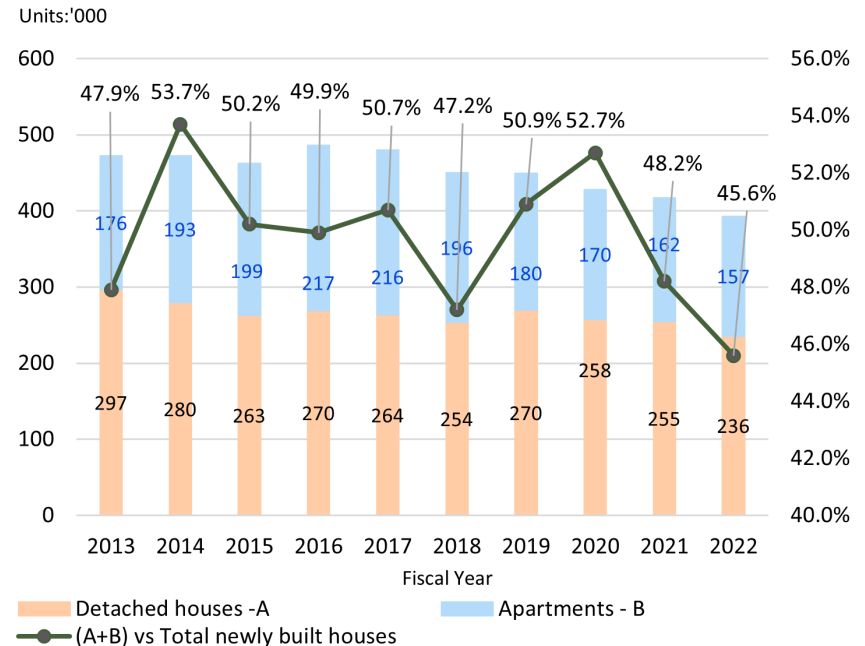


Diagram 17 Number of newly built insurance policies issued by type of house



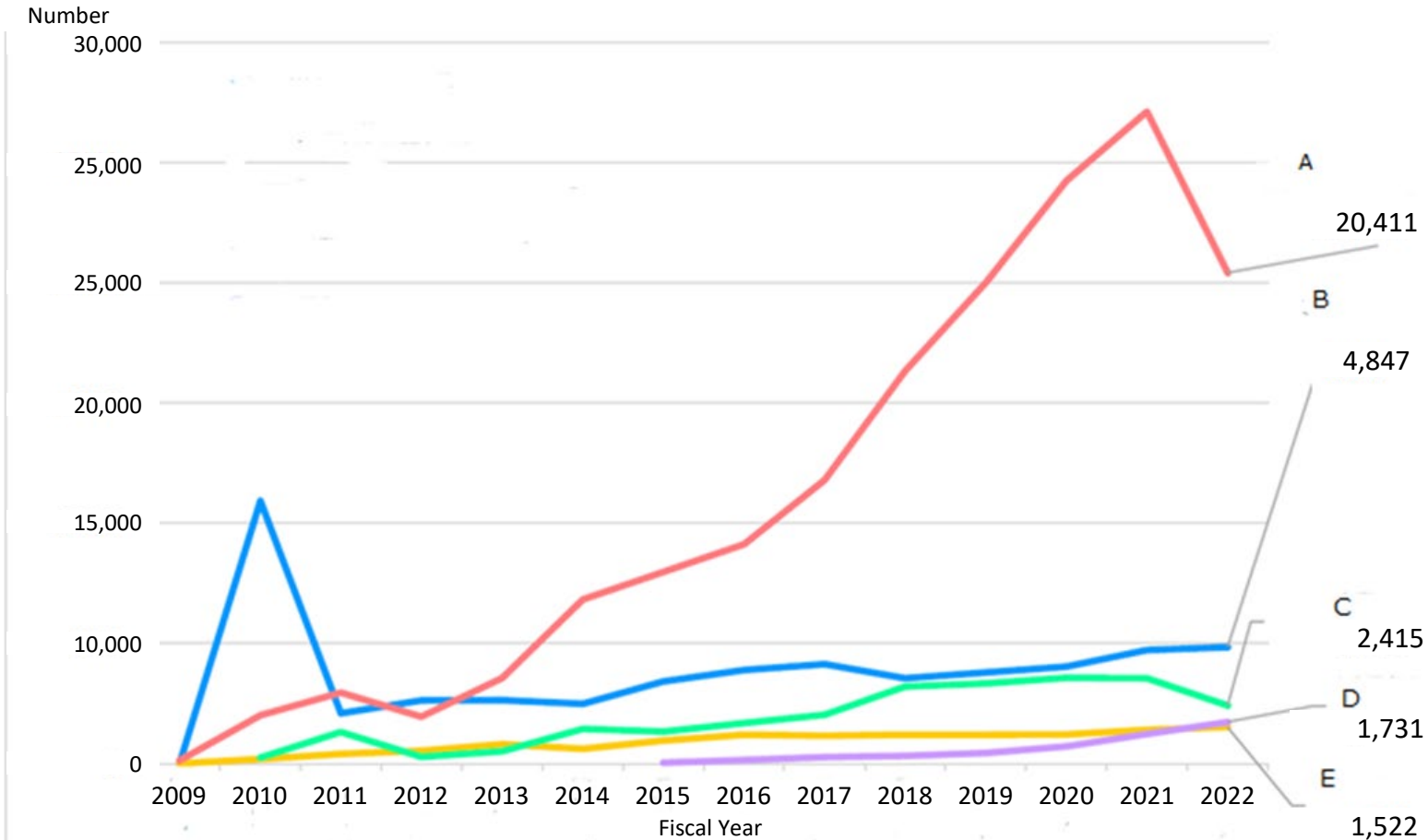
- The number of newly built houses are covered by the Security Deposit system and the Defect Liability Insurance System on an around 50:50 basis.
- Housing business providers who supply less than 1,000 units per year tend to choose Defect Liability Insurance instead of Security Deposit system as a measure of securing financial resources.

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 2023 (Japanese Only)

10-2. Statistics of Defect Liability Insurance

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



A: Existing Housing Sale for Warranty Insurance for real estate agents

B: Remodeling Defects Liability Insurance

C: Existing Housing Sale Warranty Insurance for transactions between individuals

D: Extension of New Housing Defects Warranty Insurance

E: Large-scale repair work liability insurance

10-3. Statistics of Defect Liability Insurance

Diagram 19-1 Newly built housing defects insurance events insured (*1) during 2009 ~Sept 2021

| Events insured | Wooden Structure | RC | Water Ingress | Events insured | Wooden Structure | RC |
|-----------------------|------------------|--------|---------------|---------------------------------------|------------------|--------|
| Water Ingress | 95.1% | 94.1% | | Water ingress from outside wall | 24.3% | 47.2% |
| Major Structural Elem | 4.5% | 5.0% | | Water ingress from Opening | 27.9% | 26.2% |
| Other | 0.4% | 0.9% | | Water ingress from sloping roof /skyl | 20.9% | 4.2% |
| Total | 100.0% | 100.0% | | Water ingress from Balconies | 10.8% | 3.4% |
| | | | | Others | 16.1% | 19.0% |
| | | | | Total | 100.0% | 100.0% |

Diagram 19-2 Newly built housing defects insurance events insured (*1) as of Nov 2022 - The timing of events occurred after completion

| # of years | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
|------------|-----|-----|-----|-----|-----|-----|-----|
| % | 13% | 12% | 11% | 10% | 11% | 10% | 10% |

Diagram 20-1 Existing Housing Defects Warranty Insurance
Events insured(*1) during 2009~Sept 2021

| Events insured | Existing Housing Defects Warranty Scheme | | | |
|---|--|-------------|--------|--------|
| | Remodeling | Large-scale | A | B |
| Major Structural Elements | 1.1% | 0.0% | 1.9% | 3.8% |
| Water Ingress | 45.7% | 76.9% | 79.5% | 78.8% |
| Electrical equipment, Water supply and drainage | 0.0% | 0.0% | 18.3% | 17.4% |
| Remodeling related | 29.9% | 0.0% | 0.2% | 0.0% |
| Large-scale repair work related | 0.0% | 11.5% | 0.0% | 0.0% |
| Others | 23.3% | 11.6% | 0.1% | 0.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

Diagram 20-2 Existing Housing Sale Defects Warranty Insurance
(A+B of Diagram 20-1) Events insured(*1) by area as pf Nov 2022

| Events insured by area | number of events insured | % |
|----------------------------|--------------------------|--------|
| Roofs *2 | 495 | 33.3% |
| Outside wall | 370 | 24.9% |
| Opening *3 | 291 | 19.6% |
| Water supply and drainages | 259 | 17.4% |
| Others | 73 | 4.9% |
| Total | 1,488 | 100.0% |

*1 Insurance claim which Insurance Corporations confirmed and made payments.

A: Existing House Sale Warranty Insurance for Real Estate Agent

B: Existing House Sale Warranty Insurance for transitions between individuals

*2 includes sloping roof, flat roof, metal roof preventing snowfall, roof balconies

*3 Including balconies but excludes roof balconies

Diagram 19 /20 Source: CHORD: The integration of information system regarding housing 2021 & 2022 (Japanese Only)

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.

11-2. Safety Net of Housing Defect Liability Insurance

2. Housing Warranty Fund takes the role of safety net in the event of occurrence of the 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 regarding 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 levels of 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 regarding excessive losses

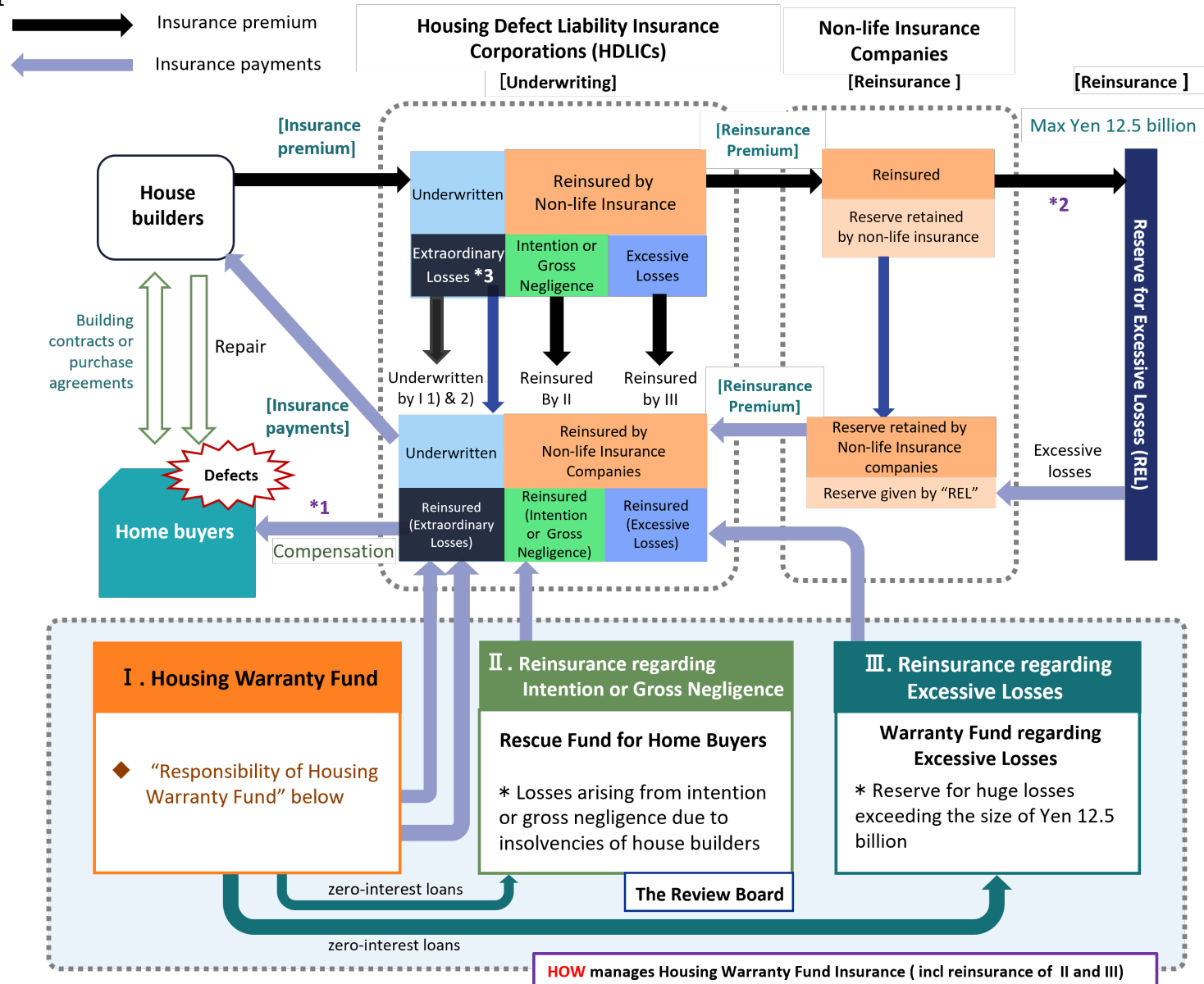
- As for risks related to new house defect liability insurance (Type I), insurance corporations enter reinsurance contracts with casualty insurance companies (except risks arising from intention or gross negligence).
- For excessive losses up to yen12.5billion, casualty insurance companies jointly set up financing pools for excessive losses in order to manage risks. For losses exceeding yen12.5billion, 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.

11-3. Safety Net of Housing Defect Liability Insurance

Diagram 21



12. Transactions of houses and defects liabilities

Table 5 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: MLIT Housing Bureau Housing Production Department : 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.

Business of CHORD are

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

(1) Disputes between house owners and House builders, vendors, realtors

Types of assistance offered are as follows:

- (1) Free telephone consultation for housing issues
- (2) Consultation by industrial experts (architects and designated lawyers).
- (3) Review board of housing disputes (RBHD): designated housing dispute resolution bodies, organized at local bar associations in 52 prefectures based on the Housing Quality Assurance Promotion Act. The seller, the buyer, house builders, and owners of houses can apply to RBHD for an alternative dispute resolution (ADR) session. 97% of cases applied to RBHD have been solved through Arbitration.

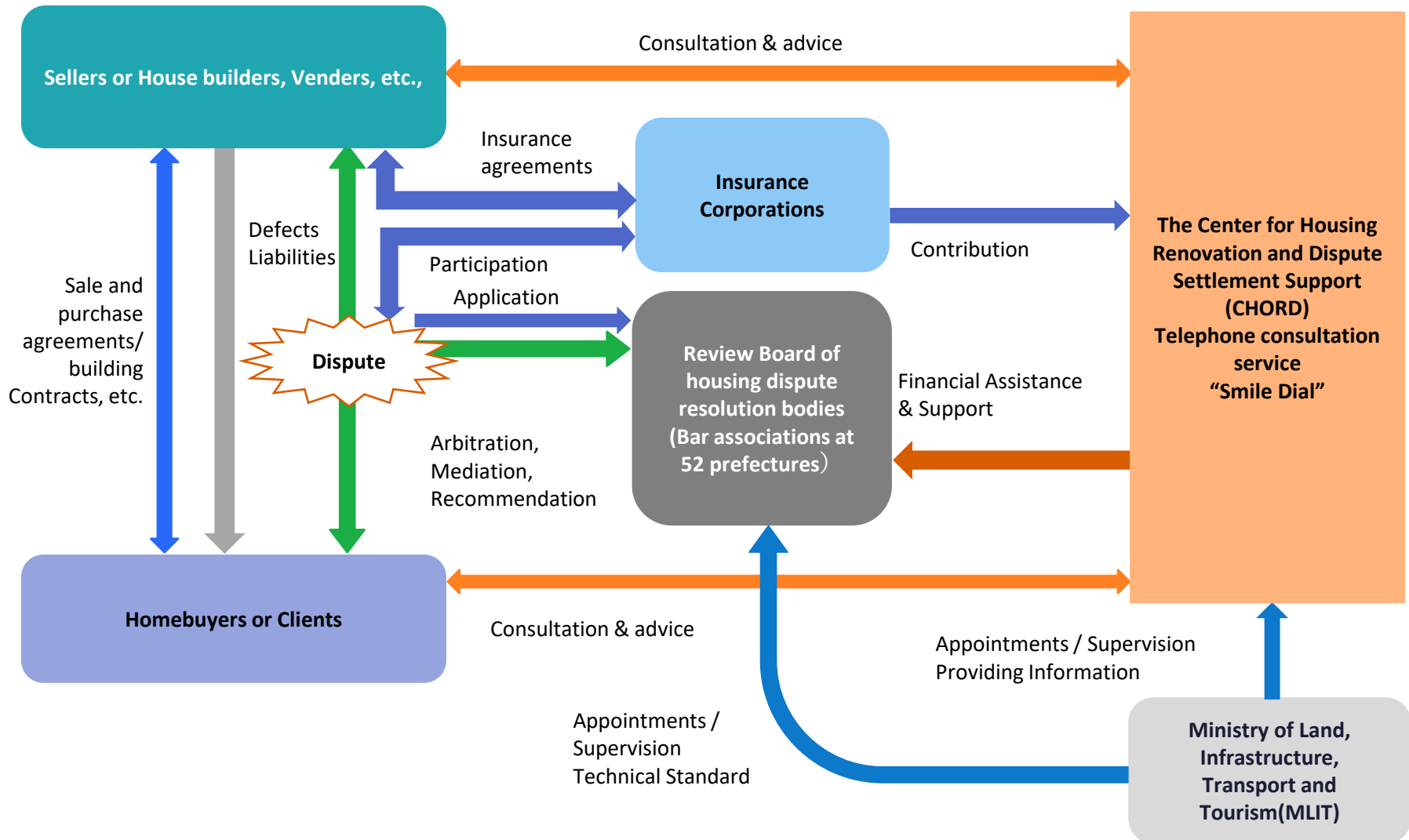
For disputes related to insurance payments, Insurance Corporation can be involved in the dispute. Therefore, the relevant parties may solve the problem without pursuing a separate resolution process. Once the relevant parties in the dispute agree on a settlement, the relevant Insurance Corporation respects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

The Housing Production Department 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 regarding Defects Liability Insurance (Japanese Only)

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

Table 6 Houses eligible for telephone consultation, consultation by Industrial Experts, and Review Board of Housing Disputes

| | Newly built houses | | | Existing houses | | |
|---------------------------------------|--------------------|----------------------------|----------------|--------------------|----------------------------|---------------|
| | *1 | with Defect Liability Ins. | Other than a&b | Remodeling | with Defect Liability Ins. | Other |
| Telephone consultation | | | | | | |
| Consultation by industry experts | Covered by CHORD | | Not covered | Covered by CHORD*3 | | Not covered*2 |
| Review Board of Housing Dispute (ADR) | | | Not covered | | | Not covered*2 |

Consultation, advice, handling complaints regarding construction agreements and sale and purchase agreements

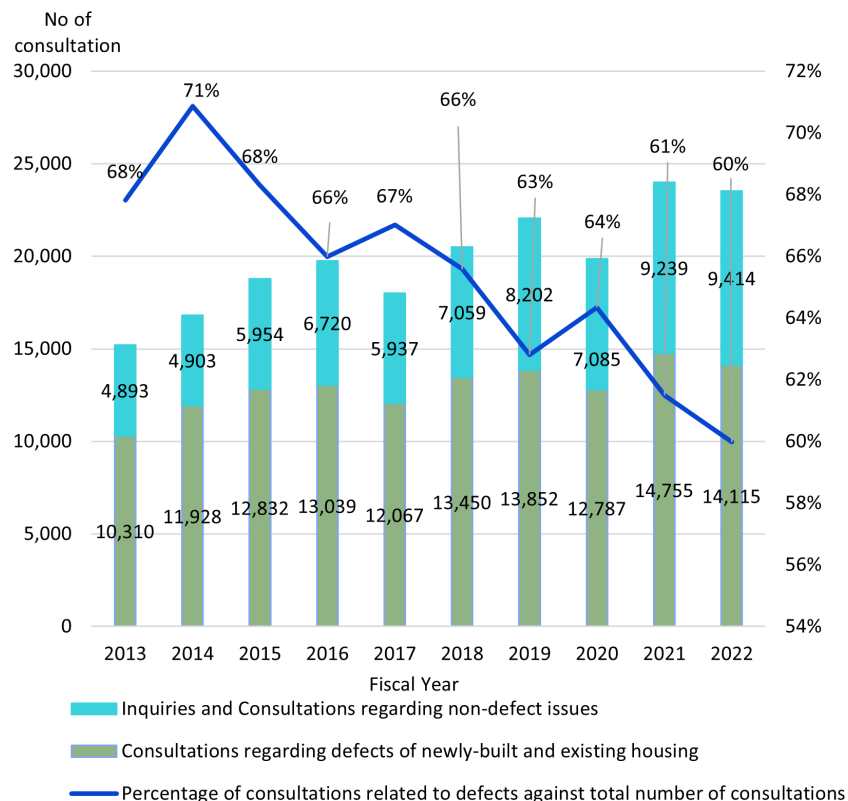
*1 Houses covered by the housing performance indication system

*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

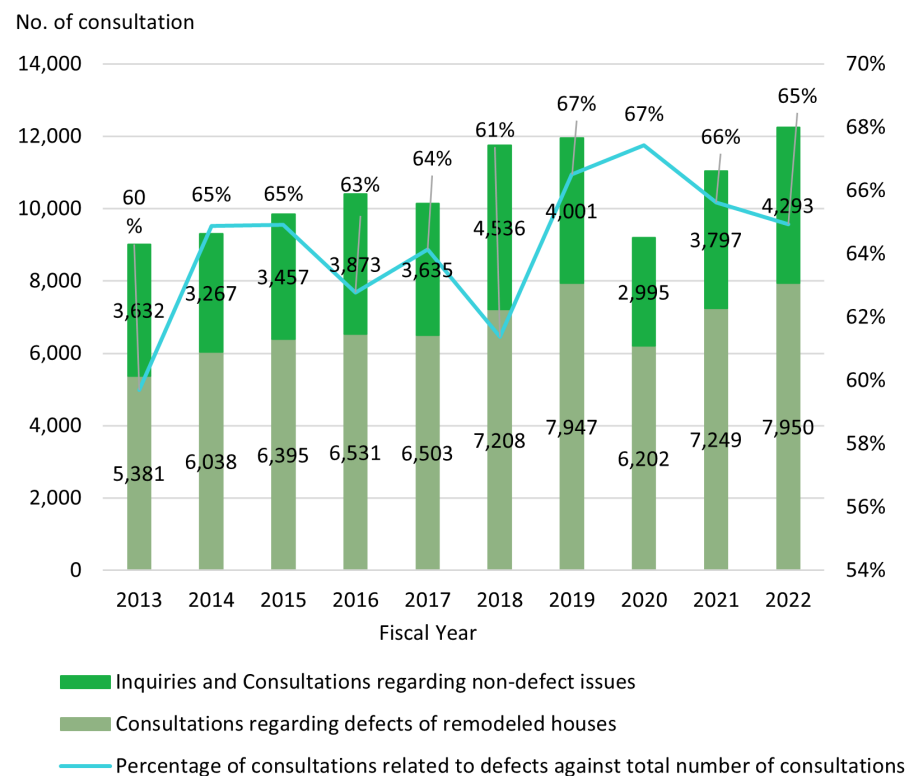
Diagram 23 Number of Telephone Consultations in 2022 (new and existing houses)



“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.

Diagram 24 Number of telephone consultations in 2022 (remodeling)



“Consultations regarding defects of newly-built and existing 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 7-1 Clients' desired resolution in 2022 (new and existing houses)

| Newly Built and Existing Housing | | | | |
|-------------------------------------|---------------------|------|------------------|-------|
| (No. of cases) | Newly built housing | (%) | Existing housing | (%) |
| Repair | 6,376 | 57.4 | 577 | 52.8 |
| Repair and Compensation for damages | 798 | 7.2 | 70 | 6.4 |
| Compensation for damages | 1,326 | 11.9 | 206 | 18.8 |
| Cancellation of contract | 713 | 6.4 | 63 | 5.8 |
| Construction amounts, etc. | 19 | 0.2 | 0 | 0.0 |
| Other | 1,873 | 16.9 | 177 | 16.2 |
| Total | 11,105 | 100 | 1,093 | 100.0 |

Table 7-2 Clients' desired resolution in 2022 (remodeling)

| Remodelling | | | | |
|-------------------------------------|--------------------|------|-----------------|-------|
| (No. of cases) | Newly built houses | (%) | Existing houses | (%) |
| Repair | 1,512 | 45.5 | 494 | 40.7 |
| Repair and Compensation for damages | 262 | 7.9 | 119 | 9.8 |
| Compensation for damages | 510 | 15.3 | 220 | 18.1 |
| Cancellation of contract | 312 | 9.4 | 123 | 10.1 |
| Construction amounts, etc. | 2 | 0.1 | 3 | 0.2 |
| Other | 728 | 21.9 | 256 | 21.1 |
| Total | 3,326 | 100 | 1,215 | 100.0 |

Table 8-1 Consultation by area in 2022 (new and existing houses)

| No. of cases | Newly Built and Existing Housing | | | |
|--------------------|----------------------------------|-------|----------|-------|
| | Newly built | (%) | Existing | (%) |
| Exterior walls | 1,449 | 12.3 | 106 | 7.8 |
| Floor | 1,308 | 11.1 | 186 | 13.7 |
| Openings | 1,185 | 10.1 | 125 | 9.2 |
| Roofs, incl. attic | 767 | 6.5 | 82 | 6.0 |
| Equipment | 898 | 7.6 | 176 | 12.9 |
| Interior | 767 | 6.5 | 98 | 7.2 |
| Other | 5,410 | 45.9 | 588 | 43.2 |
| Total | 11,784 | 100.0 | 1,361 | 100.0 |

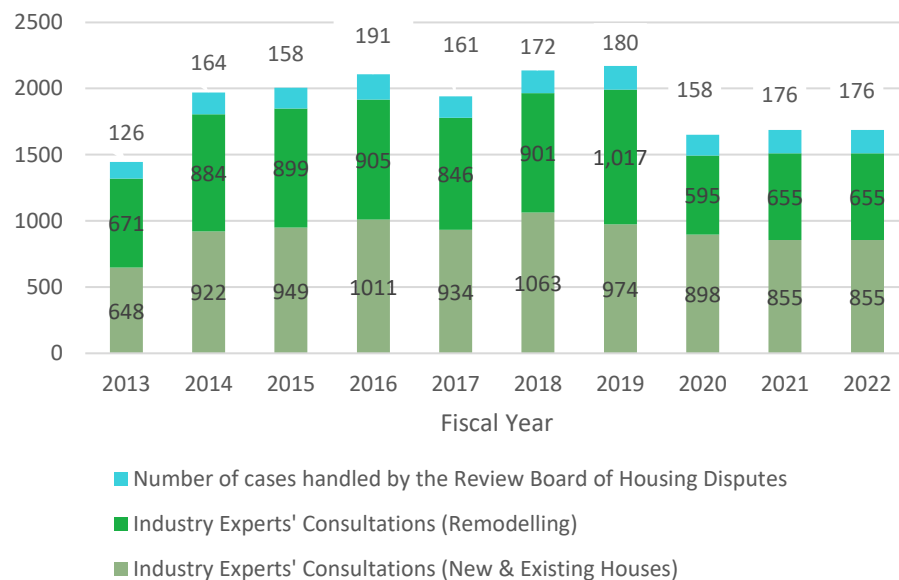
Table 8-2 Consultation by area in 2022 (remodeling)

| No. of cases | Remodelling | | | |
|--------------------|-------------|-------|----------|-------|
| | Newly built | (%) | Existing | (%) |
| Exterior walls | 702 | 18.9 | 99 | 9.2 |
| Floor | 379 | 10.2 | 211 | 19.6 |
| Openings | 278 | 7.5 | 77 | 7.2 |
| Roofs, incl. attic | 580 | 15.6 | 120 | 11.2 |
| Equipment | 346 | 9.3 | 120 | 11.2 |
| Interior | 283 | 7.6 | 106 | 9.9 |
| Other | 1,155 | 31.0 | 341 | 31.8 |
| Total | 3,723 | 100.0 | 1,074 | 100.0 |

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

Diagram 25 Number of cases handled by industry experts (fee charged) and the Review Board of Housing Dispute in 2021

No. of cases



Source: CHORD: Annual statistics regarding housing related issues

14. Link

| Organization | Contents | HP |
|--|---------------------------------|---|
| Housing Production Department, Ministry of Land, Infrastructure, Transport and Tourism | Housing Warranty Scheme | https://www.mlit.go.jp/jutakukentiku/jutaku-kentiku.files/kashitanpocorner/ |
| Center for Housing Renovation and Dispute Settlement Support (CHORD) | Dispute resolution | https://www.chord.or.jp/chord_official/index.html |
| Japan Federation of Bar Associations | Review Board of Housing dispute | https://www.nichibenren.or.jp/en.html |

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 regarding Defects Liability Insurance (Japanese Only) |
| Diagram 6-1 | New Housing Defects Liability (Type I) Scheme | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 6-2 | New Housing Defects Liability (Type I) Scheme | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 7 | Parts in Housing, in which 10 years liability is mandatory | MLIT: 10 years of implementation regarding 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 regarding Defects Liability Insurance (Japanese Only) |
| Diagram 10 | Existing Housing Sale Warranty Insurance for real estate agents | MLIT: 10 years of implementation regarding 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 regarding Defects Liability Insurance (Japanese Only) |
| Diagram 12 | Existing Housing Sale Warranty Insurance for transactions between individuals (Inspection Company type) | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 13 | Remodeling Defect Liability Insurance | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 14 | Large-scale Repair Work Liability Insurance | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 15 | Warranty under Completion Warranty Program | HP from insurance corporations |
| Diagram 16 | Number of newly built houses with financial security resources for New Housing Defects 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 2023 |

15-2 Source

| Diagram | Name | Sources |
|------------|--|--|
| Diagram 18 | Number of insurance policies related to existing houses and remodeling | MLIT: Recent Trends of Defects Liability Insurance scheme July 2023 (Japanese Only) |
| Diagram 19 | Defects by area and phenomenon of insured events regarding Newly Housing Defects Warranty Insurance | CHORD: The integration of information system regarding housing 2021 & 2022 (Japanese Only) |
| Diagram 20 | Defects by area and phenomenon 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 Defects Liability Insurance | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 22 | Consultation and Dispute resolution system for houses and remodeled houses | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Diagram 23 | Number of Telephone Consultations (new and existing houses) | CHORD: Annual statistics regarding housing related issues 2023 Table 4 |
| Diagram 24 | Number of telephone consultations (remodeling) | CHORD: Annual statistics regarding housing related issues 2023 Table 5 |
| Diagram 25 | Number of cases handled by industry experts (fee charged) and the Review Board of Housing Dispute | CHORD: Annual statistics regarding housing related issues 2023 ADR Table 4, 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 Defects Liability Insurance Mandatory vs Voluntary | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Table 3 | Security Deposit Calculation | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Table 4 | Housing Defect Liability Insurance Products | MLIT and HP from Insurance Corporations |
| Table 4 | Housing Defect Liability Insurance Products (2) | MLIT and HP from Insurance Corporations |
| Table 5 | Provisions for defects liability between construction contracts and sale and purchase agreements | MLIT Housing Bureau Housing Production Department : The Housing Quality Assurance Act - revised version 2020 |
| Table 6 | Houses eligible for telephone consultation, consultation by Industry Experts, and Review Board of Housing Disputes | MLIT: 10 years of implementation regarding Defects Liability Insurance (Japanese Only) |
| Table 7 | Clients' desired resolution (new and existing houses, remodeling) | Annual statistics regarding housing related issues 2023 Table 61 |
| Table 8 | Consultation by area (new and existing houses, remodeling) | Annual statistics regarding housing related issues 2023 Table 64 |

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