

# COMPETITION, EFFICIENCY, AND DEREGULATION IN THE JAPANESE NON-LIFE INSURANCE INDUSTRY

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## 〈SUMMARY〉

In this paper, the degree of competition (Lerner index) and the cost efficiency of the Japanese non-life insurance (JNLI) industry are simultaneously estimated from the perspective of industrial organization, and the influence on the JNLI industry of the deregulation following the amendment of the Insurance Business Law (IBL) and the Japanese Financial Big Bang (JFBB) is evaluated. Under the market structure-conduct-performance (SCP) paradigm, the Herfindahl index suggests that the degree of competition in the JNLI industry has decreased remarkably since 2001. However, assumptions about the market performance of the JNLI industry (degree of competition and cost efficiency) based on the SCP paradigm have incited criticism, as this model presumes market performance from market structure, and in most cases, direct estimation of market performance is not performed. Therefore, this paper aims to directly estimate market performance using the Lerner index and cost efficiency. The results of the present analysis suggest that the IBL revision and the JFBB stimulated the first stage of competition in the JNLI industry.

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