

Conflicts between Public Car Insurance and Public Medical Insurance in Japan: International Comparison Survey

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Abstract

This paper clarifies essential issues regarding conflicts between public car insurance and public medical insurance in Japan, presenting the findings of an international survey to detect similar problems in other countries and discussing possible options for the resolution of these problems. Three essential issues are important to note: (i) Different prices between the two systems of public insurance provide stakeholders with the irrelevant incentive to apply public medical insurance in the case of car accidents; (ii) Public medical insurance sometimes covers medical expenses due to car accidents, although it should not cover them in principle; and (iii) The costs are imposed on tax payers unconsciously when people use public medical insurance for car accidents. Five findings were obtained from the international survey: (1) Most countries have compulsory car insurance; (2) Private insurance companies manage the financial affairs of compulsory car insurance in most developed countries; (3) Fault for casualties is not considered in the compensation of medical expenses in most countries; (4) Japan is unique in that people can choose between the two systems of public insurance; and (5) Prices for the same medical services differ between the two systems of public insurance in only a few countries. In consideration of the above findings, we provide five options for the resolution of this issue from the viewpoint of victim relief.

Introduction

In Japan, two systems of public insurance can be selectively used for covering the medical expenses of casualties in car accidents: public car insurance (Compulsory Automobile Liability Insurance) and public medical insurance (Health Insurance, which provides universal coverage).^{*1} The two systems of public insurance are based on different laws. This choice of two systems of insurance is specific to Japan, and the situation brings about conflicts of interest among stakeholders related to the two systems of insurance. Some stakeholders have an irrelevant incentive to apply public medical insurance in the case of

a car accident in order to reduce the costs of public and private car insurance. People incur transaction costs through opportunistic behaviour due to this situation (Coase 1937; Williamson 1985).^{2,3} In principle, car insurance should cover the medical expenses of car accident casualties. Thus, the conflicts arising from the choice of two systems of public insurance inflict costs on public medical insurance.

Certainly, the flexible choice is beneficial to casualties of car accidents because the two options enable them to easily cover medical expenses. In particular, fault for casualties should be considered and counterbalanced in Japan. Under the current system, the application of public

^{*1} The current public medical insurance system in Japan has a three-tier structure, consisting of Health Insurance, Worker's Accident Compensation Insurance (WACI), and Compulsory Automobile Liability Insurance (Ishii and Hayashi 2010).¹ This paper focuses on issues regarding conflicts between Health Insurance (public medical insurance) and Compulsory Automobile Liability Insurance (public car insurance).

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medical insurance reduces the charges for casualties because the patient charge is 10-30% of the total medical expenses under public medical insurance. In addition, the amount of compensation may be maximized by using public medical insurance to cover medical expenses and public car insurance for consolation money and leave compensation, especially when the perpetrator of a car accident does not have private car insurance.

Nonetheless, there are complicated conflicts among stakeholders due to the choice of two systems of public insurance. Let us examine three conflicts here. First, the prices of medical services differ between public car insurance and public medical insurance. Prices in the case of the application of public medical insurance are lower than those in the case of the application of public car insurance. Therefore, those responsible for paying medical expenses have the incentive to apply public medical insurance rather than public car insurance.

Second, public medical insurance sometimes ends up covering medical expenses that it should not cover, although public car insurance should cover them in principle. When public medical insurance is used for covering these expenses, relevant documents on notification of 'injury and sickness by a third party act' should be submitted by casualties. Casualties, however, have little incentive to submit these documents. If they do not submit them, the medical expenses covered by public medical insurance cannot be charged to public car insurance. Thus, there are conflicts amongst the private insurance companies that are responsible for the management of finances for public car insurance and public medical insurance associations.

Third, there are conflicts between the ultimate financial contributors in the two systems of public insurance. Public medical insurance is financed by both insurance fees and taxes, while public car insurance is financed by insurance fees only. If public medical insurance pays for medical expenses that public car insurance should cover in principle, tax payers implicitly incur the costs without their realizing.

The purpose of this paper is to: (i) clarify essential issues regarding conflicts between public car insurance and public medical insurance in Japan; (ii) present the findings of an international survey to detect similar problems in other

countries; and (iii) discuss possible options for the resolution of these problems.

Problems Regarding Conflicts between the Two Systems of Public Insurance

Impacts of conflicts

In this section, we show that the problems regarding the conflicts between the two systems of public insurance are not trivial. We calculate the annual costs that are inflicted on public medical insurance that should in principle be covered by public and private car insurance. The annual costs that are inflicted on public medical insurance due to these conflicts can be estimated at approximately 11.8 billion Japanese yen. In the following, we describe the process of estimation in detail and then consider its significance.

To begin with, let us calculate the annual total medical expenditure due to car accidents. Based on available data (General Insurance Rating Organization in Japan 2012), the average medical expense per car accident is 165 thousand yen, and the annual number of casualties of car accidents is 1,287,521.⁴ Thus, we can estimate that the annual total medical expenditure is approximately 212.4 billion yen.

Next, we estimate the annual total medical expenditure that is applied by public medical insurance. Based on the same data (General Insurance Rating Organization in Japan 2012), 5.5% of the casualties of car accidents are hospitalized.⁴ According to Japan Medical Association data (2012), 58.1% of inpatients and 17.2% of outpatients use public medical insurance in the case of car accidents.⁵ Thus, the annual total medical expenditure that is covered by public medical insurance is approximately 41.3 billion yen.

Inpatients:

$$6.8 \text{ billion yen} = 212.4 \text{ billion yen} \times 0.055 \times 0.581$$

Outpatients:

$$34.5 \text{ billion yen} = 212.4 \text{ billion yen} \times 0.945 \times 0.172$$

Total:

$$41.3 \text{ billion yen} = 6.8 \text{ billion yen} + 34.5 \text{ billion yen}$$

Finally, let us estimate the annual costs that are inflicted on public medical insurance when official documents on notification of 'injury and sickness by a third party act' are not submitted. Unfortunately, no data on the rate of unreported documents is available, but according to Japan Medical Association data (2012), the proportion

Table 1 Overview of the two systems of public insurance in Japan

	Compulsory Car Insurance System (<i>Jibaiseki-hoken</i>)	Public Medical Insurance System
Source of revenue	Premium	Premium Tax Out-of-pocket payments by patients
Annual revenue	805 billion JPY (FY 2011)	42 trillion JPY (FY 2013)
Insurers	Private non-life insurance companies (including <i>Kyosai</i> *)	Legal public insurers
The Insured	Car owners (based on each vehicle)	Residents/employees and their dependents
Insurance benefits	By cash (often by service in reality)	By service
Prices of medical services	Determined by hospitals and clinics, not the government	Determined by the government

**Kyosai* is considered to be a scheme, formed by residents in the same region or persons engaged in the same occupation, which provides a certain amount of benefits from the pooled financial contributions of the members in the case of disaster, death or accident (Financial Services Agency website: <http://www.fsa.go.jp/en/refer/ins/kyosai.html>).⁷ It differs from other private insurance companies in that it is a not-for-profit organization.

of medical institutions that do not make casualties aware of the need to submit these documents is 28.6%.⁵ Assuming that this rate is equivalent to the rate of unreported documents, the annual costs that are inflicted on public medical insurance can be estimated to be approximately 11.8 billion yen. Importantly, these costs should in principle be covered by public and private car insurance.

The estimated costs are not large compared with annual total medical expenditure in Japan. They should, however, be compared to the finances of individual health insurance organizations, because many of these organizations have recently suffered deficits due to the recent sharp increase in medical expenditure. The costs—approximately 11.8 billion yen—are equivalent to the annual management costs of the largest health insurance association (Japan Health Insurance Association). This implies that eliminating these costs could save the annual management costs of Japan's largest health insurance association; and that is why these costs cannot be ignored.

History of the two systems of public insurance

The two systems of public insurance to cover the medical expenses of casualties of car accidents were enacted and executed in Japan in the early 1960s. The compulsory car insurance system (*Jibaiseki-hoken*) has been fully provided since 1955 and the public medical insurance system has been fully provided since 1961 by individual laws.^{*2} **Table 1** provides an overview of the two public systems in Japan.

Soon after the two public insurance systems were established, a problem arose. Which system should be applied for covering the medical expenses of casualties of car accidents? In some cases, hospitals and clinics explained to patients that public medical insurance could not be used for casualties of car accidents. However, the government legally accepts individual choices between the two systems.

On October 12, 1968, the Ministry of Health and Welfare (MHW) issued an administrative notice stating that public medical insurance could be utilized for casualties of car accidents. This poses two implications: (i) The Health Insurance Act stipulates that legal public insurers of

*2 Ikegami et al. (2011) describes the institutional framework and the history of public medical insurance in Japan.⁶

public medical insurance can claim for the expenses of medical services caused by a third party act against private insurance companies managing the financial affairs of compulsory car insurance; and (ii) The Health Insurance Act implies that the Japanese government allows individual choices between the two systems. If casualties choose to use public medical insurance, the insurer of public medical insurance covers the medical expenses temporarily and then claims for the expenses against private insurance companies.

In response to the MHW administrative notice, in 1969 the Japan Medical Association (JMA) publicly announced that public car insurance should be used in principle. The JMA provided two reasons for this. First, medical care for the casualties of car accidents should be categorized as disaster medicine. Medical care for casualties of car accidents is different from general medical care covered by public medical insurance because it is a form of disaster medicine. Second, the legislative intent of the compulsory car insurance system should be respected. The first priority of the system is to save casualties of car accidents. Therefore, compulsory car insurance and other private car insurance should be applied to cover the medical expenses of casualties of car accidents without the temporary use of public medical insurance (Japan Medical Association 1969).⁸

The issues regarding the two systems have historically been controversial. On August 9, 2011, the Ministry of Health Labour and Welfare (MHLW) issued another administrative notice, which stated that public medical insurance could be used for illness and injuries caused by crimes and car accidents. This implies that the government officially accepts individual choices between the two systems. In contrast, the JMA has consistently insisted that public car insurance should be prioritized in principle. In response to the administrative notice, the JMA broadly communicated its own stance to local medical associations.

Differences in the prices of medical services between the two systems of public insurance

In addition to the historical controversy described in the previous section, the difference in the prices of medical services between the two public systems further complicates the problem.

If public medical insurance is used, the prices of medical services are publicly stipulated in advance. In contrast, in the case of compulsory car insurance, the prices are flexible depending on hospitals and clinics; prices are usually higher for the latter.

In the 1980s, the prices of medical services when using compulsory car insurance provoked a social problem. In 1984, the Committee of Compulsory Car Insurance, an advisory body to the Minister of Finance, pointed out that the amount claimed for medical services against compulsory car insurance by some hospitals and clinics was extremely high. The committee also recommended that the stakeholders (the JMA, the industry group of private non-life insurance companies, and the General Insurance Rating Organization in Japan (GIROJ)) should provide a standard price list for medical services under compulsory car insurance.

In response to the recommendation, the JMA, the industry group of private non-life insurance companies, and the GIROJ cooperated in creating a standard price list and presented this list to the committee in 1989. The JMA and the other stakeholders have attempted to promote the list, because the price list has no legally binding force. As of 2013, 46 out of 47 local medical associations in Japan have officially accepted the list, and approximately 70% of hospitals and clinics have adopted it. The prices of medical services on the list are approximately 44% higher than those stipulated by the government when using public medical insurance.

Results of International Survey Analysis

This section explains the main findings of an international survey conducted by the authors. **Table 2** shows an overview of the survey. The objective of the survey was to understand the institutional design of public insurance systems for covering the medical expenses of casualties of car accidents in major countries. Questionnaires were sent to 19 countries by e-mail and fax on July 4, 2013, and responses were received from 12 countries by September 30, 2013.

Is car insurance compulsory?

Table 3 shows whether or not the 13 countries have compulsory car insurance systems. Almost

Table 2 Overview of the international survey

Objective	To comprehend the institutional design of public insurance systems for covering the medical expenses of casualties of car accidents in major countries.
Subjects	19 countries (Australia, Brunei, Canada, China, France, Germany, India, Indonesia, Italy, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, U.K., U.S., and Vietnam) Responses were received from 12 countries (Canada, China, France, Germany, Italy, Korea, Malaysia, Philippines, Taiwan, Thailand, U.K., and U.S.)
Method	Questionnaire (Questionnaires were sent to medical associations or government agencies in the 19 countries by e-mail and fax on July 4, 2013, and responses received from 12 countries by September 30, 2013.)

Table 3 Is there compulsory car insurance in your country?

	Yes	No	Notes
Japan	○		
Canada	○		
China	○		
France	○		
Germany	○		
Italy	○		
Korea	○		
Malaysia	○		
Philippines	○		
Taiwan	○		
Thailand	○		
U.K.	○		
U.S.	△		There is no compulsory car insurance only in the state of New Hampshire.

all of the countries (except the state of New Hampshire in the United States) have compulsory car insurance systems. It is possible to say that compulsory car insurance systems are universal systems for motorized societies.

Who manages the financial affairs of compulsory car insurance?

Table 4 shows who manages the financial affairs of compulsory car insurance in the 13 countries. Governments are responsible for the financial management of compulsory car insurance in Thailand and Malaysia, whereas private insurance

companies are responsible in Japan, Canada, France, Germany, Italy, Korea, the Philippines, Taiwan, and the United Kingdom. Private insurance companies and state-owned companies manage the financial affairs of compulsory car insurance in China. In the United States, it depends on the state. Japan is not unique with regard to private insurance companies managing the financial affairs of compulsory car insurance. Managing the financial affairs of compulsory car insurance through private companies might be an efficient method in advanced countries that have highly developed insurance industries.

Table 4 Agents who manage the financial affairs of compulsory car insurance

	Governments	Private insurance companies	Others	Notes
Japan		○		
Canada		○		
China		○	○	State-owned insurance companies also manage financial resources.
France		○		
Germany		○		
Italy		○		
Korea		○		
Malaysia	○			
Philippines		○		
Taiwan		○		
Thailand	○			
U.K.		○		
U.S.	○	○		

Table 5 Fault for casualties in car accidents

	Reduced by the fault for casualties	Reduced only when the rating blame of casualties is higher than the specified criterion	Not reduced	Notes
Japan		○		
Canada			○	
China	○			
France			○	
Germany		○		
Italy	○			
Korea			○	
Malaysia	○			
Philippines			○	
Taiwan			○	
Thailand		○		
U.K.			○	
U.S.	—	—	—	It is complicated and depends on the case under consideration.

Fault of casualties in car accidents

Table 5 shows how the fault for casualties in car accidents is handled in the 13 countries. In China, Italy, and Malaysia, the amount of compensation is reduced by the extent of the fault for the

casualties. In Japan, Germany, and Thailand, the amount of compensation is reduced only when the extent of the fault for casualties is higher than the specified criterion. The amount of compensation is not reduced in Canada, France,

Table 6 Relationship between the two systems of public insurance

	Compulsory car insurance	Public medical insurance	Either compulsory car insurance or public medical insurance can be used	Both compulsory car insurance and public medical insurance can be used	Other	Notes
Japan			○			
Canada				○		Acute care treatment is provided by public insurance, and rehabilitation and long-term care tends to be provided by car insurance.
China	○				○	There is Social Salvation Fund in Road Traffic Accident.
France	○					
Germany	○					
Italy	○					
Korea	○					
Malaysia	—	—	—	—	—	Unclear.
Philippines				○		Either of the two public insurance systems is adapted to specific cases. Details are not clear.
Taiwan				○		Either of the two public insurance systems is adapted to specific cases. Details are not clear.
Thailand				○		Public medical insurance is used if the medical expenses exceed the compulsory insured limit.
U.K.		○				
U.S.					○	If you are eligible under Medicaid/Medicare that is used first and supplemental private insurance is used second, and if you are not eligible under Medicaid/Medicare, private car insurance is applied.

Korea, Taiwan, the Philippines, or the United Kingdom. In the United States, it depends on the case under consideration. The way of dealing with the fault for casualties differs among the respondent countries, but countries that do not consider fault for casualties in the compensation of medical expenses are in the majority. It may be appropriate that in Japan the fault for casualties should not be considered in the compensation of medical expenses in public insurance.

Relationship between the two systems of public insurance

Table 6 shows the relationship between the two systems of public insurance in the 13 countries.

In Japan, it is possible to choose either compulsory car insurance or public medical insurance. In China, France, Germany, Italy, and Korea, only compulsory car insurance can be used. China has the Social Salvation Fund in Road Traffic Accident. In the United Kingdom, only public medical insurance can be used. In Canada, the Philippines Taiwan, and Thailand, both systems can be used, with either of the two public insurance systems being adapted to specific cases. As the United States has no universal health insurance coverage, the system is complicated: if you are eligible under the Medicaid/Medicare systems, they are used first and supplemental private insurance is used second; if you are not

Table 7 Differences in prices of medical services

	Exactly the same	The price in the case of using compulsory car insurance is higher	The price in the case of using public medical insurance is higher	There are differences in price. Which is higher depends on the kind of medical service	Other	Notes
Japan		○				
Canada		○				
China	○					
France	○					
Germany	○					
Italy	○					Compulsory car insurance covers all cases.
Korea					○	The prices between the two public insurance systems are equal in clinics, but the price in hospitals is higher in the case of using compulsory car insurance.
Malaysia	○					It is conceivable that compulsory car insurance covers all cases.
Philippines	—	—	—	—	—	Difficult to answer.
Taiwan		○				
Thailand	○					
U.K.	○					NHS covers all cases.
U.S.	○					

eligible under Medicaid or Medicare, private car insurance is applied. Relationships between the two public insurance systems depend on the country, but Japan is quite unique in that people can choose between the two systems of public insurance.

Differences in the prices of medical services

Table 7 shows the differences in price for the same medical services between the two systems of public insurance in the 13 countries. The prices are exactly the same in China, France, Germany, Italy, Malaysia, Thailand, the United States, and the United Kingdom. The price in the case of public car insurance is higher in Japan, Canada, and Taiwan. Korea has a complicated pricing system: the prices under the two public insurance systems are equal at clinics, but the prices at hospitals are higher when compulsory car insurance is used. In addition to Japan, there are several countries—Canada, Taiwan, and Korea—where there are differences in price for the same medical services between the two sys-

tems of public insurance. Japan is not necessarily unique in the world in this respect.

Discussion

Interpretation of the results of the international survey

Let us summarize the results of the international survey. First, almost all countries have a compulsory car insurance system. Second, most advanced countries entrust private insurance companies with managing the financial affairs of compulsory car insurance. Third, the way of handling fault for casualties differs among countries, but the majority of countries do not consider fault for casualties in the compensation of medical expenses. Fourth, Japan is unique in that people can choose between the two systems of public insurance. Fifth, in addition to Japan, there are several other countries where prices for the same medical services differ between the two systems of public insurance. Japan is not necessarily unique in the world in this respect.

To begin with, it is incontrovertible that private insurance companies manage the financial affairs of compulsory car insurance. Apart from this point, it is possible to formulate options. It may not be necessary to consider fault for casualties in the compensation of medical costs in the case of car accidents. Next, being able to choose between the two systems of public insurance in the case of car accidents may not be a good idea. Furthermore, there is an alternative for equalizing the prices of medical services between the two systems of public insurance. Five specific options are discussed after the next section.

Essential issues that should be resolved

Three essential issues that should be resolved were detected. First, different prices under the two systems of public insurance provide stakeholders with irrelevant incentives to choose public medical insurance in the case of car accidents, although public and private car insurance should be applied in principle. Prices under public medical insurance are lower than those under public car insurance. Therefore, those responsible for paying medical expenses have the incentive to apply public medical insurance rather than public car insurance. In this case, private insurance companies and individuals at fault have the rational but inappropriate economic incentive to apply public medical insurance in the case of car accidents. If the current system under which people can flexibly choose between the two systems of insurance is maintained, the prices between the two systems of insurance should be equalized in order to avoid providing irrelevant incentives.

Second, medical insurance ends up covering irrelevant medical expenses if official documents of notification of 'injury and sickness by a third party act' are not submitted. Casualties are legally required to submit official documents of 'injury and sickness by a third party act,' but it is difficult to ensure that they do so simply because they are victims of car accidents and are suffering from injuries. Under the current situation, not all cases are appropriately reported. In the end, public medical insurance incurs the costs of medical services provided to casualties of car accidents, although public and private car insurance should cover these costs in principle. Hence, the expenses that public medical insur-

ance initially covers should be automatically reimbursed by public and private car insurance when public medical insurance is applied first in the case of car accidents.

Third, the party who ultimately covers medical expenses differs between the two systems of public insurance because the financial contributors to each system are essentially different. The financing of public medical insurance comes from insurance fees and taxes, while the financing of public car insurance comes only from insurance fees. If public medical insurance is used, the costs are inflicted onto tax payers in addition to insurers in public medical insurance, not onto insurers in public and private car insurance. It is an unfair situation that imposes these costs on tax payers without their realization.

Options for resolving the conflicts

Based on the essential three problems that need to be solved, this paper provides five options for the resolution of these conflicts. The first option is simple: forbid the use of public medical insurance in the case of car accidents. When car accidents happen and people need to cover the medical expenses of casualties, public and private car insurance should be applied from the beginning. In this case, different prices between public medical insurance and public car insurance do not matter because public medical insurance cannot be used for car accidents. The irrelevant economic incentive to apply public medical insurance to car accidents disappears in this option. You should be only concerned with the problem of asymmetric information between medical service providers (hospitals and clinics) and demanders (payers), because prices can be flexibly set by individual hospitals and clinics when car insurance is applied. Car accidents are emergencies; thus, casualties have no time to lose in obtaining information on prices. Fault-offsetting may impose unexpectedly large costs on casualties. In addition, if public medical insurance can never be utilized in the case of car accidents without exception, casualties will suffer from lasting medical costs after public and private car insurance ceases to cover them. Public medical insurance should be applied after the application of car insurance has ended. However, insurance companies would still have the irrelevant economic incentive to terminate the application of car insurance as soon as possible.

Under the second option, public medical insurance is always applied, even in the case of car accidents. However, car insurance should cover medical expenses in principle. Thus, the costs that public medical insurance covers should be completely reimbursed by car insurance. Casualties submit claims to insurance companies for the costs that they pay as out-of-pocket expenses. Public medical insurance associations submit claims to insurance companies for the costs that they cover without the submission of notification of ‘injury and sickness by a third party act.’ Under this option, prices should be public prices provided by the government under the public medical insurance system.

The third option is based on the current system. The only difference is placing premiums on public fixed prices under the public medical insurance system when medical expenses are reimbursed by private insurance companies. Basically, the reimbursement is executed only after notification documents on ‘injury and sickness by a third party act’ are submitted by casualties. Under this system, not all the reimbursements may be made. Therefore, premiums should be provided in order to deal with such risks for public medical insurance. Premium prices should be determined according to real data on risks.

Under the fourth option, prices of medical services under public medical insurance and car insurance are made exactly the same. If prices are the same, no stakeholder has the inappropriate economic incentive to prioritize public medical insurance under any circumstances. However, in this case, there is still the risk that notification documents on ‘injury and sickness by a third party act’ will not be reported by casualties. We may need to combine the second or third option with this fourth option in order to counteract this risk. Furthermore, we must also consider political issues, because the prices for medical services in the case of car accidents are made lower for political reasons—a situation that may be repulsive from the viewpoint of medical service providers.

The final option is that car insurance does not cover medical expenses for casualties. Instead, car insurance focuses on the payment of consolation money, leave compensation, and compensation for residual disability. Under this option, public medical insurance needs to cover medical

costs for casualties. Therefore, the insurance fees for car insurance should be lower than the current level. Alternatively, systems for transferring funds from car insurance to public medical insurance in advance are required.

Selection from among the five options above should be politically determined. However, the third option seems most realistic, considering the current status of the systems. It may be possible to adopt the third option more easily.

Limitations of international comparisons

A questionnaire survey is not necessarily the best way to consider an ideal system. The purpose of an international survey is to internationally compare and realize implications for considering the research issues. It is hard to identify directly which is the best system on the basis of international survey analysis. Fundamental considerations of what is the best system in the context of each country are required.

In particular, the issue that this paper mainly discusses is unique and specific to Japan, because it is only in Japan that it is possible to choose between the two systems of insurance in the case of car accidents. Consequently, respondents in each country seemed not to have completely understood this main issue when they filled out the questionnaire. We therefore need to interpret their answers carefully and add notes in some cases.

Conclusion

This paper clarifies essential issues concerning conflicts between public car insurance and public medical insurance in Japan, presents the findings of an international survey to detect similar problems in other countries, and discusses possible options for resolving these conflicts.

Three essential issues were identified. First, applying prices under the two systems of public insurance provides stakeholders with irrelevant incentives to choose public medical insurance in the case of car accidents, even though public and private car insurance should be applied. Second, medical insurance incurs irrelevant medical expenses when notification of ‘injury and sickness by a third party act’ is not submitted. Third, if we use public medical insurance, the costs are imposed on tax payers unconsciously; it is unfair.

Five findings were obtained from the international survey. First, almost all countries have a compulsory car insurance system. Second, private insurance companies manage the financial affairs of compulsory car insurance in most developed countries. Third, the fault for casualties is not considered in the compensation of medical expenses in most countries. Fourth, Japan is unique in that people can choose between the two systems of public insurance. Fifth, there are several countries in which prices for the same medical services differ between the two systems of public insurance.

This paper provides five options for resolving the conflicts between public car insurance and public medical insurance in Japan. First, the application of public medical insurance in the case of car accidents is prohibited. Second, conversely, public medical insurance to car accidents is always applied. Third, premium prices on medical services provided under public medical insurance are set when the medical costs are reimbursed by private insurance companies, based on the current system. Fourth, the prices of medical services between the two systems of public insurance are equalized. Finally, medical expenses for care accident casualties are never covered with car insurance; instead, car insurance covers the payment of consolation money, leave compensation, and compensation for residual disability. The five options above would contribute to the solution of the issues. The third option seems most feasible, considering the current conditions.

Focus should be placed on victims' compensation because the risks of car accidents are intrinsically prevalent in motorized societies. From this perspective, further discussions are required to improve the insurance systems.

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