

Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes: Consultation report

Response to Consultation

General Insurance Association of Japan

In general

- 1. Are the Draft Guidance and comments on the Draft Guidance clear? Where would commenters seek further discussion?**

In principle, this matter should be discussed among FSB, IAIS, and the regulators. However, based on the guidance developed, we believe that when formulating policies within each jurisdiction, regulators should communicate well with insurers in their jurisdictions.

Paragraph 3: Assessment criteria

- 2. How well-suited are the criteria in the Draft Guidance (nature, scale, complexity, substitutability, cross-border activities, interconnectedness) to determining which insurers should be subject to RRP requirements?**

In the insurance sector, taking into account recent environmental changes such as the increase in investment in alternative assets and the growing use of cross-border asset-intensive reinsurance, we do not object to the establishment of guidance and the standards set out therein.

However, where non-life insurance business is primarily focused on traditional underwriting activities, it should be explicitly stated that such firms are unlikely to generate systemic risk. This is because, even in the event of failure, the degree to which impacts arising from complexity, substitutability, and internal interconnectedness would materialize is low.

- 3. What other criteria, if any, should be in the Draft Guidance for determining which insurers should be subject to RRP requirements? Discuss why any additional criteria should be added and the advantages and disadvantages of doing so.**
- 4. What other indicators could be provided as examples of ways that authorities could assess the criteria in the Draft Guidance?**

5. **How could the comments to the Draft Guidance better explain the difference between any of the six criteria?**
6. **How could the comments on the Draft Guidance be made clearer to explain how the six criteria should be applied, while still allowing authorities the flexibility to consider the criteria in a manner that aligns with the specific characteristics of their jurisdictions?**

Paragraph 4: Specific circumstances that should necessitate RRP requirements

7. **Should RRP requirements apply in the two sets of circumstances identified in paragraph 4 of the Draft Guidance, notwithstanding any other facts or circumstances?**

While we have no objections to applying RRP requirements, the decision on whether to apply it should be left to each jurisdiction.

8. **What other circumstances should call for the application of RRP requirements to an insurer, notwithstanding any other facts or circumstances?**
9. **What are possible quantitative or qualitative thresholds concerning the six criteria or some combination of the six criteria that should necessitate RRP requirements, notwithstanding any other facts or circumstances? For example, should the Draft Guidance call for RRP requirements whenever the cross-border activities of an insurer exceed a certain threshold?**

Each jurisdiction should consider this matter in a manner appropriate to the characteristics, and quantitative thresholds should not be uniformly set.

Proposed revision to FSB guidance on critical functions

10. **What are the advantages and disadvantages of revising the FSB's guidance on the definition of a critical function for insurers by changing the phrase "the sudden failure to provide the function would be likely to have a material impact on the financial system *and* the real economy" to "the sudden failure to provide the function would be likely to have a material impact on the financial system *or* the real economy"?**