



October 10, 2013

GIAJ comments on the FSB's implementation guidance for the Key Attributes of Effective
Resolution Regimes

The General Insurance Association of Japan (GIAJ) is an industry organization whose 26 member companies account for around 95 percent of the total general insurance premiums written in Japan.

We appreciate the opportunity to comment on the Financial Stability Board's consultative documents on "Application of the Key Attributes of Effective Resolution Regimes to Non-Bank Financial Institutions" and "Information Sharing for Resolution Purposes".

We would like to make the following comments:

"Application of the Key Attributes of Effective Resolution Regimes to Non-Bank Financial Institutions"

Question 23

We believe the draft guidance should distinguish between traditional insurers and those that carry out NTNI activities because traditional insurance businesses have little to be concerned about in terms of systemic risk. However, some NTNI activities may be a cause of systemic risk. Distinction should be made using the size and complexity of NTNI activities as criteria, and the contents and intensity of resolvability assessment and recovery and resolution plan should be decided based basically on the degree, frequency, and scope of such activities. As for insurers whose NTNI activities amount to only a small portion of their overall businesses, approval should be given to set their resolvability assessment and recovery and resolution plan according to the size and complexity of their NTNI activities.

Question 25

When designing an effective resolution framework for "any insurer that could be systemically significant or critical if it fails", by taking the objective of the Key Attributes into account, if the effects of such a failure are mainly on the domestic market and there is no, or little, risk of causing a global systemically significant or critical impact, each jurisdiction should be given discretion to construct the most appropriate resolution framework for itself.

Question 29 (i)

Consideration should be duly given to the possibility that the risks borne by reinsurers may be

significantly affected by transfer of, or significant change in preconditions of, reinsurance cover related to portfolio transfer without the reinsurers' consent.

Pages 9 and 31

As for pages 9 and 31, the examples given in reference to situations where existing insurance resolution measures (i.e. run-off and portfolio transfer) may not be sufficient, should be consistent.

In particular, the phrase on page 9 that reads, "where continuity of insurance cover is critical to the economy or confidence in the financial system and the business cannot be rapidly transferred or replaced", seems to be relevant to traditional insurance businesses, but page 31 does not have such an explanation.

As for insurers whose NTNI activities amount to only a small portion of their overall businesses, approval should be given to set their resolvability assessment and recovery and resolution plan according to the size and complexity of their NTNI activities.

Paragraph 9.1 (Page 37)

In designing an effective resolution framework while taking the objective of the Key Attributes into account, when the effects of an insurer's failure are mainly on the domestic market and there is no, or little, risk of causing a global systemically significant or critical impact, each jurisdiction should be given discretion in order to construct the most appropriate resolution framework for itself.

Paragraph 10.2 (Page 39)

We support the notion of proportionality as embodied in the text "recovery and resolution plans (RRPs) need to be tailored to the specific risks and systemic implications that each insurer may be exposed to or create" in paragraph 10.2.

"Information Sharing for Resolution Purposes"

Question 5

In paragraph 1.11, it should be added as a confidentiality requirement that the recipient authority and its current and former employees and agents are required to immediately take adequate action to prevent further breach of confidentiality of information and promptly notify the originating Party of the scope of the actual or potential breach of confidentiality (i.e. to what party and what information).

Similarly, prompt notification of the actual or potential breach of confidentiality of the information should be included in the agreement of the Parties described in paragraph 2.4.

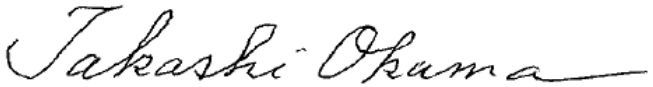
Question 7

We believe it vital that dissemination of confidential information beyond the purposes for which it was shared should thoroughly be prevented.

Paragraph 2.1 (Page 11)

In paragraph 2.1, it should be added as additional COAG content and/or its addendum that the recipient authority and its current and former employees and agents are required to immediately take adequate action to prevent further breach of confidentiality of information and promptly notify the originating Party of the scope of actual or potential breach of confidentiality (i.e. to what party and what information), with notification procedures.

Sincerely,

A handwritten signature in black ink that reads "Takashi Okuma". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Takashi Okuma
General Manager
General Insurance Association of Japan