

Comments Template on CEIOPS-CP 81		Deadline 13.08.2010 17.30 CET
Equivalence assessments to be undertaken in relation to Articles 172, 227 and 260 of the Solvency II Directive		
Name of Company:	The General Insurance Association of Japan (the GIAJ)	
Disclosure of comments:	CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference". ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub bullets/subparagraphs, please indicate this in the comment itself. <p>Please send the completed template, in Word Format, to secretariat@ceiops.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. 81 (CEIOPS-CP-81/10).</p>		
Reference	Comment	
General Comment	As we submitted comments on Consultation Paper 78, which was published in November 2009, the General Insurance Association of Japan (the GIAJ), in the first place, has concerns regarding the European Commission (the EC)/CEIOPS conducting a unilateral equivalence assessment, the intent of which is also apparent in Consultation	

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	<p>Paper 81 (CP81).</p> <p>In addition, we would like to express again that, apart from the intention of the EU supervisors, the implementation of the third country equivalence assessment may lead to creation of trade barriers if equivalency of a third country was not acknowledged and cause competitive disadvantage for insurers in the relevant third country.</p> <p>Furthermore, even if the EC/CEIOPS conducted an equivalence assessment, the assessment criteria and procedure should follow the discussion and development of the IAIS international standard setting activities.</p> <p>While we have the above mentioned concerns on the proposed equivalence assessment of the EC/CEIOPS, we identified the following two obstacles for us to affirm our position in our responding to CP81.</p> <ol style="list-style-type: none"> 1. The disadvantages for insurers in a third country which was not acknowledged equivalent by the EC/CEIOPS are not clear. 2. The advantages and disadvantages of being or not being in the first wave of the equivalence assessment are not clear. <ol style="list-style-type: none"> i) As mentioned in paragraph 6.1.2, third countries not included in the first wave of assessment should be given appropriate transitional measures in order to avoid any disadvantages occurring for not being in the first wave. In the absence of equivalence assessment being conducted, there is no reason to treat the insurers in those countries unfairly. Thus the EC/CEIOPS should make clear about the transitional measures with suggested time frame. ii) Assessment should be made for the third countries in the first wave with due regard to "active programmes", as described in paragraph 2.2.3. In addition, even if the positive equivalence was not acknowledged in the first wave of assessment, the EC/CEIOPS should conduct an equivalence assessment again in the next wave. Being in the first wave of the assessment should not by itself cause any disadvantages. <p>Based on the above discussions, we request that CEIOPS establish an open and transparent assessment process in order to ensure predictability, should the assessment be conducted.</p>	

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	<p>Having said that, we appreciate CEIOPS providing an opportunity to comment on CP81, and we would like to offer the following comments.</p> <p>In determining the third countries of the first wave of equivalence assessment, our observation is that Japan satisfies the following two important "factors" that CEIOPS identified in paragraph 2.1.15.</p> <ol style="list-style-type: none"> 1. " whether the third country currently has a supervisory regime that is fully risk-based or has taken measures to move towards such a system" (paragraph 2.1.2) <p>The Japanese solvency regime is already risk-based. In this context, the expression "unclear" which appears in the second sentence of paragraph 5.3.3 seems unreasonable.</p> 2. "materiality of an equivalence finding to EU insurance and reinsurance undertakings and their policy holders" (paragraph 2.1.7) <p>Japan is considered as an important reinsurance market for EU insurers. If the equivalence is not acknowledged, it may result in the creation of unfair trade barriers. This may cause an increase in reinsurance cost, and even worse, a loss of a competitive reinsurance market for EU insurers.</p> <p>Thus, in terms of materiality of Japanese (re)insurers to European insurance market, we are of the view that the decision made by CEIOPS to include Japan for the first wave of the equivalence assessment in respect of Article 172 (Reinsurance) is natural.</p> <p>Regarding paragraph 2.2.2 and 6.1.4, while the GIAJ may not be in a position to comment, we stand ready to cooperate in the process, if necessary.</p>	
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