



GiAJ comments on the IAIS consultation on "Issues Paper on the Increasing Use of Digital Technology in Insurance and its Potential Impact on Consumer Outcomes"

Section/Paragraph	
<p>Q1 General Comments on the Issues Paper</p>	<p>We, the General Insurance Association of Japan, are grateful for this opportunity to comment on the Draft Issues Paper on the digitalization of the insurance business model consultation (hereinafter referred to as "IP"). As pointed out in many parts of the IP, the use of digital technology can not only give rise to risks but can also be a solution or a help to ensuring consumer protection and the fair treatment of customers. Therefore, we agree with expressly stating that supervisors will need to balance the risks of new innovations against the benefits for policyholders and the insurance sector as a whole.</p>
<p>Q20 Comment on Paragraph 15</p>	<p>Although we can understand the necessity for supervisors to monitor consumer outcomes or to identify the risks from the use of digital technology to some extent, the description "managing the risks" should be deleted, as the meaning is unclear and it is likely to cause the misunderstanding that supervisors directly manage the risks of insurers.</p>
<p>Q50 Comment on Paragraph 40</p>	<p>This paragraph requires supervisors to "apply to digital insurance activities requirements on transparency and disclosure that provide an equivalent level of protection to customers as those applied to insurance business conducted through non-digital means". We would like to clarify that only each jurisdiction's supervisor can judge whether the equivalent level of protection is met.</p>
<p>Q74 General comment on section 3.3 Price Comparison Websites</p>	<p>Depending on their information disclosure method, adequacy of information, and the comprehension of customers, the information that Price Comparison Websites provide may result in both benefits and unintended outcome for customers. Therefore, we support the contents of 3.3.2, which states there is a risk that consumers may buy unsuitable products.</p>
<p>Q80 Comment on Paragraph 68</p>	<p>Even though this paragraph states that "they can potentially create a systemic issue across a specific market", the definition of "a systemic issue" in this part is unclear. We understand this means not systemic risk in terms of financial stability but an issue PCWs could set up, such as cases where consumers collectively and accidentally buy unsuitable products due to inaccurate information provided by PCWs. Also, it is not clear how this paragraph is related to paragraph 69. A clarification of what is meant by the words "a systemic issue" would be helpful.</p>
<p>Q109 Comment on Paragraph 95</p>	<p>We support what this paragraph describes, since precluding regulatory arbitrage is a particularly important issue in the use of digital technology in insurance business.</p>
<p>Q110 Comment on Paragraph 96</p>	<p>Precluding regulatory arbitrage becomes more important when considering that a characteristic of digital technology is that it crosses borders more easily; therefore we appreciate that this paragraph refers to jurisdictional arbitrage.</p>
<p>Q120 Comment on Paragraph 105</p>	<p>As mentioned in our general comments, the use of digital technology can not only give rise to risks but can also be a solution or a help to ensuring consumer protection and the fair treatment of customers, as the IP points out in its many parts. Therefore, we would like to restate that we agree with expressly stating that supervisors will need to balance the risks of new innovations against the benefits for policyholders and the insurance sector as a whole.</p>

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