

Section/Paragraph	
<p>Q1 General comments on the Application Paper</p>	<p>We, the General Insurance Association of Japan, are grateful for this opportunity to comment on the Draft Application Paper on the Composition and the Role of the Board (hereinafter referred to as "AP").</p> <p>We understand that the AP aims to provide additional material including actual examples or case studies to help with the practical interpretation and application of ICP 5 (Suitability of Persons) and ICP 7 (Corporate Governance) and not to set new requirements nor recommend a particular structure or measures over others as long as they are on an equal footing with regards to their effectiveness. However, we would like to have a reconfirmation on these points. Also, through our comments, we intend to make clearer references to these points.</p> <p>We would like this AP to provide a reference to "proportionality". ICP 7.0.3¹ and 7.0.4² refer to variations in insurer's corporate governance structures and flexibility in their supervision. We believe they apply to the composition and the role of the Board. Also, the ICP "Introduction" published for consultation in March 2017 and endorsed in November the same year, takes up "proportionality" in paragraph 9. Some other APs provide specific reference to "proportionality" as well. We believe that adding a reference to "proportionality" is in line with the intention of the ICP and will serve to clarify its position as an AP.</p> <p>1 "The ways in which an insurer chooses to organise and structure itself can vary depending on a number of factors", "It is important for supervisors to understand these different considerations in order to be able to adequately assess the effectiveness of an insurer's corporate governance framework." 2 "The standards on corporate governance are designed with sufficient flexibility to apply to supervision of insurers regardless of any differences in the corporate structures and legal systems."</p> <p>We also note that the AP contains phrases and expressions which are somewhat too prescriptive. In particular, "should" is often used in sentences where "may" is more appropriate. Such sentences in the following paragraphs should be amended accordingly: 17, 21, 22, 27, 29, 44, 47, 48, 51, 52, 56, 60, 63, 65, 66, 67, 70, 71, 74, 79, 81, 84, 85, and 88.</p>
<p>Paragraphs 17, 21, 22, 27, 29, 44, 47, 48, 52, 56, 60, 63, 65, 66, 67, 70, 71, 74, 79, 81, 84, 85, 88</p>	<p>Please refer to our comments on Q1 referring to the use of "should" and "may".</p>
<p>Paragraph 51</p>	<p>Please refer to our comments on Q1 referring to the use of "should" and "may". However, "should" quoting ICP 7.3.4 should be left as it is.</p>

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