

Questions	Comments
<p>Q1: How will Covid-19 affect the financial system and the insurance sector specifically over the short, medium and longer term?</p>	<p>The following responses are the impact of Covid-19 on the Japanese general insurance sector.</p> <p>[Short-term and mid-term impact]</p> <p>Impact on the Japanese general insurance industry include impact on business performance in terms of "premiums written", "claims payment" and "asset management" and impact on "operation".</p> <p>(1) Impact on premiums written: Premiums written may decrease due to factors such as economic stagnation and decline in consumer spending.</p> <p>(2) Impact on claims payment: While some medical insurance and income compensation insurance cover infectious diseases, infectious diseases are generally excluded in domestic commercial insurance covers. As such, we understand Covid-19 related claims payment will have little effect on Japanese general insurance companies' solvency.</p> <p>(3) Impact on asset management: Factors that may impact asset management include decline in interest yield due to interest rate decline, and decrease in dividends due to decline in corporate performance, and accounting for impaired assets due to decline in stock values.</p> <p>(4) Impact on Operation and expenses: Operational impacts include promotion of non-face-to-face interaction with customers to prevent the spread of infection and adjusting operations in order to continue important operations such as "insurance accident notification", "claims and maturity refunds payment" and "binding insurance contracts", etc. while reducing the number of commuting workers. And new ways of working with more work from home will be accelerated, that will lead to a new type of expenses different than before.</p> <p>[Long-term impact]</p> <p>It is necessary to start adapting to post Covid-19 changes in business processes (including online-based working style, etc.) and consumer behavior, and to encourage changes in consumer mindset.</p>
<p>Q2: What are the key trends, risks and opportunities for the insurance</p>	<p>The major trends and risks in the Japanese general insurance sector are as described in our answer to Q1.</p> <p>On the other hand, we believe that our responses to COVID-19 can also be an opportunity that can fundamentally change past practices and our work style. In terms of changes in the work style, for example, we are promoting non-face-to-face</p>

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sector in light of Covid-19 ?	<p>solicitation and making insurance claims settlement and payment paperless and through online processes.</p> <p>In addition, new risks that arise due to post Covid-19 changes in corporate activities and people's lifestyles may present an opportunity for insurance companies to provide new insurance products.</p>
<p>Q3: What does this mean for supervisors?</p>	<p>From the viewpoint of responding to customers efficiently, flexibly and expediently while ensuring their protection during the COVID-19 pandemic, there may be hindrances in the current supervisory regulations when existing customs and practices are fundamentally transformed.</p> <p>It can be said that the time has come for insurance supervisors to review any issues within the current supervisory regulations.</p>
<p>Q4: What are the main areas you will be focusing on over the coming 1 to 2 years?</p>	<p>It is our top priority to continue to provide customer support through our operations such as "insurance accident notification", "claims and maturity refund payments" and "binding insurance contracts".</p> <p>In addition, it is necessary to start adapting to post Covid-19 changes in business processes (online-based working style, etc.) and consumer behavior, and to encourage changes in consumer mindset.</p> <p>Along with changes in business processes (online-based working, etc.), more companies and individuals will be exposed to cyber risks. Therefore, strengthening cyber resilience and promoting cyber insurance is necessary.</p> <p>Insurance companies may also face new risks while utilizing new digital technologies in, for instance, non-face-to-face solicitation.</p> <p>We recognize that our industry needs to address these issues.</p>
<p>Q5: Where do you believe IAIS should focus its work during this period?</p>	<p>In addition to responding to the new risks that arise from the insurance industry's efforts as mentioned in Q4, there are many other issues that the IAIS should address, such as supporting legislation of ICP/ComFrame in each jurisdiction and the implementation of ICS. Considering the constraints of IAIS resources and the burden on insurance companies, IAIS should prioritize the issues that should be resolved. In other areas not mentioned above, we expect a flexible approach from IAIS</p>

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	<p>such as excluding them for the time being to reduce the operational burden of insurance companies.</p> <p>In addition to reviewing existing works, IAIS should consider external communications that support the efforts of insurance companies in light of Covid-19. Some specific messaging are the following:</p> <ul style="list-style-type: none"> (1) encourage supervisors of each jurisdiction to review existing supervisory regulations, which may impede on business reforms of insurance companies (as described in Q3) and take flexible approaches; (2) encourage investors and rating agencies to make decisions based on a long-term perspective, rather than on the temporary decline in insurance companies' performance due to COVID-19; (3) promote understanding of the fact that this widespread pandemic has highlighted the limits on the types of coverage that can reasonably be offered by the insurance sector alone (as the IAIS mentioned in a press release dated May 7).