Paragraph/Section	Comments
24	With regard to risk dashboards, while it is stated that "Indicators may be based on a combination of publicly available (market) data and supervisory reporting data", we believe that in principle any data used for a risk dashboard should be based on information that is in the public domain and supervisory report information that has already been collected. Insurers should not be unduly burdened by supervisory information collecting that is disproportionate to objectives such as analyzing past trends and future forecasts, so we propose adding provisions to this effect towards the end of paragraph 24.
25	Although the risk dashboard described in paragraph 25 is used by supervisors to monitor the sector, sharing with the insurance industry what quantitative and qualitative information are included in a dashboard including both indicators and criteria, as well as what supervisory actions will be taken based on it will assist risk management of insurers and the wider sector. We propose adding provisions to this effect within this paragraph. We would also propose to add that careful attention should be paid to public disclosure so that individual insurers are not identified.
26	Regarding risk dashboards, it is useful to set risk scores, thresholds, and determine the relevance of each category of risk indicators through dialogue with insurers. We propose adding provisions to this effect in paragraph 26.
28	Referring to "2.2 Risk dashboard <u>for monitoring key macroprudential indicators</u>", we understand that the risk dashboard described in the AP is a supervisory tool for ensuring sector-wide prudence and preventing sector-wide systemic risk. In paragraph 28 it is stated that "A risk dashboard should… be used <u>to identify interplays between sector-wide risks</u> identified in the dashboard <u>to individual insurer analysis</u>". However, as mentioned above, it is our understanding that risk dashboards are basically not used to supervise individual insurers. As such, if it is indeed to be used for supervision of individual insurers, clear usage criteria should be included in the AP.
36	We would like to point out that analysis of new or sudden events also needs to take into account more qualitative analysis as described in this paragraph. In addition, supervisors should not require insurers to conduct hypothetical analyses of excessive scenarios, or to hastily collect data even under emergency circumstances.
41	As described in paragraph 44, "Data relevant for risks to the insurance sector", each indicator related to trend analysis described in paragraph 41 should be analyzed together with the indicator related to risk amount. For the risk amount, the indicator used for economic value-based capital regulation may be regarded as comparable, but when using the ICS standard method for example, it should be noted that there may be a divergence between the risk amount derived from internal models used by insurance companies and the actual situation.

Section 3.2.2	We think that insurers may be required to recapitalize or reduce their risk exposure to meet specific scenarios if stress tests are conducted by the supervisors. Therefore, scenarios need to be well thought out so that it is neither an excessively large nor long-term event, but a reasonably probable event. In addition, when forming the scenarios, the basis should be clearly stated such as whether insurance companies are considered as a going concern, or avoiding resolution. We propose adding the above two points to this AP as matters which supervisors should consider and address.
49	While it is stated that “Insurance stress tests should have a common set of characteristics that define best practices”, stress test content should be considered based on the situation of each jurisdiction at that moment in time, and what is meant by "a common set of characteristics that define best practices" seems unclear. Therefore, this paragraph should be deleted or revised for clarification as follows: Insurance stress tests should have a common set of characteristics ~~that define best practices~~ on how they are being conducted, the approach and the data that are being used, the frequency at which the test is being conducted, market coverage and the technical structure/features/specifications of the tests.
51	Regarding the following provision, “As discussed above, stress testing is also required to be conducted by insurers as part of their own Enterprise Risk Management (ERM), for instance as part of the Own Risk Solvency Assessment (ORSA). Supervisors could also provide guidance to the market with specifications on how to conduct stress tests to be included in the ORSA”, ORSA stress tests are based on the risk assessment of the insurance company itself for microprudential purposes, and it seems inadequate to include stress tests for macroprudential purposes within the ORSA. Therefore, these provisions should be deleted. In addition, they are also inconsistent with the statement in Annex 4 of the AP, "the insurers would remain free to define the content of the ORSA”.
57	Since the results of stress tests have a great influence on the management actions of insurers, transparency should be ensured when determining the specifications and parameters of a "macroeconomic scenario generator" stated in paragraph 57.
60	While it is stated that “the data could be acquired in a homogeneous way through ad hoc requests to insurers”, in order to prepare the data necessary for sensitivity analysis, it is expected that an insurer will bear the load of multiple calculations of data. When a supervisor requests an insurer to submit data, the scope should be narrowed down with due consideration for relevance and reasonable probability.
78	We agree that "supervisors are required to have “an established process to assess the potential systemic importance of individual insurers and the insurance sector” ".

	In this case, the systemic importance of the insurance sector should not be assessed alone, but rather assessed within the entire financial system, including other sectors such as banking and securities. Due consideration should be given to the fact that the scale of systemic risk in the insurance sector is smaller than that of banking. As such, the supervisory assessment process should begin with a performance of the cross-sectoral analysis described in Section 4.2.5 (paragraphs 143 and 144) to assess the systemic importance of the insurance sector within the financial system. We propose specifying this in the AP. We also propose adding that consistent measures should be taken by each jurisdiction with the aim of ensuring the predictability of regulations, ensuring a level playing field between jurisdictions, and preventing the arbitrary enforcement of regulations by supervisors within each jurisdiction.
79	We agree that liquidity risk is "not as important for insurers as it is for banks". As we commented on paragraph 78, the systemic importance of the insurance sector should be assessed within the entire financial system, including other sectors such as banking.
84	Substitutability is cited as exposure to systemic risk in the insurance sector. In addition, paragraph 84 states that "limited substitutability refers to the difficulty for other components in the financial system to ensure the continuation of supply of insurance coverage after a failure or distress of an individual insurer". However, in our view, given that there are a sufficient number of players in the insurance market and that it is easy to replace coverage in most cases even in the event of the failure of one insurer, situations in which a lack of substitutability contributes to systemic risk are limited. From the statement in paragraph 84 which reads, "The failure of a large insurer in a critical niche market <u>may</u> become a systemic concern", we understand that such a situation is uncommon, and would like to confirm that our understanding is correct.
85	Regarding systemic risk exposure in the insurance sector, in paragraph 85 it is stated that "Global activity may be a proxy for the complexity of an insurance group". Global activity itself should not be seen as a potential exposure to systemic risk, whereas the type and quality of insurance products and assets underwritten by the insurer may relate to systemic risk. Therefore, this sentence should be deleted.
Section 4.1.1	Despite various indicators to identify systemic risk in Section 4.1.1 (Indicator-based approach), the insurance sector has been the cause of very few cases of systemic risk. We believe that the appropriateness and effectiveness of these indicators need to be carefully verified for use within the insurance sector.
100	It is stated in footnote 18 that "In principle, any public funding used for the resolution of the insurer should be recouped from the insurance sector in a transparent manner". We understand this sentence cites ICP12.2.3 which is not a requirement based on international regulations (A standard under ICP/CF). An explanation to this effect should be added so that the status of the wording is clarified within the AP.
Section 4.1.2	As we commented on paragraph 78, the systemic importance of the insurance sector should be assessed within the entire financial system, including other sectors such as banking.

	Especially when using "relative scoring" to assess the insurers systemic risk, although paragraph 105 states that “Insurers overall score above thresholds as determined from the sample could be deemed systemically important, while those scoring below the thresholds would not be considered as systemically important financial institutions", insurers above the threshold should not be judged as indicative of systemic risk based on that score alone. We propose adding provisions to this effect within paragraph 105. When using "absolute scoring", although paragraph 106 states "In an absolute scoring system, supervisors set scoring thresholds according to supervisory judgement", it is necessary to set scoring thresholds including other sectors such as banking. We propose adding provisions to this effect within paragraph 106.
104	Please refer to our comments on Q129 (section 4.1.2).
105	Although it is stated that “Insurers overall score above thresholds as determined from the sample could be deemed systemically important, while those scoring below the thresholds would not be considered as systemically important financial institutions”, as we commented on Q129 (section 4.1.2), insurers above the threshold should not be judged as indicative of systemic risk based on that score alone. As such, we propose adding provisions to this effect within paragraph 105.
106	As described in our comment on Q129 (section 4.1.2), although paragraph 106 states that "In an absolute scoring system, supervisors set scoring thresholds according to supervisory judgement", it is necessary to set scoring thresholds including other sectors such as banking. As such, we propose adding provisions to this effect within paragraph 106.
132	While it is stated that “Supervisors should take into consideration this sector-wide approach when assessing systemic importance”, as described in our comment on Q101 (paragraph 78), the systemic importance of the insurance sector should be assessed within the framework of the entire financial system including other sectors such as banking.
138	While it is stated in footnote 28 that ”Resolution planning is subject to an “as necessary” requirement in ICP 12”, as described in ICP 16.15 and CF 16.15.a, recovery plans are also prepared as needed for insurers other than IAIGs. For clarification, we propose adding provisions to this effect. (Reference) ICP16.15 The supervisor requires, as necessary, insurers to evaluate in advance their specific risks and options in possible recovery scenarios. CF 16.15.a The group-wide supervisor requires the Head of the IAIG to: ··· review and update the recovery plan on a regular basis, or when there are material changes; and ···

142	While it is stated in footnote 30 that “Ideally, any cross holding of debt between insurers should carry large penalties in the form of capital charges to discourage interconnectedness”, the statement should be deleted as no capital charges should be imposed solely on the grounds of cross holding.
Section 4.2.5	As we commented on Q101 (paragraph 78), the systemic importance of the insurance sector should be assessed within the entire financial system including other sectors such as banking. In addition, the supervisory assessment process should begin by conducting the cross-sectoral analysis described in Section 4.2.5 (paragraphs 143 and 144) to assess the systemic importance of the insurance sector within the financial system. We propose specifying this in the AP.
147	We propose adding “refer to paragraph 84” to clarify that the substitutability described in paragraph 147 is the same as that described in paragraph 84. As we commented on Q107 (paragraph 84), there are a sufficient number of players in the insurance market, and it is easy to replace coverage in most cases even in the event of an insurer failing, so in our view situations in which lack of substitutability contributes to systemic risk are limited.
149	In terms of triggers, it should be specified that they will be utilized appropriately according to the objectives and situation bearing in mind the characteristics of the two different triggers, and that dialogues (such as public consultations) should be conducted with insurers when considering their utilization.
154	It is stated that “If a potentially systemic exposure is identified by trends in certain risks and activities in the macroprudential analysis, supervisors should require insurers to strengthen their ERM framework.” We think that insurers may be required to recapitalize or reduce their risk exposure to meet specific scenarios if stress tests are conducted by the supervisors. Therefore, scenarios need to be well thought out so that it is neither an excessively large nor long-term event, but a reasonably probable event. In addition, when forming the scenarios, the basis should be clearly stated such as whether insurance companies are considered as a going concern, or avoiding resolution. We propose adding the above two points to this AP as matters which supervisors should consider and address.
155	It is stated that supervisors may require “insurers to undertake further stress testing or scenario analysis" based on the results of macroprudential analysis. We understand that stress tests are not for the purpose of microprudence, but for the purpose of macroprudence. We propose adding this for clarification. It is also stated that "Indeed, uniform stress testing requirements may be necessary to assess the overall / aggregated impact of the insurance sector on the financial system”. If the stress test described in this paragraph refers to a test for the purpose of microprudence, the statement should be deleted as uniform requirements should not be imposed on stress tests insurers conduct for ERM purposes .

156	Regarding macroprudential analysis, while it is stated that "Based on the risks the assessment may highlight, supervisors may require insurers to strengthen their risk appetite statement or to establish a counterparty risk appetite statement to define more stringent limits.", we believe that risk appetite is set according to each insurer's preference for risk, and correlated with each insurer's strategy. Therefore, the statement should be deleted as it is not appropriate for supervisors to be involved in such decisions.
158	Paragraph 157 states that "It is good practice for supervisors to require the development of recovery and resolution plans at least for those insurers that it has assessed to be systemically important". We understand that "the scope (of application of the recovery and resolution plans)" in paragraph 158 refers to insurers who are actually tasked with formulating the recovery and resolution plans, and would like to confirm that this understanding is correct. If our understanding is incorrect, we would like to ask for a detailed explanation.
161	In this paragraph, it is stated that "supervisors should have at their disposal a sufficiently broad set of powers" to address systemic risks. The measures described in ICP 10.2 are also listed as specific examples. However, supervisors should not have excessive powers to deal with systemic risk in commensurate to their purposes. In addition, the legal system in each jurisdiction should be taken into consideration. We propose adding provisions which describe such points. Furthermore, the measures listed include strict contents such as "Prohibiting the insurer from issuing new policies or new types of product", which are excessive compared to the situation "In the event that there are" signs "of the build-up of systemic risk". Provisions should be added to the effect that predictability and transparency are ensured in triggers and the operation of each measure so that insurers can take voluntary actions in advance.
162	While it is stated that "In some cases, supervisors may require the development of a systemic risk report that would aim at presenting, in a coherent and summarised manner, all applicable measures that the insurer intends to undertake in order to address macroprudential concerns.", considering there are no sufficient grounds for requesting insurers to develop such a report for reasons stated below, this provision should be deleted or revised to make it clear that the report will be developed by supervisors. - Although each insurer is able to grasp the soundness of its own company (microprudence), it is not in a position to understand the situation of the entire sector including other insurers. We believe that responses based on the soundness of the entire sector (macroprudence) are the remit of supervisors. - Supervisors can understand the specific individual measures that insurers can take through existing resources such as the ORSA and recovery plans. Therefore, it seems unnecessary for insurers to create similar reports separately. - We also recognize that ICP/CF does not provide for the development of systemic risk reports by insurers.

	Regarding "all applicable measures that the insurer "intends to undertake"”, even if supervisors were to develop the systemic risk reports, we consider it excessive to cover “all” measures considering the purpose of the report.
167	We have no objection to “Transparency may be achieved by publishing relevant insurance data by supervisors”. Although it is stated that published data allows “each user of the information to perform comparative analysis of individual insurers as well as aggregated indicators of the insurance market.”, individual insurers should not be identified when data is published for macroprudential purposes. We propose adding provisions to this effect within the AP.
175	It is stated that “For example, supervisors could issue or update recommendations on dividend distribution and remuneration policies, advising that supervisors themselves will closely monitor compliance with these recommendations”. However, supervisors should avoid excessive intervention in the business operations of insurers. Moreover, recommendations other than dividend distribution and remuneration policies aimed at mitigating the accumulation of systemic risk are also possible. Therefore, these provisions should be deleted.
176	While it is stated that “Supervisors may publish data collected on the insurance sector for macroprudential purposes.”, sufficient care should be taken not to identify individual insurers when data is published. We propose adding provisions to this effect.