

Questions	Comments
Q3	<p>Paragraph 42 of the 2021 Application Paper states that ALM may be affected by climate-related risks, but we would like to reiterate that this description should be deleted. While we do not dispute that climate change may affect financial assets and consequently lead to potential asset management risks for insurers, ALM of insurers is essentially an issue of market interest rate risk management, and it is inappropriate to directly link climate change and ALM. In addition, there is no indication that credit spreads on credit risk assets have widened or that defaults have increased as a result of climate change.</p>
Q4	<ul style="list-style-type: none"> - In Paragraph 1 (Line 5) and Paragraph 4 (Line 5) of this guidance, mitigation is mentioned, but there is no reference to adaptation. Consideration should be given to adding/referencing adaptation, as it is physical risk closely related to adaptation that is likely to have a more direct impact on general insurance businesses. - In considering responses to climate change risks, circumstances and challenges differ among countries and regions. This should be fully taken into account in examining issues or themes to explore in the forthcoming consultations.
Q5	<p>While we recognize that transition planning is an important element in ensuring a smooth transition to a decarbonized society, it may not be necessary for the IAIS to work on transition planning for the following reasons:</p> <ul style="list-style-type: none"> - Given the roles of insurers in maintaining and developing fair, safe and stable insurance markets that benefit and protect policyholders and in contributing to global financial stability, transition planning is a topic that should be treated carefully. - A certain level of guidelines for transition planning have already been developed by private sector-led initiatives and frameworks such as TCFD and GFANZ, and insurers are in the process of responding to them. <p>As the background to our concerns, we want to point out the following, which the IAIS should fully take into account:</p> <ul style="list-style-type: none"> - The development of transition plans needs to reflect country- and region-specific pathways to decarbonization as well as differences in the business characteristics of individual insurers. We are concerned that, if the IAIS were to work on transition planning and describe a particular region's thinking or approach as an example, it would be considered best practice, which would make it difficult for other approaches to be allowed. - We recognize that there are differences among countries/regions as well as insurers in understanding the definition of transition planning in the insurance sector, just as there is no established definition of transition finance in the context of investment and financing. In view of this, we are concerned about the possibility of the development of guidance that recommends transition plans only emphasising poor underwriting restrictions without sufficient consideration.

	<p>- As noted above, because work is already progressing through private-sector-led initiatives and frameworks, the IAIS's activities should be aimed at supporting (contributing to, promoting, etc.) these initiatives. It is also important that the IAIS's considerations and measures are aligned with private sector initiatives, and that they are high-level and principles-based.</p>
Q6	<p>As part of climate-related efforts, we are aware that the Protection Gap Task Force is advancing discussions on reducing NatCat protection gaps to produce a report. In order to reduce the gaps, it would be useful to discuss and include in the report not only efforts to improve insurance coverage, such as enhancement of insurance awareness, availability and insurability, but also efforts to reduce losses, such as disaster prevention and mitigation.</p>