

Questions	Comments
1	<p>DEI is useful from the perspective of corporate governance and risk management in insurers and is an important aspect that should be positively promoted. On the other hand, it should be noted that DEI is a means, not an end. While we recognize that many insurers are already pursuing DEI initiatives, we agree that the situation may differ depending on the jurisdiction in which the insurer operates and the size and nature of its business, and that the proportionality principle should be considered when incorporating a DEI perspective into insurance supervision. We also believe that overly detailed requirements and supervision should be avoided and that this is an area to be effectively promoted through engagement, as described in the AP.</p>
3	<p>In the interest of transparency, we suggest publishing the members-only document mentioned in Paragraph 2, as there is no reason for it to be members-only. If it cannot be publicized due to the individual company data in it, we suggest removing such data to publish the document.</p>
4	<p>Equity : We suggest revising "certain groups" in the first sentence to "certain groups and/or individuals", as individuals should also be included.</p>
5	<p>We would like to express our respect for the IAIS's work to date on DEI and agree that DEI is also an important element in terms of the governance and risk management of insurers, as demonstrated by the IAIS's work so far.</p>
6	<p>We agree that the proportionality principle should be considered with respect to supervisory action related to DEI.</p>
7	<p>The matters described in Section 2 are likely to be broadly applicable to various organizations (including national and local governments, and companies) in various jurisdictions, and are also important to insurers. Insurers conduct business of a highly public nature, and we believe that addressing DEI is important from the perspective of sound business operations based on appropriate decisions.</p> <p>As for the first sentence of Paragraph 20 ("...diversity can lead to a more complete understanding of all reasonably foreseeable and relevant material risks"), while we agree that diversity leads to a better understanding of risks, we suggest deleting "all" in favor of a balanced approach, as not all risks can be managed through diversity.</p> <p>Paragraph 22: we suggest adding the following as the last bullet: "An organization in which individuals are better able to fulfill their true potential."</p>
8	<p>We agree that the risks of "groupthink" in decision-making are widely known to the public and are an important consideration for insurers.</p>
10	<p>As noted in Paragraph 27, we agree that demographic diversity information is sensitive and may not be collected by insurers, and that it is harder to measure and assess equity and inclusion. These limitations should be kept in mind when conducting insurance supervision.</p>

	<p>As the first sentence of Paragraph 27 explains, diversity in companies can be ensured by combining demographic diversity, diversity of experience, and diversity of thought. Because the last sentence can be read to indicate that demographic diversity and diversity of experience affect diversity of thought, and lacks consistency with the first sentence, we suggest revising it as follows:</p> <p>"A combination of (i) demographic diversity, (ii) diversity of experience and (iii) diversity of thought are likely to foster greater diversity in firms and help reduce groupthink."</p> <p>Paragraph 29: While the first sentence explains "Equity and inclusion...can be harder to measure", the second and third sentences have slightly contradictory descriptions where insurers can assess equity and measure inclusion. Because assessments and measurements of initiatives related to equity and inclusion are affected by other factors, supervision solely based on the factors explained in this paragraph could cause confusion. Therefore, we suggest revising the paragraph as follows:</p> <p>"Equity and inclusion, often reflected through acts, behaviour and attitudes, can be harder to measure. Given such conditions, insurers could consider assessing equity by analysing and monitoring the employee lifecycle such as recruitment and promotion practices and outcomes, and measuring inclusion by undertaking employee surveys and monitoring outcomes of those surveys." (*We also suggest deleting the last sentence.)</p>
11	<p>The warning signs illustrated in Section 3.2 are thought-provoking and deserve consideration by insurers in promoting DEI. However, since lack of DEI efforts may not be the only cause of such issues, in practical implementation, it is necessary to scrutinize them based on jurisdictional circumstances (e.g., labor market conditions could impact high employee attrition and poor recruitment outcomes, etc.).</p> <p>Paragraph 35: Observing board meetings by supervisors is considered to be an excessive response and should be deleted from the description. For example, while it is also considered important for supervisors to avoid groupthink, it may not be an option, as their own response, to hold executive meetings with outsiders. Taking such measures only on the insurer side is not considered appropriate supervision.</p>
13	<p>We suggest adding "Publication of policies, goals, indicators, etc. on DEI through sustainability reports, DEI reports, etc." as one of the "indicators of positive action on DEI at an insurer".</p>

14	As DEI is an important issue for insurers, it is also important for supervisors to understand the status of DEI among insurers. While there are a variety of possible approaches and intensities of supervision related to DEI, it is desirable to take a balanced approach, for example, by utilizing existing frameworks and without being overly detailed.
15	DEI is an important issue for insurers, but the content and extent of their initiatives are likely to vary depending on the jurisdiction and the size and nature of the insurer's business. Therefore, we believe that even when an industry-wide approach to DEI supervision is taken, it should not be overly detailed and should take into account the proportionality principle. In addition, implementation should first be carried out within existing frameworks, and new regulations and requirements should be limited to circumstances where they are truly necessary.
16	The use of soft powers by supervisors would be useful in promoting DEI initiatives by insurers. In jurisdictions where many insurers have published sustainability-related reports covering DEI, it would also be useful to utilize such reports.
17	DEI supervision from the perspective of corporate governance, risk management, etc. should first be conducted within existing supervisory frameworks, and new regulations and requirements should be limited to circumstances where they are truly necessary. In addition, even when conducting thematic surveys, consideration should be given to whether the necessary information can be obtained from publicly available information of insurers.
18	We understand that in some circumstances it may be necessary to impose new regulations and requirements in order to promote DEI initiatives of insurers, but this should be limited to cases where it is truly necessary. Even in cases where it is truly necessary to impose requirements, we believe that consideration should be given not only to the size of the insurer, but also to the extent of the problems and risks that have arisen. As a first step, we believe that consideration should be given to the use of existing frameworks and whether the necessary information can be obtained from publicly available reports of insurers, etc.
19	Individual supervisory engagement with insurers regarding their DEI initiatives is an effective approach from the perspective of responding flexibly to the circumstances of individual companies. On the other hand, sufficient consideration should be given to whether the content of the engagement is appropriate and whether the burden on insurers is not excessive. In addition, "formal intervention" by supervisors should be limited to cases where it is truly necessary.
20	<p>Paragraph 58: In order to understand an insurer's approach to DEI, it would be desirable to discuss DEI utilizing existing frameworks such as regular engagement.</p> <p>Paragraph 59: Even when employees have equivalent skills and work experience, remuneration, training, benefits and career opportunities should</p>

	<p>vary depending on the nature of the job assigned. Therefore, we suggest revising the first sentence as follows: "On the human resources side, remuneration, training, benefits and career opportunities should be treated fairly for all employees with equivalent skills and work experience, ..."</p>
21	<p>Paragraph 62: While we understand that a more targeted supervisory review may be necessary to understand the status of an insurer's DEI efforts, the items and information to be covered and the approach to be taken should be determined with due consideration of the circumstances surrounding DEI in the relevant jurisdiction.</p> <p>If there is a need to conduct a review of DEI, we agree that it should be incorporated into the existing business-as-usual supervisory engagement.</p>
22	<p>It should be noted that the data that insurers can collect will vary widely from jurisdiction to jurisdiction. Demography data in particular is highly constrained and may make it difficult for insurers to collect detailed data.</p> <p>As data collection itself is difficult, practical difficulties in establishing uniform standards for goal setting and cost setting based on the data are expected.</p> <p>While the AP mentions comparing societal norms and expectations as a measure of data analysis, since they are conceptual, we would like to see a more concrete image.</p> <p>Some companies conduct employee awareness surveys when verifying inclusion, and it would be a good idea to refer to these data as well.</p>
23	<p>The situation of DEI, particularly with regard to diversity, differs greatly depending on the country/region and cultural/historical background. Therefore, response to DEI issues should take such factors into consideration.</p> <p>DEI is an important issue for insurers, too, and we recognize that many companies are actively addressing it. However, DEI is an issue common to all organizations (not just insurers), and should not only bear a "direct correlation" to insurance supervision but also be addressed by society at large. In this sense, it is desirable to address DEI as one of many issues within existing insurance frameworks, rather than through DEI-specific insurance supervision.</p>



GIAJ comments on the IAIS consultation on application paper on supervising diversity, equity and inclusion – the governance, risk management and culture perspective

Particularly in view of inclusion, insurers need to examine their response strategies to a diversity of people, from the perspectives of not only governance, risk management and corporate culture, but also the benefits for and protection of policyholders.

In addition to the elderly and persons with disabilities, for whom efforts are already underway, consideration for a diversity of people, such as sexual minorities, is important from the standpoint of respect for human rights, and should be one of the issues addressed.