Questions	Comments
ICP 15 (Investments) guidance material	
2	We agree that continued consideration should be given as to whether to adjust external credit ratings for internal management purposes. On the other hand, the method of reflecting climate-related risks in credit risk ratings comes with difficulty, and in practice, it is very challenging for insurers, which have limited information, to analyze "the extent to which various external risks (such as climate change) have been factored into the ratings". Therefore, we believe that rating agencies should disclose the results of their analysis. In addition, it is appropriate to use such results to adjust investment decisions rather than to adjust ratings.
3	It is not appropriate to specifically add a description focusing only on climate-related risks, and the description is considered too detailed. Therefore, the additional description should be deleted here, but included in the supporting material.
4	Unlike interest rate and foreign exchange risks, which affect balance sheet lending and borrowing in opposite directions, climate-related risks may affect lending and borrowing in the same direction. (Since the manifestation of climate-related risks contributes to lower prices on the asset side and leads to higher insurance payments on the liability side, the impact on assets and liabilities may not offset each other, resulting in losses on both sides.) Since climate related risk management in conjunction with ALM is expected to entail considerable difficulties, we believe that its effectiveness needs to be examined.
5	The guidance does not emphasize quantification only, but rather mentions the importance of quantitative or qualitative scenario analysis. We agree with this point. On the other hand, while we do not deny the importance of quantitative information, we believe that there may be a risk of overconfidence in quantitative information obtained by a particular model. Plus, given that there are challenges with climate change data accuracy, such information should be treated as one of various information elements.
6	As for each of the "varying time horizons (short, medium and long-term)", what time span is assumed? If this differs from company to company, the assessment of each insurer may differ.
ICP 16 (Enterprise Risk Management for Solvency Purposes) guidance material	
11	While climate-related scenario analysis has great potential to be useful in understanding risks in the insurance sector, it is a relatively new analysis method. Therefore, the methodology and data to be used have not yet been fully established nor developed for insurance supervision purposes, nor used in specific decision making by insurers (e.g., underwriting and investment). In addition, public disclosure of results have not been made. It is necessary to refine the method by exploring exercises among jurisdictional authorities and insurers. What cases are assumed in which "relatively simple calculations may be appropriate"?
12	We agree that, in the context of climate-related risks, qualitative assessments should also be used when risks cannot be easily quantified.

13	As for each of the "varying time horizons (short, medium and long-term)", what time span is assumed? If this differs from company to company, the assessment of each insurer may differ. In addition, it is very difficult to determine the frequency of assessing the impact of changes in climate-related risks. We recognize that this is a matter for each company to determine.
14	It is not appropriate to specifically add a note focusing only on climate-related risks. In addition, while “may” is used for concentration risk, ALM, and liquidity, it is also incongruous that the added text is overly normative. Therefore, the additional information should be deleted and a revised sentence with less normative wording should be included in the supporting material. Based on this premise, we submit the following comments. The last sentence of Paragraph 16.6.6: The supervisor should only require the insurer to consider climate-related risks in its investment strategy, if climate-related risks are of particular importance to the insurer in question. While "their customers’ known preferences in relation to sustainability considerations" is included in the last sentence as a factor to be considered by insurers, customers’ preferences vary among markets and there will be jurisdictions where such preferences in relation to sustainability considerations do not exist. Therefore, we suggest not including this part in the supporting material. However, if the sentence is to remain in the supporting material or the guidance material, we suggest revising the last part by, for example, beginning it with "If climate-related risks are material, insurers..." or replacing "should" with "may". It would be desirable to make the description more limited, for example, by adding "where relevant, such as cases when insurers are entrusted with investment management by their customers” because it is difficult to imagine who the "customers" of "customers' known preferences in relation to sustainability considerations" are.
15	There are various external factors to be considered in ORSA, and we believe that they should be considered according to the risk characteristics of the insurer. However, it is too prescriptive (even as an example) to describe, only for climate-related risks, a consideration of the insurer's exposure for different time horizons.
ICP 7 (Corporate Governance) supporting material	
18	While Paragraph 32 deals with the capability of directors and the board of directors, what exactly is envisioned by the word "demonstrate"? It is very difficult to “demonstrate”. If a scientific basis is sought, it would be extremely challenging to implement. From the perspective of insurer burden, we would like to confirm that they are not required to take new measures.

19	Non-financial criteria are more difficult to measure than financial criteria, and there is concern that variable remuneration may be administered in an arbitrary manner. Paragraph 39: Since climate-related risks are considered only one element of remuneration arrangements, we suggest replacing "should" with "can".
ICP 8 (Risk Management and Internal Controls) supporting material	
21	Since an integrated approach has not been established for climate-related risks, we believe that examining the impact of investment strategies and business models on assets and liabilities is fraught with difficulties. While Paragraph 44 notes that "...insurers should develop tools to collect reliable quantitative and qualitative data", it is difficult for each insurer to develop its own tools. In addition, it is desirable to ensure a certain degree of consistency and comparability of analytical results among insurers. From this perspective, standard methods and common models should be developed and presented. With regard to Paragraph 49 "forward-looking assessments", specific methods should be presented.
ICP 14 (Valuation) supporting material	
23	While we do not dispute that climate risk "has the potential" to affect the valuation of assets, we believe that quantitative impact analysis is needed to consider climate risk in investment behavior and business models. Until that is in place, it will be difficult to respond sufficiently. While Paragraph 3 explains that "As the ICPs address risks more broadly, ICP 14 does not directly discuss how climate risk specifically could impact the drivers of valuation and how insurers should consider the impact on those drivers in valuation", we would appreciate it if the IAIS could provide some specific examples of methods for assessing the impact of climate risk on assets. As mentioned in Paragraph 14, it is difficult to estimate the impact of climate risk on assets at this time, but if there are good practices, it would be useful for both supervisors and insurers.
24	The "reliable" valuation described in this section has not been established at this time. We would like to confirm that the supervisor agrees with this.
25	For insurers with long-term liabilities, having assets with long durations is preferable from an ALM perspective. However, climate-related risks, which are difficult to assess, are hard to consider in a long-term time horizon. This may conflict with ALM-oriented controls.
26	As for "Regarding the latter, economic scenario generators should be calibrated to current market prices" in Paragraph 22, approaches exist that do not employ economic scenario generators. Therefore, we suggest revising the sentence as follows: "Regarding the latter, predictions based on economic scenarios should be calibrated to current market prices".
ICP 15 (Investments) supporting material	

28	Given that, compared to financial risks, the likelihood of climate-related risks materializing is considered more uncertain, it is necessary to be aware of the risk that incorporating climate-related risks into investment strategies to the same extent as financial risks may lead to irrational investment decisions. Paragraph 3 (the last sentence): - Please provide examples of specific methods for "monitoring...the financial risks arising from climate change". - While we have no objection to this sentence in principle, we suggest noting that, for assets managed by third-party managers, monitoring and responding to climate-related risks may be difficult or limited due to restrictions on available information, requests from insurers (investors) to change their portfolio composition, etc. - We would like to confirm that "responding to the transition to a climate-resilient economy" means "responding to risks related to the transition to a climate-resilient economy".
29	While it is undeniable that stakeholder preferences may affect an insurer's financial risks, it is difficult to consider it as equal to credit and market risks. In addition, insurers should not be required to check the appropriateness of credit ratings. Rather, we believe that carrying out plausibility checks on such investments in light of their own investment appetite is the right response. Paragraph 5: A description about transition finance should be added, as transition finance can influence the activities of investees.
30	For insurers with long-term liabilities, having assets with long durations is preferable from an ALM perspective. However, climate-related risks, which are difficult to assess, are hard to consider in a long-term time horizon. This may conflict with ALM-oriented controls.
31	It is important to note that enforcing climate-related risk management in a situation where sufficient information about climate-related risks in investments is still difficult to obtain may give rise to arbitrary decisions, which may create an undesirable situation for supervisors.
ICP 16 (Enterprise Risk Management for Solvency Purposes) supporting material	
33	Paragraph 4 notes that "Climate-related risks present unique challenges and require a strategic approach to financial risk management. Climate-related risks are...Uncertain but foreseeable". However, it is difficult to foresee climate-related risks (as stated in "Dependent on short-term actions"), although it is to some extent possible to foresee major climate-related trends such as an increase in GHG concentrations leading to global warming. Therefore, we suggest replacing "but foreseeable" with "but inevitable".
36	Since risks attributable to climate change have a longer-term impact than other risks, even when a risk appetite statement deals with the same risk categories, it can be assumed that the description will be more complex. It should also be noted that risk appetite is determined by considering various risks in the overall business portfolio, and it is not always feasible to use the results of climate risk scenario analysis for assessment in a

	risk appetite statement. We would like to confirm that the bullet points following "such as" are intended to illustrate elements that could be considered, rather than to clarify elements that should be captured. While it is important to assess, as part of asset management, the potential impact of transition risk on existing risk categories, the relevant methodology has not been established; it is still under development. While it is useful to understand impact through scenario analysis, in reality there are aspects that can be offset by opportunities due to the progress of investee companies' initiatives (e.g., technological innovation, decarbonization management plans, etc.), making it impractical to make decisions based solely on the results of scenario analysis. In addition, given the differences in initiatives among individual companies within a sector, it is unlikely that investment restrictions or investment decisions in a particular sector can be made based on the results of scenario analysis. Rather, such decisions are made taking into account different factors in an integrated manner. We would like to confirm that the proposed supporting material indicates consideration of these points when examining risk policy.
37	For insurers with long-term liabilities, having assets with long durations is preferable from an ALM perspective. However, climate-related risks, which are difficult to assess, are hard to consider in a long-term time horizon. This may conflict with ALM-oriented controls.
38	Given that, compared to financial risks, the likelihood of climate-related risks materializing is considered more uncertain, it is necessary to be aware of the risk that incorporating climate-related risks into investment strategies to the same extent as financial risks may lead to irrational investment decisions.
39	Climate change risks are important to insurers and should be considered in the ORSA. Technical difficulties, such as evaluation with longer time horizons and analysis of more diverse risks (physical risks, transition risks, and litigation risks), are expected in incorporating scenario analysis in the ORSA. These should be fully taken into account. From this perspective, we agree with the last sentence of Paragraph 17 ("Insurers may consider..."). With regard to the third bullet point in Paragraph 19, we would like to confirm that it is intended to be only "illustrative" at this point, as the likelihood and impact of liability risks vary greatly depending on the legal system of each jurisdiction, plus the feasibility of the analysis is not sufficient in jurisdictions where past cases do not exist.