

Questions	Comments
1	<p>We basically agree with the intent of this application paper to provide guidance to supervisors on how they can use a DEI perspective to interpret and implement the existing requirements for fair treatment of consumers in ICP19, so that a diverse range of customers can benefit from it.</p> <p>Some comments are based solely on the position of certain stakeholders, consumers, etc. In addition, there are some descriptions where the rationale is not clear.</p> <p>Given that DEI topics continue to evolve and the circumstances in each jurisdiction vary, we hope that this application paper, which provides "actions to take" and "good practices", will reflect a variety of perspectives.</p> <p>Although no new requirements are introduced in this application paper, when incorporating a DEI perspective in insurance supervision, the proportionality principle should be considered, and overly detailed requirements and supervision should be avoided.</p> <p>There is a tendency to use "should" extensively throughout. We would appreciate consideration of replacing "should" with the more moderated phrase "encourage to", depending on the content.</p>
7	<p>Paragraph 16: As it is inaccurate as an explanation of the intent of risk-based pricing, the second sentence should be deleted or revised as follows:</p> <p>The intent is to ensure that policyholders who are more likely to file claims for larger amounts and/or with greater frequency pay higher premiums. This helps to ensure that each policyholder pays fair premiums based on their level of risk, as well as to provide a stable offering of insurance products.</p>
8	<p>Paragraph 20: Since we do not believe that "using demographic data to identify the extent to which they are serving diverse consumer segments, and to verify they are treating all customers fairly" is an appropriate requirement for insurers, we propose that the first bullet point be deleted for the following reasons:</p> <ul style="list-style-type: none"> - Although the use of demographic data is mentioned, access to demographic data by insurers is limited. - We believe that unnecessarily collecting demographic data via policyholder surveys could lead to discrimination and be contrary to customer protection. In addition, the survey may include sensitive information that policyholders do not want to provide to insurers. Even if such a survey is conducted, it should be done with caution. Therefore, we believe it is not appropriate to be included in the application paper.
11	<p>Because this section is considered to be prepared based solely on opinions from consumer groups and includes statements that are definitive and one-sided, we suggest the following:</p> <p>Paragraph 26 (first bullet point): While it is stated that "insurers and intermediaries have only a limited understanding of the needs and preferences of diverse consumers" is the cause of cases where diverse consumers' needs are not met, but the lack of understanding is not the only cause. As stated</p>

	<p>in Section 2.2, private insurers operate to pursue commercially viable businesses and it is a natural course of action for a private insurer choosing not to underwrite specific risks, as a result of understanding such risks. Therefore, we request that the second sentence be deleted.</p> <p>Paragraph 26 (second bullet point): Since the same level of service should be provided to all consumers, we suggest deleting "especially" in the second sentence.</p> <p>Regarding the statement "that may be challenging for individuals with disabilities or language barriers", we suggest adding that there are examples of insurers providing materials and video explanations for the visually impaired.</p> <p>Paragraph 26 (third bullet point): While the statement is intended to describe that "lack of access to insurance induces unfair trade", the expression "may struggle to access or afford insurance" indicates various cases of different natures, making the intent ("lack of access") unclear. While we understand that there are cases where low-income individuals cannot afford insurance premiums, this in itself is not unfair treatment. Therefore, we suggest amending the phrase to "may struggle to access insurance" by deleting "or afford".</p>
12	<p>While Box 2 seems to have been drafted based on opinions from consumer groups, etc., it includes statements that are definitive and one-sided, the bases of which are not clear. We believe that different perspectives and concrete evidence should be incorporated. A clear distinction should be made between matters categorized as "discriminatory" and practices that are allowed at the discretion of each insurer in determining whether to underwrite a policy.</p> <p>Gender: Although it is stated that "Women have faced discrimination in certain insurance products", setting premiums and deductibles based on physical or health reasons is not discrimination. Premiums are set based on statistical data (L/R) by gender and types of disease specific to women, etc. As a result, there is a certain unavoidable difference between men and women (i.e. higher premiums for women), for which statistical evidence is in place.</p> <p>Occupation: Given that the prevalence of employment-based insurance products and health insurance plans vary according to jurisdiction, it is not necessarily true that diverse consumers are excluded from such insurance products.</p>

	<p>Sexual orientation or gender identity: Regarding the statement that "LGBTQ+ individuals have historically faced discrimination in insurance coverage", while the perception of those who feel discriminated against should be respected, the statement indicating that discrimination based on sexual orientation or gender identity is particularly rampant in the insurance industry should be amended.</p> <p>Disability, Pre-existing conditions and illness: Setting higher premiums and deductibles due to disability or pre-existing conditions is not in itself discrimination. Not taking pre-existing conditions and illnesses into account would on the contrary result in unfairness, as the risk is not properly assessed, and an unjustifiably low premium rate is applied. It is important that underwriting policies are updated based on the latest medical information.</p>
14	<p>Paragraph 35: As it is unclear what is meant by "suboptimal business practices," specific examples should be added.</p>
16	<p>Paragraph 39, 40: We suggest adding the following statements:</p> <ul style="list-style-type: none"> - Given the characteristics of insurance products, product designs that induce adverse selection should be avoided. What is expected from insurers in product design should be limited within such scope. - It is also necessary to design insurance programs to ensure that they do not result in a lack of protection for consumers other than "diverse consumers". <p>Paragraph 42: Concerns regarding the fear of charging unfair premiums to consumers who are less inclined to make comparisons are described. While unfairly charging higher premiums to such consumers with limited propensity is definitely inappropriate, the wording is misleading as it indicates that the issue is only about higher or lower premiums. The following sentence should be added at the end of this paragraph: It is appropriate to calculate premiums based on the content and extent of coverage, etc., for the needs of consumers.</p>
17	<p>The 4th bullet point of Recommendations: We suggest revising the first sentence as follows, to clarify its intent: "Insurers should design clear criteria in policies and procedures to ensure that certain consumers can clearly understand the product and buy insurance products they truly need, based on the characteristics of the product (eg product complexity, coverage, eligibility, claims thresholds, etc)."</p>
18	<p>Paragraph 46: While it is important to consider the needs and characteristics of diverse consumers, it is not always necessary for insurers to match the needs of diverse consumers, as their needs are very different, and insurers have their own strategies. Therefore, we suggest replacing "ensure" with "consider".</p>

19	<p>The second bullet point: We would like to confirm that the statement regarding use of variables related to characteristics of diversity, or proxy variables for such characteristics, should be avoided in pricing practices does not mean that the use of algorithms or AI should be avoided, but rather that the use of variables which would negatively impact diverse consumers should be avoided.</p>
24	<p>Since the rationale is unclear for stating that "many" diverse consumers may have fallen behind, leading to inequitable outcomes for diverse consumers, we believe it is less subjective to state that "diverse consumers may have fallen behind, leading to inequitable outcomes".</p>
27	<p>The 5th bullet point of Recommendations: Since participating in the initiatives is perceived as an example of a comprehensive response to people with limited digital access and digital literacy, we suggest deleting this bullet point or integrating it with the 4th bullet point as an example.</p>
28	<p>Paragraph 71: Regarding "take reasonable steps to encourage customers to bring such issues to their attention," it would be meaningless to simply alert customers. Therefore, it would be better to share the best practices of each country when dealing with customers facing economic hardship.</p> <p>The 4th bullet point of Recommendations: With the current lack of practices that consider diverse consumers, it seems too early to recommend that "Insurers should conduct independent audits...". Therefore, we suggest revising the sentence as follows: "Insurers should consider conducting independent audits..."</p>
29	<p>Requiring excessive assurance of procedures will lead to increased costs for insurers, which in turn will result in increased premiums, thus making the provision of inclusive insurance difficult. While it is important to ensure that claims are filed, we believe that a balanced approach is needed. In particular, insurers should be allowed to have "claims forms also in minority languages" within reasonable limits that would not cause an excessive burden, depending on jurisdictional and insurer-specific circumstances.</p>
30	<p>Requiring excessive assurance of procedures will lead to increased costs for insurers, which in turn will result in increased premiums, thus making the provision of inclusive insurance difficult. Therefore, a balanced approach is needed.</p>