Questions	Comments
1	The use of AI within insurers will surely continue to advance rapidly and is essential for the development of the insurance sector. Since the use of AI also offers significant benefits to consumers, it should be promoted while appropriately removing concerns such as impediments to fairness.

The issues of dataset and transparency in AI are not unique to the insurance sector. Therefore, we would like supervisors to consider collaborating with a wide range of sectors, including the financial sector as a whole (including the banking and securities sectors) and the AI sector.

Although we recognize the significance of the IAIS preparing the AP based on the actual conditions of the insurance sector, it is necessary to review the AP flexibly in accordance with the ongoing rapid technological innovation. |
| 4 | Paragraph 9：There is no correlation between the general discussion and specific examples before and after "for instance" in the second sentence of Paragraph 9. In view of the general discussion in the preceding part, we believe that, after "for instance", damage that may be caused by "AI's unexpected behavior affected by algorithmic bias, hallucinations, data quality, privacy, etc.", rather than breaches of laws or regulations, etc. following "deployment of AI systems" should be described.

Regarding the first part of Box 1, the problem is not only "identification of individuals" but also "profiling (based on incorrect inferences)". Because profiling seems to be a somewhat bigger problem in the use of AI within financial institutions (as discussed in other parts of this AP), we suggest including profiling in this part.

It seems that the third sentence of the third part of Box 1 refers to the issue of data drift. Therefore, we suggest adding a general comment before giving specific examples, as follows:
"Moreover, there are possibilities that models may not be able to respond to changes in the data. For example, if an AI system used in pricing and underwriting fails to adapt to a changing market..."

Regarding the 6th part of Box 1, we suggest adding a statement that not only AI system models, but also other components of such systems, are at risk of being adversely affected by attacks on the models. For example, there is the issue of "indirect prompt injection" in RAG (Retrieval Augmented Generation) systems. |

	Regarding the 7th part of Box 1, we think that incidents resulting from concentration risks have the potential to cause not only systemic risk, but also digital cartel issues. In some cases, digital cartel issues are attributed to AI model developers or AI vendors, and a cross-industry response seems necessary. We suggest describing the necessity of sorting out cross-industry risks and clarifying how the Antimonopoly Act, etc. are related in this context.
5	AI (especially GenAI) is expected to be increasingly used in combination with other programs in addition to stand-alone systems such as so-called chatbots. In particular, there are technologies which control the output of GenAI by, for example, preventing hallucinations by combining it with other AI or programs, or intentionally inputting malicious prompts to defend against prompt injection attacks, which cause unintended behavior. Considering such circumstances, we are concerned that this AP is applicable to such "composite" systems, and also that, if it is partially applicable, its scope may be unclear. In order to prevent such concerns, we suggest further clarifying the definition of "AI systems" in this AP and describing the scope of its application. We understand that the scope and purpose of this AP are limited to areas related to the risks and characteristics inherent in AI systems (ref. Section 2.2, Paragraph 16, Section 2.3.1). Paragraph13 indicates that non-AI systems should be within the scope of consideration, which makes the scope and purpose of this AP ambiguous. Therefore, we suggest first clarifying the definition and scope of AI systems in this AP, and deleting the last sentence of Paragraph 13.
7	We agree with applying the proportionality principle and the concept of risk-based supervision in the context of AI systems. The risk volume differs between AI used in internal systems with smaller influences on consumers and AI used in pricing and underwriting. Therefore, the required level of management and accountability should be made different. Criteria for the proportionality principle should not be determined uniformly and rigidly, or excessively conservatively. It is important for insurers to determine criteria flexibly according to the risk characteristics of the AI system.
8	The use of AI systems in the insurance sector is expected to continue to grow rapidly. We would appreciate it if the authorities that supervise and monitor the sector, like insurers, have the necessary resources to respond flexibly and agilely to changes in the environment so as not to undermine the competitiveness of insurers. While we understand that insurers firstly need to deepen their awareness of risks in order to properly manage AI systems, the accumulation of incident cases related to AI systems has not been sufficient. We expect supervisors to not only provide education and training within their organizations, but also to accumulate cases that go beyond the insurance sector and collaborate with insurers to share information quickly and widely to improve AI governance capabilities across the industry. Paragraph 31 explains cooperation with other authorities. In order to achieve effective AI governance, we think it is important for the industry side to gain insights and information on relevant measures on a daily basis. Therefore, we would like supervisors to consider cooperation not only among relevant

	authorities but also with insurers. Although there are both collaborative and competitive domains in the use of AI, we believe AI governance falls under the collaborative domain, and more effective industry standards (standards for systems and functions required to fulfill AI governance, monitoring frequency and procedures for governance status, etc.) can be established by sharing knowledge and initiatives among multiple insures. Since there are many challenges in planning and establishing standards by an individual company either working alone or working together with industry competitors, we would be grateful if supervisors could take the lead in establishing a framework where the relevant authorities and multiple insurers are able to join in the discussion. However, due care should be taken to determine the scope to be shared in the competitive domain (for example, the cost of building AI models, or the content of AI models, to prevent fraudulent insurance payments).
9	While overly conservative regulations may hinder the use of AI, we recognize that AI governance and accountability are important guardrails to encourage its use and make our businesses more convenient and sophisticated. As Paragraph 36 refers to risk assessment criteria, we suggest adding the perspective that it is desirable to have opportunities to regularly review risks, such as at each stage of the lifecycle of AI system development.
12	While Paragraph 39 (the first bullet point) describes "specifically ensuring these norms are made clear to those employees that are involved in the purchase, development, validation, implementation and audit of AI systems", employees that use AI systems at work should also be included within the scope. We suggest revising the part as follows: "…specifically, ensuring these norms are made clear to employees involved in the purchase, development, validation, implementation, and audit of AI systems, as well as those who use AI systems in their work." Regarding the second bullet point of Paragraph 39, "to ensure that the output generated by these systems is fair, explainable, unbiased and ensures adequate policyholder protection", it is extremely difficult to ensure that all these points are covered in all cases. In addition, as the scope of impact varies depending on the use and nature of the AI system, we suggest revising the bullet point as follows: Based on the proportionality principle and risk-based approach, setting clear expectations for AI systems, and striving to ensure that the output generated by these systems is fair, explainable, unbiased and (where such systems affect policyholders) policyholders are adequately protected.
13	In the fourth bullet point of Paragraph 41 regarding the limitations of human oversight, we suggest adding oversight of and deterrence over input to and output from AI systems using mechanical controls. For example, we suggest revising it as follows: "...In addition to standard risk management strategies (such as due diligence and third-party assessments), insurers should examine the necessity of system redundancy, oversight of and deterrence over inputs and outputs to AI systems using mechanical controls, and so-called kill switches that would cause the

	AI system to stop functioning under certain pre-specified conditions."
	Paragraph 43: Regarding senior management duties, in addition to establishing the procedures explained, we suggest ensuring that the resources (budget, human resources, tools) are in place to implement them.
	Moreover, regarding the first bullet point of Paragraph 43 (on the ultimate responsibility for the model), taking into account the characteristics of AI risks, which are wide and varied, we suggest defining a risk owner for each relevant risk. We suggest revising it as follows:

	Achieving clear lines of accountability by considering who holds ultimate responsibility for the model, including, as necessary, defining who is responsible for each risk considering the characteristics of AI risks, which consist of various types of risks;

14	In many cases, the use of AI is expected to involve the use of third-party systems, and it is essential that the insurer works with (re)outsourcing companies rather than working alone. Therefore, we suggest that supervisors consider ways of collaborating with a wide range of sectors, including the financial sector as a whole and the AI sector to properly manage (re)outsourcing companies.
	Specifically, we suggest adding a coordinated approach between supervisors and service providers from multiple countries, which is described in the Issues Paper on Insurance Sector Operational Resilience as follows:
	Paragraph 66 of the Issues Paper: "Often third-party service providers operate around the globe and across different sectors. Addressing risks arising from concentration stemming from these third-party service providers would require a coordinated approach between the industry and supervisors from multiple countries and third-party service providers."
	While the first sentence of Paragraph 45 is consistent with the ICPs, it is assumed that a lot of information on external AI systems is not disclosed. Although we agree with the important role that third-party service providers should play, we suggest organizing what insurers want service providers to do and what insurers should do. Furthermore, because additional work and burden will be imposed on both the insurers and the service providers, regarding Paragraph 45 which states that "insurers should involve third parties, as relevant, in their assessment of potential limitations and risks of the use of third-party AI systems and data.", we suggest using "desirable" or "as much as possible" rather than "should".
	While Paragraph 46 refers to the necessity of obtaining adequate information from third-party service providers, given market practices, there would be cases where it is difficult to receive information from GenAI developers or to include such information provision in the terms and conditions of contracts.

	Therefore, we suggest using "desirable" or "as much as possible" rather than "should".
	Regarding Paragraph 47, it is considered that incidents resulting from concentration risks also include so-called digital cartel issues. In some cases, digital cartel issues are attributed to AI model developers or AI vendors, and a cross-industry response would be necessary. We suggest describing the necessity of sorting out cross-industry risks and clarifying how the Antimonopoly Act, etc. are related in this context.
	Specifically, we suggest adding the following sentence at the end of the paragraph:
	"Furthermore, as some issues would require a cross-industry response in the end, it will be necessary to sort out, through information sharing with insurance authorities, cross-industry risks, and to clarify how the Antimonopoly Act, etc. are related."
15	Although it is desirable that insurers ensure traceability and record keeping as much as possible, there would be cases where it is difficult in practice to obtain disclosure of data sources and content generation processes from third-party providers. In such cases, requiring this for any AI system would become a hinderance to insurer competitiveness. Therefore, we suggest revising the first sentence of Paragraph 48 as follows:
	For reproducibility and traceability of the AI system, it is desirable for supervisors to encourage insurers to implement mechanisms that can track data sources used in training AI systems and the processes involved in content generation.
17	It is considered that calling rule-based AI systems "non-AI" systems should be avoided as it is both inaccurate and different to commonly used terminology. Therefore, we suggest revising Paragraph 50 as follows:
	"In contrast to traditional systems which typically rely on explicit human-engineered rules and logic, AI systems, and especially foundation models, learn from very large data sets. They recognise patterns and generate outputs by analyzing information across different domains…".
19	While the last sentence of Paragraph 56 states that "...insurers can...maintain the integrity of their systems and data", the first and second sentences describe tools to address security breaches. Therefore, we suggest revising the last sentence as follows, without limiting the description to "integrity of data":
	"By ensuring that the use of AI systems is effectively captured within their security measures, insurers can proactively defend against sophisticated attacks and maintain their systems and data."
	While Paragraph 59 describes general security risks, we suggest adding examples of AI-related security risks, including prompt injection.
	While Box 2 refers to "Section 4.4 and 5.5", these sections do not exist. Therefore, we suggest adding appropriate sections or deleting the reference.

22	Regarding "where the risks from the AI system are high" in Paragraph 68, we would appreciate further information on concrete cases. As a specific example of the complementary governance measures described in Paragraph 68, we suggest adding that it is desirable to provide guidance on how to use AI safely from the perspective of AI users within insurers. While the first sentence of Paragraph 69 states that "In any case, insurers should ensure that AI systems only operate under the conditions for which they were designed and only when sufficient levels of confidence have been reached", even though the systems "identify cases in which they were not designed or approved to operate, or cases for which their answers are not reliable", cases where "sufficient levels of confidence have not been reached" may still exist due to the emergence of new risks, etc. Therefore, we suggest revising it as follows: "In any case, insurers should improve the reliability of AI systems. It is desirable to consider creating mechanisms that minimize risks even in unforeseen situations, as well as ensuring that systems can operate safely in unexpected environments."
23	It is important to point out that there are some cases where it is appropriate and reasonable for insurers not to dare to provide explanations regarding AI, as described in Paragraph 72. We believe that this will also apply to other circumstances. For example, as Section 5.2 describes, there are cases where it is appropriate and reasonable not to even explain matters related to AI system outcomes.
26	Paragraph 80: The accuracy and validity of the data used in the learning also need to be checked from this perspective, since the data may be correct at the time of the learning but may no longer be correct due to changes in the times or paradigm shifts. Paragraph 80: Exactly what effective challenge and the avoidance of group think refers to is unclear. If these are to remain in the AP, we would appreciate clarification.
30	Regarding the first sentence of Paragraph 92, it may be difficult to guarantee that part of the redress mechanism should include the ability for a consumer to update, supplement, or correct information and data from all sources, and requiring this for all AI systems would hinder the competitiveness of insurers. Therefore, we suggest deleting or revising "should include" and, for example, replacing it with "can also include".
31	Although they may be fomented if AI systems are used inappropriately, we should keep in mind that issues of fairness and consumer protection are not inherent to AI systems. There is no problem with granular risk pricing itself, and it is possible to balance both risk-based pricing with the use of AI. While Paragraph 93 indicates that the deployment of AI systems exacerbates the insurance protection gap, it is incorrect to make such a determination. Regarding "Equity and accessibility" and "Consumer protection" in Paragraph 95, the issues of fairness and consumer protection, regulations have been

	developed in each jurisdiction in line with the ICP requirements. If insurers ensure appropriate risk management and governance systems, and the authorities in each jurisdiction supervise them appropriately, the problems can be mitigated. In view of this, there is no need to mention AI exclusively in this context. We suggest clarifying how "Equity and accessibility" and "Consumer protection" are related to the unique issues of AI systems. If these issues are not specific to AI systems, considering the description in Paragraph 19, they are outside the scope of this AP. Therefore, we suggest deleting Paragraph 95. Furthermore, regardless of whether issues of equity and consumer protection are unique to AI, we suggest adding "unfair" to "pricing purposes" in "Possible mitigants" in Paragraph 95.
32	Collecting and providing information on examples of AI use within insurers (at the task level) and best practices regarding its governance, etc. Research such as analyzing trends in AI utilization, quality, etc. by country/region, cross analyzing AI-related laws and regulations applicable, etc. Collaboration with other financial sectors, such as the banking and securities sectors and the AI sector (AI providers, etc.).