

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
Name of Company:	The General Insurance Association of Japan (GIAJ)	
Disclosure comments:	of CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference". ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub bullets/subparagraphs, please indicate this in the comment itself. <p>Please send the completed template, in Word Format, to secretariat@ceiops.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. 78 (CEIOPS-CP-78/09).</p>		
Reference	Comment	
General Comment	First of all, the General Insurance Association of Japan (GIAJ) highly appreciates the CEIOPS for providing an opportunity to submit comments. The GIAJ, is an industry organization whose 27 member companies account for about 95 percent of the total general insurance premiums in Japan.	

<p align="center">Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260</p>		<p align="center">Deadline 05.02.2010 12.00 CET</p>
	<p>We understand that additional burdens may be required for insurers based in Japan and groups of insurers whose headquarters are domiciled in Japan (hereinafter collectively defined as "Japanese insurers"), if the Japanese relevant supervisory regimes are not acknowledged as equivalent.</p> <p>Reinsurance transaction with the EU region and insurance business in the EU region are significantly important for the Japanese insurers and we ask for your clearer explanation on what burdens will occur for Japanese insurers if equivalency is not acknowledged.</p> <p>For example:</p> <ul style="list-style-type: none"> • From paragraph 2.1.3 of the CEIOPS-CP-78/09 (Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art.172,227 and 260), it is assumed that if equivalency is not recognised in the consideration of chapter 1 (Reinsurance), burdens such as i. collateral to cover unearned premiums and outstanding claims provisions, and ii. localisation within the Community of assets held to cover the technical provisions covering risks situated in the Community, may be required. • From paragraph 3.97 and 3.98 of the CEIOPS-DOC-52/09 (CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Assessment of Group Solvency), it is assumed that if equivalency is not recognized in the consideration of chapter 3 (Group supervision), burdens such as i. calculation of solvency margin on a consolidated basis of a Japanese insurer, which must be verified by a group supervisor located in EU, and ii. establishment of an insurance holding company which has its head office in the EU and a calculation of solvency margin under Solvency 2 on the consolidated basis of the holding company, may be required. <p>In the first place, we have strong concern on the EU/CEIOPS ever conducting equivalence assessment, although the burdens are not clear yet.</p> <p>Burdens occurred as a result of equivalence assessment may cause a disadvantage for Japanese insurers in terms of competition with EU insurers. Apart from the intention of the EU supervisors, the implementation of third country assessment may lead to the creation of trade barriers.</p> <p>If the assessment is conducted without global consistency, there could be a possibility that the assessing region or</p>	

<p align="center">Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260</p>		<p align="center">Deadline 05.02.2010 12.00 CET</p>
	<p>country may indirectly force the assessed third country to adapt its regime to the assessing side's system. Even if EU/CEIOPS conduct equivalence assessment, assessment criteria and procedure should be based on the discussion and development of the IAIS international standards for equivalence assessment.</p> <p>Although we have strong concern in equivalence assessment by EU/CEIOPS, due consideration should be given to the following points even if such assessment is conducted.</p> <ul style="list-style-type: none"> • The decision on equivalence should be made by using the "principles" and "objectives", and the "indicators" should be used as references (referring to Para A1.14). Therefore, even if the indicators are not fully satisfied, the fulfilment of the "principles" and "objectives" should lead to the recognition of the equivalence. • The decision on equivalence should be made not only by using the individual "principles" and "objectives", but also in a comprehensive view. For instance, although an individual quantitative standard does not satisfy the equivalence criteria, complementary factors such as supervisory powers and structures should be taken into consideration in the decision on equivalence. As the current financial crisis has proved, prudential regulations which are focused only on the quantitative aspect are not sufficient. Complementation by qualitative aspect, such as sophistication of risk management system, is important and decisions under comprehensive understanding of regulatory and supervisory system should be made. • The decision on equivalence should not be made only by the supervisory regime that exists at the time of the assessment. If there are clear descriptions and roadmaps for a regulatory reform, it should also be taken into consideration (referring to Para A1.15). • The process and results of the equivalence assessment should be kept transparent. In addition, not only the regulatory authorities, but also the insurance industry should have opportunities to express their views and challenge the decision, depending on the situation (referring to Para 	

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
	A1.13).	
1.		
1.1.		
1.2.		
1.3.		
1.4.		
1.5.		
1.6.		
2.		
2.1.		
2.1.1.		
2.1.2.		
2.1.3.		
2.1.4.		
2.1.5.		
2.1.6.		
2.1.7.		
2.1.8.		
2.1.9.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
2.2.		
2.2.1.		
2.2.2.		
2.2.3.		
2.2.4.		
2.2.5.		
2.3.		
2.3.1.		
2.3.2.		
2.3.3.		
2.3.4.		
2.3.5.		
2.3.6.		
2.3.7.		
2.3.8.		
2.3.9.		
2.3.10.		
2.3.11.		
2.3.12.		
2.3.13.		
2.3.14.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
2.3.15.		
2.3.16.		
2.3.17.		
2.3.18.		
2.3.19.		
2.3.20.		
2.3.21.		
2.3.22.		
2.3.23.		
2.3.24.		
2.3.25.		
2.3.26.		
2.3.27.		
2.3.28.		
2.3.29.		
2.3.30.		
2.3.31.		
2.3.32.		
2.3.33.		
2.3.34.		
2.3.35.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
2.3.36.		
2.3.37.		
2.3.38.		
2.3.39.		
2.3.40.		
2.3.41.		
2.3.42.		
2.3.43.		
2.3.44.		
2.3.45.		
2.3.46.		
2.3.47.		
2.3.48.		
2.3.49.	The assessment of the valuation scheme of assets and liabilities should be flexible and should take into account the status of each country's accounting standards, as long as those standards are deemed comparable to the IFRS (same comments for 3.3.10 and 4.3.55).	
2.3.50.	A market for transactions of technical provisions (TP) does not ordinarily exist. In terms of valuation of TP, market consistency should not be required too strictly (same comments for 3.3.11 and 4.3.56).	
2.3.51.	The confidence level used for the calculation of capital requirements should be flexible and should be determined by taking into account each market's circumstances. Thus, the indicator "1 in 200 ruin scenario" should not be required too strictly (same comments for 3.3.13 and 4.3.58).	
2.3.52.		
2.3.53.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
2.3.54.		
2.3.55.		
2.3.56.		
2.3.57.		
2.3.58.		
2.3.59.		
2.3.60.		
2.3.61.		
2.3.62.		
2.3.63.		
3.		
3.1.		
3.1.1.		
3.1.2.		
3.1.3.		
3.1.4.		
3.1.5.		
3.2.		
3.2.1.		
3.2.2.		
3.3.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
3.3.1.		
3.3.2.		
3.3.3.		
3.3.4.		
3.3.5.		
3.3.6.		
3.3.7.		
3.3.8.		
3.3.9.		
3.3.10.	The assessment of the valuation scheme of assets and liabilities should be flexible and should take into account the status of each country's accounting standards, as long as those standards are deemed comparable to the IFRS (same comments for 2.3.49 and 4.3.55).	
3.3.11.	A market for transactions of technical provisions (TP) does not ordinarily exist. In terms of valuation of TP, market consistency should not be required too strictly (same comments for 2.3.50 and 4.3.56).	
3.3.12.		
3.3.13.	The confidence level used for the calculation of capital requirements should be flexible and should be determined by taking into account each market's circumstances. Thus, the indicator "1 in 200 ruin scenario" should not be required too strictly (same comments for 2.3.51 and 4.3.58).	
3.3.14.		
3.3.15.		
3.3.16.		
3.3.17.		
3.3.18.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
3.3.19.		
3.3.20.		
3.3.21.		
3.3.22.		
4.		
4.1.		
4.1.1.		
4.1.2.		
4.1.3.		
4.1.4.		
4.1.5.		
4.1.6.		
4.2.		
4.2.1.		
4.2.2.		
4.2.3.		
4.2.4.		
4.2.5.		
4.2.6.		
4.2.7.		
4.2.8.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.2.9.		
4.2.10.		
4.2.11.		
4.2.12.		
4.2.13.		
4.2.14.		
4.2.15.		
4.2.16.		
4.2.17.		
4.2.18.		
4.2.19.		
4.2.20.		
4.2.21.		
4.2.22.		
4.2.23.		
4.2.24.		
4.2.25.		
4.2.26.		
4.2.27.		
4.2.28.		
4.2.29.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.2.30.		
4.2.31.		
4.2.32.		
4.2.33.		
4.2.34.		
4.2.35.		
4.2.36.		
4.2.37.		
4.2.38.		
4.2.39.		
4.2.40.		
4.2.41.		
4.2.42.		
4.2.43.		
4.2.44.		
4.3.		
4.3.1.		
4.3.2.		
4.3.3.		
4.3.4.		
4.3.5.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.3.6.		
4.3.7.		
4.3.8.		
4.3.9.		
4.3.10.		
4.3.11.		
4.3.12.		
4.3.13.		
4.3.14.		
4.3.15.		
4.3.16.		
4.3.17.		
4.3.18.		
4.3.19.		
4.3.20.		
4.3.21.		
4.3.22.		
4.3.23.		
4.3.24.		
4.3.25.		
4.3.26.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.3.27.		
4.3.28.		
4.3.29.		
4.3.30.		
4.3.31.		
4.3.32.		
4.3.33.		
4.3.34.		
4.3.35.		
4.3.36.		
4.3.37.		
4.3.38.		
4.3.39.		
4.3.40.		
4.3.41.		
4.3.42.		
4.3.43.		
4.3.44.		
4.3.45.		
4.3.46.		
4.3.47.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.3.48.		
4.3.49.		
4.3.50.		
4.3.51.		
4.3.52.		
4.3.53.		
4.3.54.		
4.3.55.	The assessment of the valuation scheme of assets and liabilities should be flexible and should take into account the status of each country's accounting standards, as long as those standards are deemed comparable to the IFRS (same comments for 2.3.49 and 3.3.10).	
4.3.56.	A market for transactions of technical provisions (TP) does not ordinarily exist. In terms of valuation of TP, market consistency should not be required too strictly (same comments for 2.3.50 and 3.3.11).	
4.3.57.		
4.3.58.	The confidence level used for the calculation of capital requirements should be flexible and should be determined by taking into account each market's circumstances. Thus, the indicator "1 in 200 ruin scenario" should not be required too strictly (same comments for 2.3.51 and 3.3.13).	
4.3.59.		
4.3.60.		
4.3.61.		
4.3.62.		
4.3.63.		
4.3.64.		
4.3.65.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.3.66.		
4.3.67.		
4.3.68.		
4.3.69.		
4.3.70.		
4.3.71.		
4.3.72.		
4.3.73.		
4.3.74.		
4.3.75.		
4.3.76.		
4.3.77.		
4.3.78.		
4.3.79.		
4.3.80.		
4.3.81.		
4.3.82.		
4.3.83.		
4.3.84.		
4.3.85.		
4.3.86.		

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
4.3.87.		
4.3.88.		
Annex 1		
A1.1.		
A1.2.		
A1.3.		
A1.4.		
A1.5.		
A1.6.		
A1.7.		
A1.8.		
A1.9.		
A1.10.		
A1.11.		
A1.12.		
A1.13.		
A1.14.		
A1.15.		