Question	Yes/No	Comments
1	Yes	Provided that a definition for an IAIG exists, we think that a simple principle-based definition such as "a consolidated group whose scope meets the criteria to identify an IAIG" would be appropriate. We do not think that a rule-based prescriptive definition is necessary.
5	Yes	
6	No	
7	No	
8	Yes	Adoption of an economic approach would increase the discretion of IAIGs, making the determination of contract boundaries more complicated. This would also not be desirable from the comparability point of view, and the focus should be on the contractual or legal aspects of contract boundaries.
9		Non-life insurance would be significantly affected, as the valuation of liabilities and the approach towards measurement of non-life and catastrophe risks would be fundamentally changed by taking into consideration renewals which are currently not included Life risks would also be affected since changes in the amount of reserves are regarded as risks.
10	Yes	Since MOCE is "Margin Over Current Estimate", so if the methodology for determining current estimates is changed, the definition of MOCE would need to be reviewed as well.
12	Yes	If an economic approach were to be adopted for MAV, a similar approach would also need to be considered for GAAP Plus.
13	Yes	
18	Yes	LTFR should be updated when its macroeconomic anchors (e.g. OECD growth forecast revisions, inflation-target revisions of central banks etc.) are changed. The triggers and timing of LTFR updates should be predetermined to ensure foreseeability for stakeholders, and frequent changes should be avoided. Furthermore, transitional measures to mitigate drastic change should be considered as required.
19	No	
20		If spreads are calculated based on IAIG-specific assets, this would lead to increased complexity and a significant decline in comparability. It is desirable for the spread adjustment to be based on single or multiple reference portfolios. A method based on IAIG-specific assets should be carefully considered.
22	Yes	ICS Principle 2 states that the objectives of the ICS are to protect policyholders and to contribute to financial stability.
22(1)	Yes	ICS capital requirements do not take into account risks of liquidity spreads from investment in lower quality assets. Therefore, we think that certain capping is necessary.
23	No	
23(4)		With regard to products whose gains and losses arising from changes in corporate bond spreads can be explicitly transferred to policyholders, changes in insurance liabilities are relatively more predictable. Therefore, the credit spread adjustment should be determined taking such characteristics into account.
27	Yes	
30	Yes	Proportional change would further exaggerate negative interest rates. On the other hand, an absolute change would add higher spreads to a shorter period of time, so further discussion is required for the adjustment range (e.g. the grid point to calculate the spread, currently set at 10-years, could be more varied).
31		The following opinions have been raised upon comparison of the options and reference methods: - The relative advantage of option 1 is its ability to provide clear calculation criteria and reduce incentives to invest in lower grade assets. However, it has problems regarding mitigating basis risk. - The relative advantage of option 3 is its ability to mitigate basis risk. However, it has problems regarding clarity of calculation criteria and incentivizing investment in lower grade assets.
31(1)	Yes	Notwithstanding Q31-0, with regard to products with a market-value-adjustment function which calculate cash surrender values in reference to the bond prices in the market, it would be consistent to reflect the spread in discounting future cash flows because the bond prices as of the valuation date would be reflected in future cash flows through cash surrender values. The portion of such products, excluding the minimum guarantee portion such as death benefits, can be presumed to be products whose gains and losses from changes in bond spreads can be passed on to policyholders. In such cases, IAIG-specific portfolios could be reflected on spreads as an exception, on the condition that such pass-through is certain, e.g., the bond prices which serves as the basis for such a pass-through function is explicitly stated.
32	Yes	One –year contracts are prevalent especially in non-life insurance, and when ICS is implemented, our understanding is that a simplified measurement without discounting such as the PAA (premium allocation approach) under IFRS would be admitted for liabilities of one-year contracts in MAV.
40	No	We think that the GAAP Plus principles and guidelines do not fulfil the following ICS Principles:

		Principle 1: Consistent valuation principles for assets and liabilities Principle 5: Comparability of outcomes across jurisdictions We think that adjustments based on GAAP may sometimes fail to evaluate assets and liabilities in a consistent way, and may also fail to achieve comparability between jurisdictions.
44	Yes	GAAPs which are suitable for GAAP Plus (i.e., GAAPs that fulfil ICS Principles and are able to approximate MAV outcomes), should be newly identified and GAAP Plus should be developed only for those GAAPs.
46	Yes	Where GAAPs suitable for GAAP Plus (i.e., GAAPs that fulfil ICS Principles and are able to approximate MAV outcomes) are identified and GAAP Plus will be developed only for those GAAPs, we think that suitability for GAAP Plus can be decided prior to implementation.
47	YES	If calculation of GAAP Plus continues to be required for all accounting standards for Field Testing and confidential reporting, substitution by MAV should be allowed for calculations of GAAP Plus capital requirements and CC-MOCE. Calculations for both valuations based on the Technical Specifications is a significant workload and less relevant considering the objective of narrowing the differences of the valuation methods towards the development of ICS 2.0.
49	No	
50	①	From the points of view of simplicity of calculation and comparability, the costs of capital should be fixed and common across IAIGs. We have no particular objection to the proposed level of 5%.
51	No	While the Field Testing Technical Specifications provide for Catastrophe risk to be reflected in the projection of future capital requirements by 100%, it is reasonable to reflect the decrease in exposure as in the case of premium risk.
52	Yes	
53	No	While we support simplicity in the approach to project future capital requirements, it should be noted that run-off patterns of non-life insurance vary significantly according to region, UPP (unearned premium provision)/pre-claims or claims etc. With regard to UPP/pre-claims, there are long-term non-life contracts as well. IAIGs with material long-term non-life contracts should be allowed to consider duration of their contracts using firm-specific run-off patterns, as in the case of life contracts. This has significant impact in Japan, since fire policies as long as 36 years are written. In Japan, the amount of UPP/pre-claims for fire insurance is 3 times the amount of annual premium income (2014 industry total, GAAP-basis). The approach should be verified and adjusted taking into account the data collected during 2016 Field Testing. (Along with our comments for Q51, we are commenting from the view of appropriately valuing Non-life risk.)
54	Yes	
55	Yes	We think the idea of using variance/covariance matrices in the CoC-MOCE calculation is relevant considering the consistency with ICS capital requirement calculation.
56	Yes	
57	Yes	
58	Yes	
59	No	
60	Yes	
61	Yes	
62	Yes	
63	No	The proposed CoC-MOCE is the cost of raising capital on a going concern basis. It has different characteristics from current estimates or capital requirements. The current estimate is merely a base to calculate CoC-MOCE, and we do not think there is any double counting.
64	No	Insurers are exposed to various risks. We cannot assume any correlation between "occurrence of a certain risk reducing manifestations of another". Even for the same risks, we cannot deny the possibility of more extreme stress emerging. Therefore, we must say that the assumption that "uncertainty disappears or significantly decreases after a stress" is unrealistic. Even for a simplistic approach, the idea that "we carry a similar level of risk even after a stress event and therefore a similar level of MOCE is required" more accurately reflects reality.
65	No	
66	Yes	If MOCE is to be introduced, we support CoC-MOCE. We have the following concerns over the proposed P-MOCE: - The relationship between P-MOCE's prescribed intention of "policyholder protection" and the calculation method is unclear; - P-MOCE, especially in the case of non-life, is over-reliant on each countries' accounting standards and interest rate levels, and also inconsistent with the concept of MAV and cannot deal with negative interest rates. Additionally, it cannot calculate the proper amount when the premium rate does not take into account margins as well as when the rate is set at a loss-making level. Construction of life and health P-MOCE is based on the quantile approach and is inconsistent with non-life. (The reason for inconsistent treatment between Life/Health and Non-life risks is said to be because "Non-life risk includes new business". However, consistency can be maintained by deducting the new business part from non-life risk (as in the case of CoC-MOCE).) On the other hand, we may need to reconsider our position for CoC-MOCE depending on the underlying assumption of the ICS; for example, in the case of acquisition, whether liability is the capital cost of the acquirer or the acquired.

67	No	
69	No	
70	Yes	
71	Yes	Excluding the issue of fungibility, which will be covered in future discussions, every instrument issued by consolidated subsidiaries of IAIGs as a means of raising capital, should be counted as 100% capital.
80	Yes	Non-paid-up capital items should be included in ICS qualifying capital resources if it is certain that the payment will be made, for example if the IAIG can enforce the obligor to pay or if it is objectively highly likely that payment will be made.
81	No	Non-paid-up capital items should be included in ICS qualifying capital resources if it is certain that the payment will be made, for example if the IAIG can enforce the obligor to pay or if it is objectively highly likely that the payment will be made. We do not think that any limit is necessary even if the payment is not settled.
83	③	Prior supervisory approval should not be required for the redemption of a financial instrument issued by an IAIG, whether it is at its effective maturity date or at its contractual maturity date.
84	Yes	The lock-in feature provides a more objective safeguard than prior supervisory approval.
84	Yes	We do not think that prior supervisory approval is necessary. However, if prior supervisory approval is to be incorporated into the regulation, the lock-in feature should provide exclusion.
85	Yes	Loss absorbing capacity on a going concern basis should be recognized for all AOCI elements a) through e).
89	Yes	Volatility will likely be generated mainly due to revaluation of liabilities. If "occurrence of volatility" can be deemed to be temporary, it would be necessary to take measures, such as putting in place a transition period before applying remedial actions.
90	No	As they are regarded as assets with encumbrances, current technical specifications require the deduction of assets such as collateralized assets from Tier 1 capital resources. However, such treatment would be difficult in practice as it would require IAIGs to clarify their asset breakdowns and calculate any increase in capital requirements. If such a requirement is to be introduced, the current treatment required by such technical specifications is overly conservative and certain items should be excluded from deductions. In particular, the following points require revisions: - The collateral required by supervisory regulation should be excluded from deductions because the purpose of such collateral is to secure a certain amount for policyholder protection (such as claim payments) in a contingency. - Collateral associated with financial market transactions should be excluded from deductions because it can easily be recovered in a contingency by settling such transactions. - In cases where assets can be recovered upon a unilateral request by the party pledging collateral, the amount that can be expected to be recovered with certainty should be excluded from deductions.
91	No	Recognition of risk mitigation should not only take into account assets/liabilities existing on the valuation date, but also be in line with risks recognised within ICS capital requirement. Specifically, with regard to premium risk exposures whose component is future net earned premiums, it is implicitly assumed that ceded reinsurance of future new business will be reflected, and principles for the recognition of Risk Mitigation should clearly state this point.
92	Yes	
93	No	In order to appropriately reflect the economic reality on the reference date, risk-mitigation techniques that are in force for less than the next 12-months should NOT be adjusted in proportion to the length for which the risk-mitigation technique is in force. In particular, it should be assumed that all derivatives traded for asset management purposes, e.g. futures and options with regard to interest rate, equity, and currency risks, will be renewed. For example, risk-hedging using futures and forwards contracts (e.g. hedging of currency risks using the exchange forwards contract function) becomes an effective hedging technique when renewing contracts whose terms are usually shorter than 12-months. It is not appropriate for adjustments to be made on such contracts, depending on the length for which such contracts are in force, as such adjustments could distort economic reality. Risk mitigation should be recognised not only for the remaining period in force, but also for the next 12-months including the period after renewal.
94	Yes	It is appropriate to recognise renewal of reinsurance contracts that are in force for less than the next 12-months. This is in line with the measurement of risks, which assumes new and renewed business over the next one-year period (one-year time horizon).
95	Yes	
95(1)		The same criteria applied to non-life insurance risks should also be applied to other risks. In particular, it should be considered that all derivatives traded for asset management purposes, e.g. futures and options with regard to interest rate, equity, and currency risks, will be renewed.
95(2)		As mentioned in our answer to (1), all derivatives traded for asset management purposes, e.g. futures and options with regard to interest rate, equity, and currency risks, qualify as examples of such risk mitigation arrangements.
95(3)		Risks are measured based on assets/liabilities held on the reference date and do not take into account whether they will continue to be held or not. Therefore, in terms of consistency, the risk mitigation effect of the hedging held on the reference date should be recognised without any particular conditions.
96	No	
97	No	
98	No	
99	Yes	In principle, option 1, a look-through approach on the basis of the underlying current exposure, should be applied. However, when no look-through is possible, it would be desirable for option 2 to be applied, which is a calculation based on the maximum extent allowed

		under its mandate. With regard to a specific approach for the partial look-through allowed under option 1, a simplified approach should be considered, e.g. applying average duration, rating etc. of the fund for bonds which are components of such funds, or utilising specified duration, rating, etc. for bonds whose detailed specifications are not available.
103	No	
105	Yes	
107	No	They are not appropriate. Assuming that the level of uncertainty of both an increase and a decrease in the mortality rate is similar, the shock applied to the mortality risk should also be applied to the decrease in mortality. Therefore, a decrease of 10% in the mortality rate is appropriate.
110	Yes	Diversification between jurisdictions should be considered in addition to stress levels.
111	No	With regard to products which make payments for multiple categories of health segments, it is not practically feasible for all IAIGs to apply different uplift-factors for each segment of payment. Therefore, the proposed segmentation is not appropriate.
112	No	With regard to categories 1 and 2, we suppose that the uncertainty of incurred claims and paid claims are different. Therefore, their stress levels should also be distinguished. In addition, imposing floors (20% - 50%) on scale factors would lead to exaggerated valuation of risk especially with regard to long-term contracts such as whole life insurance, and is therefore not appropriate. Such floor should be removed. We cannot comment on the appropriateness of the stress levels as evidence has not been provided. The stress levels should be validated and adjusted based on the 2016 Field Testing and other data. Factor differentiation according to geographical region should also be considered.
113	No	Since the scenario envisaged for mass lapse risk is not clear, we cannot comment on this issue. However, depending on the assumed scenario, the conclusion could change, as per our comment on Q129. If external factors such as a rise in interest rates or tax reforms are assumed as the mass lapse scenario, a large number of lapses may not always occur for health insurance policies whose purpose is to offer protection. In such a case, it could be more appropriate to assess level trend risk. Additionally, verification and adjustments should be made by referencing data gathered during the 2016 ICS Field Testing exercise.
114	Yes	While the segmentation may be reasonable, segmentation by the nature of benefits instead of product may not be acceptable to all IAIGs in practice. Therefore, valuation by an appropriate simplified approach should be allowed.
115	No	We have concerns over the consistency of this approach with the approach for the health underwriting risk under the default approach. The uplift-factors for categories 1 - 3 of the default approach are set at 10 - 13%, which is lower than this approach. The incidence rate stress and recovery rate stress of financial compensation should be consistent with the approach for the health underwriting risk under the default approach.
120		We support Option 2 because Option 1 has the following problematic issues: - Option 1 fails to appropriately capture the components of the health risk such as level, trend, volatility included in health policy similar to life. - Non-life products such as workers compensation, accident insurance are written by non-life insurers, and their premiums are calculated and results and risks managed as in the same way as other non-life products. However, under Option 1, such products are treated differently from other non-life products. Option 1 would lead to inconsistency among non-life products and complexity in design. - Option 1 requires an independent category for health policies with regard to lapse risks, operational risks and CoC-MOCE calculation, which lead to complexity in design.
121	No	The approach should be validated and adjusted based on 2016 Field Testing data.
122	Yes	Diversification between jurisdictions should be considered in addition to stress levels.
123	Yes	
124	No	Since the scenario envisaged for mass lapse risk is not clear, we cannot comment on this issue. However, depending on the assumed scenario, the conclusion could change, as per our comment on Q129. Additionally, verification and adjustments should be made by referencing data gathered during the 2016 ICS Field Testing exercise including qualitative judgment by the IAIS based on the data.
126	Yes	
129	Yes	The scenario of how a mass lapse occurs is not expressly stated, but the following can be said depending on the scenario: - If reputational issues and policyholder runs etc. based on insurer's credit uncertainty are assumed, a certain number of lapses can be expected to occur, whether the surrender strain is positive or negative. Therefore, the value of contacts with negative surrender strain should not be set at zero. Instead, net risk calculation should be conducted together with contracts with positive strain. - If external factors such as tax reforms, decline in product competitiveness, and rise in interest rates are assumed, the lapse rate could vary depending on factor or product. In such cases, different shocks which take into account respective causes of surrender could be applied to each product. For example, it is likely that the lapse rate would be lower for products with larger penalties for surrender or low cash surrender values. Products that explicitly state that the cash surrender value is low could at least be excluded from the range of mass surrenders as in the case of products with a zero cash surrender value.

130	NO	Please refer to our comments on Q129.
131	Yes	Regarding level and trend components, the approach taken for the 2016 Field Testing is overly conservative, as it determines whether to apply an upward or a downward stress for each Homogeneous Risk Group (HRG), which means that for all HRGs the lapse rate will change adversely. The amounts of the decreased net asset value calculated on the group level under the lapse rate increase /decrease scenarios respectively should be aggregated independently.
135	No	
136	No	Assuming a 100% correlation is excessive stress. The driver for manifestation of risks for unit expense and expense inflation are different. Therefore, we think correlation is zero.
137	No	
139	No	
140	②	Adopting new reporting segmentation would make it difficult to capture the basic information necessary to assess exposure such as premiums. Therefore, it is more practical to base segmentation on existing jurisdictional reporting segments. Factors to be applied to each segment of each jurisdiction should reflect the risk features of each jurisdiction and segment, and be validated and adjusted based on 2016 Field Testing data. Reporting based on the location of risks could be operationally unfeasible. Approximations such as reporting based on the location where risks were underwritten, and the location of the head office of the insurance entity that underwrote the risks should be allowed for ICS 1.0.
141	Yes	
142	Yes	
143	Yes	
144	No	Assuming a 100% correlation within the same segment category such as "property-like" is clearly too conservative. Risk and correlation factors should reflect economic reality. Correlation should be validated and adjusted based on 2016 Field Testing data, and qualitative judgement of the IAIS based on such data should be taken into account.
145	No	Risk and correlation factors should reflect economic reality. Correlation should be validated and adjusted based on 2016 Field Testing data, and qualitative judgement of the IAIS based on such data should be taken into account.
146	No	Risk and correlation factors should reflect economic reality. Correlation should be validated and adjusted based on 2016 Field Testing data, and qualitative judgement of the IAIS based on such data should be taken into account.
147	Yes	Based on the assumption that the difference between the projected and actual loss ratios of premium risk is a normal distribution, calculating a risk factor equivalent to 99.5% VaR should be applied.
148	Yes	Factors of similar segments within the same jurisdiction or the highest factor in the given jurisdiction could be applied.
149	Yes	In order to ensure comparability, an appropriate number of buckets that reflect the risks of each jurisdiction/segment should be set. The number of buckets and factors should be validated and adjusted based on 2016 Field Testing data.
150	Yes	With regard to Premium risk, it is necessary to exclude catastrophes (such as natural disasters) from loss ratio data that are subject to the Catastrophe risk charge.
151	No	
152	No	We cannot comment on the appropriateness of the new specifications as evidence of the defined scenarios and factors have not been provided.
153	Yes	With regard to latent liability risk, another "asbestos incident" could be considered such a risk. If a mass tort scenario envisages such an incident, we think it is appropriate to use such a scenario.
154	Yes	We are concerned about duplication between Catastrophe risk and Premium and Claim Reserve risks. Since their calculation basis has not been disclosed, it is not clear how much Premium and Claim Reserve risks take into account Catastrophe risk. In order to avoid duplication, the portion representing Catastrophe risk should be deducted from Premium and Claim Reserve risks. (If it has been deducted, it should be clearly stated.) Consideration could be given to including Catastrophe risk among Premium and Claim Reserve risks.
155	No	
156	Yes	Given the 2015 Field Testing results shown in Table 14, Paragraph 442, and the 2016 Field Testing results, scenarios could be limited to natural Catastrophe and liability risks only. There are concerns that the current Catastrophe risk calculation approach overlaps with these for other risks. Therefore, it is important that the impact of natural Catastrophe and liability risks are deducted from Premium and Claims Reserve risks.
157	Yes	Unique to insurers, natural disaster is a risk to which no other type of financial institution is exposed. It varies depending on the characteristics of each IAIG's portfolio, such as its products and the jurisdictions in which it operates. If catastrophe models are able to reflect such characteristics more appropriately, the IAIS should allow their use.
158	Yes	If approval requirements regarding the use of models in ICS Version 1.0 are considered only for confidential reporting purposes, it is too early to introduce formal approval processes, at least for 2017 confidential reporting, because both IAIGs and supervisors would not be able to make sufficient preparations in time. Meanwhile, as part of a standard method, appropriate review process regarding the use of models should be put in place in the future, such as the validation of models by supervisors, in order to ensure comparability.

		However, with the validation of models, standards that are stricter than necessary should be avoided. The IAIS should examine the introduction of validation and review processes which are effective and efficient. For example, to begin with supervisors could compare insurers' models and then focus on matters of concern found in the first step. Additionally, models widely used by insurers could be subject to IAIS approval or, after validation and review by jurisdictional supervisors, be introduced as one of the options in a standard method of risk calculation for ICS. It should be noted that the General Insurance Rating Organization of Japan, of which almost all Japanese general insurers are members, develop risk models of natural disaster types that are common in Japan. Because these models are utilised in the assessment of natural disaster risk under Japanese solvency regulations, they should be introduced as one of the above options to calculate the risk amount of each peril, though how correlation among perils can be reflected is still to be examined.
159	Yes	For ICS Version 1.0, the following could be reported: - Names of the model (if any) - A vendor model or an internally developed model - Areas and perils covered by the model - Overview of the model
160	Yes	In standard internal models, the risk amount is calculated using input data owned by the insurer such as insured amounts. However, the available data at the time of calculation is before the reference date of the calculation. Hence, it is usual to use such data with reasonable adjustments as required. Such an approach mentioned above should be allowed in ICS Version 1.0, which is also the practice in calculations of Japanese solvency regulations.
162	No	As for terrorism risks, it is inappropriate to include damage to own properties and payments to employees other than insurance benefits, for the following reasons: - Damage to own properties etc. is not an insured loss, and does not match the definition of Catastrophe risk, which is a "risk involving a low frequency and generally high severity insured accident". - This assumes an accident targeting the insurer itself, and we think that this leads to an overly conservative evaluation. - There are concerns over overlaps with Operational risk. In addition, in order to reduce the practical burden, damage assessment using similar scenarios such as RDS should be allowed for the assessment of insured losses.
163	Yes	Contingent Credit risk does not significantly affect the entire ICS capital requirement, as long as Credit risk is properly controlled. Therefore, in such cases, more accurate calculation is unnecessary, and thus we support the current approach.
164	No	
165	No	
166	No	Rather than a short timeline of six years, for objectivity, calibration using a longer timeline (for example, 20 years) of historical data would be preferable.
167	②	Upward, downward and flattening should be used.
168	Yes	
169	No	
172	No	
173	Yes	
174	Yes	We support the approach used for the 2016 Field Testing. As for cash equity, a factor-based approach should be taken which does not explicitly consider volatility stress. For risk measurement of liabilities that require assessment of options such as variable annuities, equity volatility stress should be considered.
175	Yes	
176	Yes	
177	Yes	It is unnecessary to make adjustments to the treatment of long-term equity investments.
178	No	
180	Yes	When management actions are specified according to market movements, it is necessary to conduct path dependent valuations. In order not to make calculation too complex, the current approaches may be acceptable, though they are not always appropriate.
181	No	Because risks vary depending on each insurer's product features and management actions, it is impossible to capture all of the material risks for these types of contracts.
182	No	

183	No	
184	Yes	
186	No	
187	Yes	
188	Yes	
189	No	A for currencies of which the foreign exchange control system has been changed (for example, from a fixed exchange rate system to a floating system) during the volatility observation period, stress levels should be determined based on data gathered since the relevant change.
190	No	We believe that the proposed partial exemption for investment in foreign subsidiaries is on the premise that part of these subsidiaries' capital lacks in fungibility. This issue should be further examined during the development of ICS Version 2.0 where fungibility will be discussed.
193	No	
194	No	Treatment according to contract duration is inappropriate because it is likely to distort the economic reality of currency exposures at that point.
195	No	
196	Yes	As it is not clear how the threshold and risk factors have been determined, it is impossible to judge whether or not the parameter level is appropriate. However, the approach itself is deemed common.
197	No	
198	No	The use of external credit ratings should not be allowed. The differences between ratings assigned by credit rating agencies and external ratings, which are expected to emerge due to their varying rating processes, should not be allowed.
199	No	
200	No	In view of ensuring a level-playing field and comparability, we are concerned over the expansion of the scope to allow the use of credit assessments (ratings and/or designations) not issued by credit rating agencies based on the BCBS model.
201	No	
202	No	The approach using DSCR and LTV will be both burdensome and complicated. With regard to DSCR, it is onerous and practically difficult to regularly update data after making investments. Consequently, while this complicated approach will increase the burden on IAIGs, it will contribute less than expected to more elaborate results.
203	No	
204	No	
205	Yes	As Operational risk is not expected to be affected by the fluctuation in the volume of ceded reinsurance in practice, the IAIS should use exposures that are reported before the impact of ceded reinsurance.
206	Yes	Under the current approach, "recognition of the increased risk associated with excessive growth" (explained in Paragraph 567) is subject to additional risk charges due to changes such as movements of currency exchange rates and premium rate revisions. This does not reflect the actual risk conditions. Considering these factors are practically difficult to eliminate, it is necessary to abolish these additional risk charges or make adjustments such as increasing the threshold.
208	No	
209	No	For IAIGs that own non-life insurers, most Catastrophe risk components are expected to be based on general insurance contracts, such as those of natural disaster and liability insurance. However, the correlation factors between Catastrophe risk and Life risk, and Health risk are set at 25% respectively, which is inconsistent with the above expectation. (Meanwhile, the correlation factors between Non-life risk and Life risk, and Health risk are set at 0% respectively.) Therefore, it is necessary to change Catastrophe risk to sub-risks of Non-life, Life, and Health modules, or to simplify the approach by changing correlation factors between Catastrophe risk and Life risk, and Health risk to 0%.
210	Yes	Calibration of correlation parameters should not be based on limited data only. Even if relevant data is available, it will be necessary to judge whether the parameter derived from the data analysis appropriately reflects correlation in tail events, and in cases where it is deemed inappropriate, to make adjustments.
211		Calibration of correlation parameters should not be based on limited data only. Even if relevant data is available, it will be necessary to judge whether the parameter derived from the data analysis appropriately reflects correlation in tail events, and in cases where it is deemed inappropriate, to make adjustments.
212	Yes	In the calibration of the correlation parameters, existing data sources should be maximised. For example, abundant data is available with regard to Market risk.
213	No	For IAIGs that own non-life insurers, most Catastrophe risk components are expected to be based on general insurance contracts, such as those of natural disaster and liability insurance. However, the correlation factors between Catastrophe risk and Life risk, and Health risk are set at 25% respectively, which is inconsistent with the above expectation. (Meanwhile, the correlation factors between Non-life risk and Life risk, and Health risk are set at 0% respectively.)

		Therefore, it is necessary to change Catastrophe risk to sub-risks of Non-life, Life, and Health modules, or to simplify the approach by changing the correlation factors between Catastrophe risk and Life risk, and Health risk to 0%.
214	No	The correlation factors between Expense risk and Mortality risk, Longevity risk, and Lapse risk are set at 25%, 25%, and 50% respectively. However, even if these risks manifest, the impact on Expense risk is expected to be very limited. Therefore, all of these correlation factors should be 0%.
216	No	
217		To eliminate arbitrariness and ensure simplicity, we support the top-down approach and call for a simplified realisability assessment on a consolidated basis.
218	Yes	The approach would be appropriate, though only for items for which specific adjustments at the country level can be determined.
219		In practice it will be difficult to accurately calculate the rates to be respectively applied to revaluation and capital requirements. Therefore, in cases where the tax rates can be presumed to approximate the tax rate of the entire group, we propose the use of a simplified approach which utilises the annotated data on effective tax rates required under many accounting standards, or tax rates applied to the parent company or major group entities.
220		The deduction percentage for DTAs according to the accounting framework can be used. The deduction percentage should be set based on a valuation allowance that excludes the amounts for which the reversal period is unspecified (for example, depreciation of land).
221	No	
223	No	Taking into account the effect of discounting will necessarily increase the associated burden of IAIGs greatly, including an estimation of the reversal period of temporary differences. Therefore, it is realistic simply not to reflect the discounting effect. Assuming that most of balance sheet items are recorded on a discounted basis, timing differences will also be calculated on such a basis, and potential inaccuracies in the simplified approach will be small. At the same time, this will ensure consistency between DTAs / DTLs and other balance sheet items.
225	No	For the consistency with accounting and simplicity, it is unnecessary to take the discounting effect into consideration.
226	Yes	Assuming that the P-MOCE is not loss-absorbing, both the P-MOCE and CoC MOCE are part of insurance liabilities and should be recognised post-tax using a global effective tax rate in a similar way to the difference between MAV and GAAP insurance liabilities.
227	Yes	Similar to the treatment of insurance liabilities, the CoC-MOCE should be calculated on a pre-tax basis, and their corresponding DTAs should be recognized using a global effective tax rate.
228		As for DTAs on post valuation adjustment balance sheets, the amount based on the realisability assessment premised on normal circumstances should be included in capital resources with no limit. Realisability under stress should be taken into consideration only in the capital requirement calculation.
229		As for DTAs on post valuation adjustment balance sheets, the amount based on the realisability assessment premised on normal circumstances should be included in capital resources with no limit. Realisability under stress should be taken into consideration only in the capital requirement calculation, while avoiding double counting in capital resources.
230	Yes	The realisability of post valuation adjustment DTAs should be evaluated using a top-down approach. The realisability of DTAs under stress can be expressed as a certain factor multiplied by the deduction percentage used under this approach.
231	③	The tax impact should be calculated based on the ICS capital requirement post diversification.We prefer a top-down approach, to avoid overly detailed and complicated calculations of the tax impact in the ICS capital requirement.
232	Yes	(Although we prefer a top-down approach), under a bottom-up approach, it is necessary to allocate the ICS capital requirement (before tax effects are reflected) to entities in the group determined as units of taxation in a specified manner, and, on the assumption that a loss equivalent to the post-diversification ICS capital requirement of each entity occurred, to assess the realisability regarding future tax profits of the loss (after reflecting tax strategies and management actions) to make an estimate of tax effects. However, if this approach were to be adopted, it would raise practical difficulties and be inconsistent with ICS Principle 8.
233	No	
235	No	
236	Yes	- GIAJ wishes to express thanks for the opportunity to comment on this consultation document. - While the current consultation advances the discussion of technical aspects such as the valuation and measurement of liabilities and risks, we think that these issues should essentially be addressed in conjunction with how the ICS will be utilized (i.e. how it will be positioned within the supervisory framework and its relation with corrective measures by the regulators etc.) to enable a more beneficial and efficient discussion. Please note that the comments which the GIAJ submit on this occasion may be revisited at a later date when issues such as how the ICS will be utilized are discussed. - Under the IAIS's currently proposed schedule, it is assumed that multiple views will co-exist such as MAV and GAAP plus approaches even for ICS Version 2.0 which is the jurisdictional implementation stage. Regulatory implementation by each country while two views co-exist is not desirable. It should be implemented by each country only after achieving convergence toward a single economic value-based approach and ensuring true comparability and fairness. -Although not an issue in the current consultation, in developing regulatory standards, it is important to consider a balance between the burden of calculation and its benefits in addition to the issues mentioned above. Specifically, we think that the contents described in Paragraphs 16 and 17 of 4.2 Proportionality / Best effort in the 2016 Field Testing Technical Specifications should be added to the ICS Principles as a "Proportionality Principle". Meanwhile, on a separate note, the confidential reporting based on ICS Version 1.0 should be conducted on a best effort basis in a similar way to the field testing exercises as it may not be possible for IAIGs to make preparations on time.

		- We hope that our comments will be of help to the IAIS's work towards the development of the ICS.