

Questions	Comments
1	<p>Operational risks vary greatly depending on regional characteristics, company size, etc. Therefore, with the aim of encouraging consistency where possible, we agree to respect jurisdictional differences and take a proportionality and risk-based approach.</p> <p>As the term "operational resilience" is widely used in various fields, and discussions based on this term will continue to be held in the future, we suggest that it be defined in this application paper.</p>
9	<p>We agree on the importance of identifying the roles and responsibilities of the Board and Senior Management. On the other hand, specific approaches to operational risk supervision by supervisors, such as uniformly setting insurer's impact tolerances and critical services, may raise concerns that insurance companies will be unable to decide for themselves about whether to secure alternative measures, and consequently incur enormous costs. Therefore, such approaches should be established with full consideration of the laws and regulations of each jurisdiction, as well as the scale and characteristics of each insurance company.</p> <p>Regarding the first bullet point of Paragraph 21, while we understand it is an example, the statement "Competencies appropriate for the management and conduct of business could also be tested through interviews and candidate presentations" could lead to excessive burden. Therefore, we suggest either deleting it or adding a condition such as "...in cases where a significant lack of competency is suspected".</p>
10	<p>(Regarding Objective 1.2 "Identifies and manages all risks that have the potential to severely disrupt its operations, including its ability to deliver on its critical services")</p> <p>Although it states "all risks", each company should be allowed to determine the scope and criteria for identifying risks, taking into consideration the management resources of the insurance companies which identify and manage those risks, and the impact and likelihood of occurrence.</p> <p>(Regarding 24 "Supervisors can require insurers to adopt internal governance and control frameworks that address effective and prudent management of all types of ICT-related risks")</p> <p>The term "...all types of ICT-related risks" is unclear, therefore this term should be revised as follows: "...all types of ICT-related risks that have the potential to severely disrupt an insurer's operations".</p>
12	<p>In addition to the two approaches for identifying risks and resources, we propose adding the reverse stress testing as another option.</p>

	The identification of important services should not be limited to the mapping approach, but should include alternatives such as the listing of important services, taking into account the insurance companies' management resources, impact and the possibility of occurrence. In addition, when regulatory authorities specify expected items and items to be included, we believe that each company should retain the flexibility to determine the appropriate level of granularity.
13	Considering the risk characteristics of operational resilience, we agree that a flexible approach should be taken when measuring the impact on insurance companies. On the other hand, examples and explanations of non-prescriptive approaches should be provided from the perspective of the burden that may arise on the insurer that takes such measures.
14	Although it is described as an "annual" scenario test, the frequency should be determined based on factors such as whether there have been any major environmental changes, the impact and likelihood of risks, the operational resources of insurance companies, and the burden on insurance companies which are to conduct the tests.
15	It is stated that jurisdictions can rely on implicit requirements on their reporting to both internal and external stakeholders, including supervisory authorities, as appropriate. In this context, it would be beneficial to provide specific examples of what is meant by "implicit requirements".
17	While we agree that it is important to conduct a risk impact analysis in advance when changing operating rules within the operational risk management framework, we believe that the level of risk to be recognized and the assessment of the analysis results should be left to the discretion of the insurance company.
19	<p>In light of the increase in outsourcing to third parties and the rise of cyber risks, we agree to the importance of strengthening supervision of third-party service providers. However, when supervisors are granted the authority to access and audit third-party service providers, at same level as insurance companies have, it is desirable to establish applicable standards and criteria after careful consideration in light of each jurisdiction's laws and regulations.</p> <p>In the case of international third-party service providers such as platform providers, it may not be possible to find alternatives, and a coordinated approach of multiple jurisdictions' supervisory authorities will be necessary. Therefore, we believe it is appropriate to strengthen cooperation not only within the insurance industry but also across the entire financial sector and between multiple industries.</p>
24	We agree that the areas of operational risk and information systems require a high level of technical expertise, and therefore not only insurance companies but also supervisors need to hire specialized technical staff and develop analytical tools and information management systems to improve data analysis capabilities.