

CP-14-043		Comments Template on Consultation Paper on EIOPA Advice to the European Commission Equivalence assessment of the Japanese supervisory system in relation to Article 172 of the Solvency II Directive		Deadline 23 January 2015 23:59 CET
Name of Company:	The General Insurance Association of Japan			
Disclosure of comments:	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"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment/response in the relevant row. If you have <u>no response</u> to a question, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments/responses which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-14-043@eiopa.europa.eu . Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to Consultation Paper on EIOPA Advice to the European Commission; Equivalence assessment of the Japanese supervisory system in relation to Article 172 of the Solvency II Directive</p>				
Reference	Comment			
General comments	First of all, we, the General Insurance Association of Japan (GIAJ), would like to commend the EIOPA for its generally sufficient examination of the Japanese regulatory and supervisory system. We welcome the results of the EIOPA's equivalence assessment which recognise the equivalence of Japan's reinsurance regulations, and we believe that both the EIOPA's final advice and the European Commission's final decision will also support this.			

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	<p>We believe that the recognition of Japan's equivalence will contribute to the development of a sound and competitive reinsurance market for the insurance industry of the EU. As a result, this will also be beneficial for customers in the EU.</p> <p>In addition, we expect that Japan's equivalence under Article 227 and Article 260 will also be assessed and recognised at an appropriate timing.</p> <p>The GIAJ is looking forward to cooperating in the future equivalence assessment process as much as possible.</p>	
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31.	We believe that the description in this paragraph should be modified appropriately in line with our comment on Paragraph 127.	
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33.	We believe that the description in this paragraph should be modified appropriately in line with our comment on Paragraph 190.	
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127.	<p>Japanese (re)insurers are allowed to engage in incidental business (which are provided in Paragraph 115) with the approval of the JFSA, to the extent that the financial soundness and appropriateness of business operation of the insurer is not harmed by engaging in such incidental businesses. On the other hand, in the Solvency II Directive, incidental businesses in which (re)insurers are allowed to engage are provided in Article 18 1. (a), (b), and Preamble (13) as below. Comparing the provisions in the Japanese Insurance Business Act and the Solvency II Directive, we believe that there is no "real difference". Therefore, the description in Paragraph 127 should be modified appropriately.</p>	

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	<p>Article 18 Conditions for authorisation 1. The home Member State shall require every undertaking for which authorisation is sought: (a) in regard to insurance undertakings, to limit their objects to the business of insurance and <u>operations arising directly therefrom</u>, to the exclusion of all other commercial business; (b) in regard to reinsurance undertakings, to limit their objects to the business of <u>reinsurance and related operations</u>; that requirement <u>may include</u> a holding company function and <u>activities with respect to financial sector activities</u> within the meaning of Article 2(8) of Directive 2002/87/EC;</p> <p>Preamble (13) Reinsurance undertakings should limit their objects to the business of reinsurance and related operations. Such a requirement should not prevent a reinsurance undertaking from pursuing activities such as the provision of statistical or actuarial advice, risk analysis or research for its clients. <u>It may also include</u> a holding company function and <u>activities with respect to financial sector activities</u> within the meaning of Article 2(8) of Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate(7). In any event, that requirement does not allow the pursuit of unrelated banking and financial activities.</p>	
128.	As we comment on Paragraph 127, Japan should be considered to be “equivalent” under Principle 3 dealing with the taking up of business. Thus, the description in Paragraph 128 should also be modified from “largely equivalent” to “equivalent”.	
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190.	As Paragraph 189 explains that "There is no explicit assessment point for increase in shareholdings between 20% and 50%, as in Solvency II, but the JFSA can intervene at any time where Primary shareholders do not meet the provisions relevant to them in the IBA", the JFSA's supervisory approach is equivalent to the Solvency II's approach in their effects to achieve adequate on-going supervision of sound and prudent management of the insurers. Therefore, the description in Paragraph 190 should be modified from "largely equivalent" to "equivalent".	
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