

Opening Remarks
On the occasion of:
The Third NAIC-JFSA Insurance Regulatory Dialogue
Tokyo, April 6, 2015

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Good Morning. On behalf of the JFSA, I would like to extend my warm welcome to the high-level delegation from the NAIC led by the Honorable Senator Ben Nelson, on the occasion of the Third Insurance Regulatory Dialogue between the NAIC and the JFSA.

It is our great honor and pleasure to host the meeting in Tokyo, during one of the best seasons of the year.

Last year, we agreed to establish a framework of regular dialogue between our authorities as a platform for strengthening our regulatory and supervisory coordination and cooperation. Since then, this dialogue has been contributing significantly in enhancing our mutual understanding and building mutual trust, and has performed a key role in coordinating our positions in multilateral international forums such as the IAIS.

In this third meeting, we look forward to further discussing regulatory and supervisory issues of mutual interest, such as how to contribute to the development of a common international capital standard at the IAIS.

In an increasingly global insurance marketplace, we are feeling an ever stronger need to make progress in making our rules and regulations more internationally consistent, and in coordinating our supervisory actions.

As a result of market penetration by an increasing number of

internationally active insurance groups (IAIGs) and the expansion of cross-border businesses by them, coordination and cooperation between authorities of different jurisdictions have become an imperative. Group-wide supervision has become a norm. Needless to say, a growing global insurance market must be underpinned by effective regulation and supervision which are globally consistent, well-coordinated, and based on a foundation of mutual trust and confidence between jurisdictions.

In this context, we are looking forward to making further progress in achieving the ultimate goal of a single ICS at the IAIS, including a common methodology by which an international capital standard achieves comparable i.e. substantially the same outcomes across jurisdictions. For the sake of ensuring comparability and transparency, and securing a level playing field across jurisdictions, we need to make further efforts in pursuing this ultimate goal.

While the G20 and the Financial Stability Board (FSB) have laid down the direction of travel for international financial regulatory reform, it remains the role of individual regulators and supervisors working together at the IAIS to design and implement the standards for insurance that this reform necessitates. Furthermore, cross-border coordination and cooperation in regulation and supervision in the area of insurance must be taken forward through a robust and transparent standard-setting process at the IAIS, in collaboration with other relevant standard-setters.

As the IAIS undertakes to finalize the development of an ICS by the end of 2016, and as it endeavors to complete its standards for enhanced regulation and supervision for G-SIIs, we must redouble our efforts to forge consensus at the IAIS, and ensure that we achieve consistent and complete results on a well-informed basis. We will not agree to drawing hasty conclusions, or calibrating the requirements on the basis of

incomplete information. We will be insistent in taking account of the specificities of insurance in our jurisdictions, such as the important role played by excess loss absorbing capacity embedded in technical reserves.

We will try to strike the right balance between ensuring transparency and comparability with the need for stability and avoiding unintended consequences. We will ensure that insurers are not inadvertently discouraged from providing long-term contracts and making long-term investments.

In other words, we do not want to make “speed” the enemy of the “good”, and be patient, but also be fiercely committed to making steady progress.

Finally, I should explain why I would like to emphasize the importance of this dialogue. It is because I firmly believe that regulatory reform could not be taken forward simply by theory or emerge out of thin air. Rather, it should be firmly embedded in the lessons drawn from the multiple day-to-day interactions between regulators/supervisors and the numerous and diverse stakeholders of insurance, including the policyholders, the employees and shareholders of firms, and the communities that those firms serve. For, only they could testify to the true effectiveness of any set of rules, or the achievement of our ultimate goals in serving the public through accessible and affordable insurance.

I look forward to a rich and fruitful dialogue today. Thank you very much for travelling long distances to make it happen. *(end)*