

Reference: Composition of Supervisory Policies (Insurance Companies, etc.)

1. Overview

1. Environment Surrounding Financial and Capital Markets

- Risk factors: possible slow down in the global economy, fluctuations in financial and capital markets, influence of deflation, etc. (especially the worsened European fiscal problems, and uncertainty in the economic outlook in the U.S)
- Role of finance expected under the New Growth Strategy (role of back up for the real economy and enterprises)

2. Approach Taken by Supervisory Authority

- Under basic policy to have better regulation become further embedded and enhanced, the FSA will take the following approaches as the supervisory authority.
 - 1) Financial administration with high level risk sensitivity (identify and understand risks accumulating in each financial institution and in the financial system)
 - 2) Financial administration from citizen's and user's point of view (further improve customer protection and convenience for users)
 - 3) Supervisory response with future outlook (fully understand trend of international discussions and initiate environmental changes)
 - 4) Supervisory response which contributes to financial institutions' autonomously improving management and making better business judgments (frank and deep discussions with financial institutions)
- * Closer cooperation with inspection divisions
- * Supervisory response which considers reducing burdens on financial institutions (periodically review reporting, etc. once per year)

2. Areas Emphasized in Supervision

1. Promote the Sophistication of Risk Management

(1) Promote the Sophistication of Risk Management in View of the Financial Crisis

- ([1] Develop an integrated management system for diverse and complex risks,
- [2] Introduce consolidated financial regulations)

(2) Review of Solvency Rule

- ([1] Introduce a solvency margin ratio with more stringent risk measurement,
- [2] Study for introduction of economic-value-based solvency assessment)

2. Improve Customer Protection and Convenience for Users

(1) Thorough Management of Information Security

- Management of customer information

(2) Construction of Appropriate Insurance Payment Management System

- (Ensure timely and appropriate insurance payments)

(3) Establish Appropriate Insurance Solicitation System

- (Comply with sales and solicitation rules for insurance products)

(4) Enhanced System for Processing Customer Consultations and Complaints

- Prepare for the financial ADR system to be introduced in October

3. Supervisory Response Corresponding to the Characteristics of Insurance Companies, etc.

(1) Insurance Group

- (Ensure operational appropriateness and financial soundness of the group as a whole)

(2) Small and Medium-Sized Insurance Company

- (Efficiently understand the actual practices)

(3) Small-Amount and Short-Term Insurance Providers.

- (Execute careful monitoring)

(4) Supervision Corresponding to Distribution Channels

- (Appropriate distribution practices for each channel)

(5) Ensure Effective Product Examinations

- (Ensure effective, fast and efficient examinations)