

The LIAJ comments on the IAIS Revised Application Paper on Combating Money Laundering and Terrorist Financing

Paragraph	Comment
General Comments	<ul style="list-style-type: none"> • The Life Insurance Association of Japan (hereafter “LIAJ”) appreciates the opportunity to submit public comments to the International Association of Insurance Supervisors (or the “IAIS”) regarding the Revised Application Paper on Combating Money Laundering and Terrorist Financing. • We appreciate the clarification that the Application Paper does not include new supervisory requirements and that the proportionality principle is applied to the content of the Application Paper.
Paragraph 1	<ul style="list-style-type: none"> • As for the statement in Paragraph 1 “this paper is primarily directed to life insurers and intermediaries”, we would like to confirm the background and reason for the addition of this statement.
Paragraph 13, 14	<ul style="list-style-type: none"> • While Paragraph 13 states “Generally, the ML/TF risks associated with the life insurance sector is lower than that associated with other financial products (eg loans and payment services) or other sectors (eg banking, gambling, precious stones and metal dealers)”, Paragraph 14 lists 17 examples of the ML/TF risks in life insurance and annuity products, including unit-linked, single premium and endowment policies. • In this regard, since “the Draft Risk-Based Approach Guidance for the Life Insurance Sector” published by the FATF in 2018 contains a similar statement, we would like to confirm that this revision is added only to show examples of the ML/TF risks following the FATF guidance and does not indicate that the ML/TF risks in the life insurance sector are higher than those in other sectors, and therefore the Application Paper does not require heavier regulations than those in other sectors.