



October 25, 2004

### **EBC response to call for public comments on “Un-Regulated *Kyosai*”**

The EBC supports the Financial System Council and its ongoing deliberations concerning treatment of so-called “un-regulated *kyosai*”.

The basic position of the EBC is that *kyosai*, both regulated and unregulated, should be subject to the same capital, solvency margin, taxation and policyholder protection funding requirements as private insurers to ensure consumer protection and create a level playing field in the life insurance market. Since *kyosai* provide the same services as insurance companies, all should be subject to the same legal and regulatory requirements, including the Insurance Business Law and FSA supervision. This is especially important for *kyosai* whose client base is not strictly specified.

In this context, the EBC does not support the introduction of simplified regulations for “un-regulated *kyosai*”, mentioned in the Financial System Council report, “Issues Concerning the Treatment of Un-regulated *Kyosai*” released for public comment on October 5<sup>th</sup>, 2004. The EBC feels that all “un-regulated *kyosai*” should be subject to the Insurance Business Law and the supervision of the FSA.