

Questions	Comments
ICP12 (Exit from the Market and Resolution)	
1	<p>We agree with the intent of making amendments in line with the FSB's Key Attributes requirements. However, proportionality should be applied in the development of a resolution plan to avoid excessive loading that is not substantively meaningful.</p>
2	<p>We agree with the proportionate application of recovery and resolution "planning" requirements for all insurers. However, given the relatively low likelihood of systemic risk arising from the insurance sector, a proportionate response should be taken, considering the insurer's nature, scale, complexity, and solvency position.</p> <p>It is not appropriate for the IAIS to uniformly prescribe requirements for the development of supervisory policy measures, including the requirement for the development of a recovery and/or resolution "plans" from the perspective of fully considering the characteristics of each jurisdiction and insurer.</p>
3	<p>We strongly oppose the requirement that imposes all IAIGs to develop a resolution plan.</p> <p>We understand that the main purpose of the development of a resolution plan is to prevent the emergence of systemic risk. Imposing a uniform requirement to develop a resolution plan on insurers that, even if they were to fail, would have only a limited impact on financial stability, is clearly a measure that goes beyond the policy objective.</p> <p>Even if we were to discuss expanding the scope of the development of the resolution plan, the criteria should not be "whether or not the insurer is an IAIG", but rather "the degree of impact of the insurer's failure to the financial stability". Therefore, it would be inappropriate to groundlessly impose such a requirement on all IAIGs.</p> <p>The scope of the IAIS requirement should be limited to requiring jurisdictional authorities to have a process to consider the impact of each insurer's failure. From the perspective of fully taking into account the characteristics of each jurisdiction and insurer, it is not appropriate for the IAIS to uniformly prescribe requirements for policy measures of the development of a resolution plan.</p> <p>In addition, we understand that EC 11.1 of the FSB's "Key Attributes Assessment Methodology for the Insurance Sector" requires the development of recovery and resolution plans for all G-SIIs as well as other insurers that could be systemically significant or critical if they fail.</p>

	<p>We also recognize that, as stated in the "2023 Resolution Report", the FSB has discontinued the identification of G-SIIs and is instead developing a list of insurers who are subject to making a resolution plan. Therefore, we believe that requiring all IAIGs to develop a resolution plan is inconsistent with the FSB's consideration.</p> <p>The GFIA's report published in January 2024 titled "Insurance: a unique sector" also concluded that systemic risk in the insurance sector is much lower than in the banking sector, and individual insurers do not generally create material systemic risk.</p>
5	<p>We support that the supervisor and resolution authority have in place processes and procedures for resolution at the jurisdictional level.</p>
14	<p>In conducting resolvability assessments, we believe it is important to determine content and frequency through prior communication between the supervisor and insurers within its jurisdiction.</p> <p>Sufficient lead time should be ensured when requesting information from insurers.</p> <p>As we have explained in our answer to Q2, from the perspective of fully considering the characteristics of each jurisdiction and insurer, it is inappropriate for the IAIS to uniformly prescribe requirements for the development of supervisory policy measures, including the requirement to develop a resolution plan.</p>
15	<p>The likelihood of an insurer's failure should be included in the factors to be considered. We suggest revising the second bullet point, as follows: "the insurer's risk profile, solvency and risk management mechanisms".</p> <p>While ICP Guidance 12.4.1 and 16.16.2 state "The supervisor and/or resolution authority may also decide to require resolution plans for a minimum share of its insurance sector", we would appreciate clarification on exactly what the "minimum share of its insurance sector" is. In addition, if there is any background behind the introduction of this phrase, we would appreciate your sharing it.</p>