

(1) Public consultation on draft revised Application Paper on recovery planning

Questions	Comments
14	<p>Comments on Box 5: Regarding the third bullet point in the examples of stress scenarios for market-wide events, since catastrophic events include not only pandemics or climate-related events but also earthquakes, etc., we propose the following revisions:</p> <p>A high-impact catastrophic event, such as a pandemic, climate-related event, earthquake, and volcanic eruption</p>
17	<p>Paragraph 75: We propose revising "should be comprehensive" to "should be comprehensive and reflect the characteristics of the insurer".</p>
18	<p>Paragraph 84: In the context of developing communication strategies, it is important to exercise careful consideration as for the reputational risks associated with disclosure. Therefore, we propose revising the text as follows:</p> <p>The strategy should consider circumstances where confidentiality needs to be maintained regarding the impact of the severe stress and the implementation of the recovery plan.</p> <p>There may be circumstances where the preparation or implementation of recovery actions should be kept confidential, in consultation with supervisors, in case where there are concerns that disclosure could pose reputational risks or contribute to the deterioration of the business environment.</p> <p>When developing the communications strategy, the insurer should be mindful of any legal and regulatory requirements regarding disclosure and confidentiality (see ICP 20 (Public disclosure)), and they also should carefully evaluate the potential reputational risk and impact on the business environment.</p>
20	<p>Paragraph 105 states that supervisors should include the resolution authority in the assessment of the recovery plan. However, even for insurance companies whose recovery plans are unlikely to meet the criteria for triggering resolution, such involvement may not be efficient approach.</p>

(2) Public consultation on draft revised Application Paper on resolution powers, preparation and plans

Questions	Comments
14	<p>Regarding, "Where a quantitative threshold is set, the exact level of this threshold ranges significantly between jurisdictions, with examples ranging between 70% and 150% of the Prescribed Capital Requirement (PCR);" it seems that a ratio of 150% is a sound financial condition under ICS.</p> <p>Therefore, referring such high figures as examples of triggers for initiating resolution proceedings is misleading and may lead to the misconception that premature commencement of resolution proceedings is permissible. To ensure clarity and avoid misinterpretation regarding the appropriate timing for resolution proceedings, these numerical examples should be removed.</p> <p>If removal is not feasible, we would like to request an explanation of the reason for citing such figures as examples.</p>
20	<p>Paragraph 100: The second bullet point states "The stay is strictly limited in time." However, to align with the wording in Paragraph 99, it would be</p>

	preferable to use phrasing such as "The stay would need to apply for a limited period of time" rather than "in time."
33	The requirements for IRRD resolution plans applicable within the EU provide valuable insights. However, given differences in the characteristics, scale, and complexity of insurance markets across other jurisdictions, the operational processes of resolution frameworks should be left to the discretion of each jurisdiction. Therefore, we would like to request that this point be explicitly stated or that examples from other relevant jurisdictions be provided, rather than focusing solely on the EU case.
41	<p>Paragraph 159: It says that failure at a parent level can sometimes be more "isolated" than failure of one or more legal entities, but the content, including the examples, is unclear and confusing. We suggest either revising the wording to provide greater clarity or deleting this paragraph entirely.</p> <p>Paragraph 162: We are concerned that ad hoc reporting requests to insurance companies for the purpose of testing their information gathering and reporting capabilities may impose an excessive burden on them. Even when requesting such information, the wording should be carefully formulated to reflect consideration for the burden. For examples, such requests could be recommended as part of the authorities' annual information collection process, or alternatively, raising awareness among insurance companies regarding MISc development could serve as a substitute for conducting tests.</p>
42	Regarding the first sentence of paragraph 164, the reference should be to paragraph 133, not paragraph 132.