INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

Resolution of public consultation comments on Application Paper on Recovery Planning

12 November 2018 to 08 January 2019

Organisation	Jurisdiction	Confidential	Answer	Resolution of comments
Q1 General comments on the draft Application Paper				
1. German Insurance Association	Germany	No	It is important that the development and maintenance of recovery plans must not lead to unnecessary costs for the insurance companies. Solvency II provide good indications about possible problems of a company. If the solvency ratio of an insurance company is below a certain level the national supervisory authority will ask for measures and if necessary also for a recovery plan. Unlike in the banking sector there is no systemic risk that problems in one company will lead to problems in the whole sector. In addition, the financial position of insurers deteriorates at a much slower pace than that of banks. So providing preventive recovery plans for all or a large part of insurers could create a lot of unnecessary costs without any benefit.	The application paper provides background for the requirements in the IAIS supervisory material. There are no new requirements following from an application paper. See also the introductory language in the Paper related to its purpose and the applicability of the proportionality principle.
2. Global Federation of Insurance Associations	Global	No	GFIA appreciates the opportunity to comment on the paper. Overall, while the paper provides some useful commentary that insurers and supervisors might use for their own purposes, it is highly and unnecessarily prescriptive with regard to what companies should do and even how they should do it. The paper also tends to blur the line between the legitimate role of supervisors and the basic concept that the recovery plan is the company's not the supervisor's. Finally, while the mention of proportionality is much appreciated, over-all the paper implies that detailed recovery planning should be mandated for all companies. Yet there are many going concerns that should not expend resources as prescribed for a complex and detailed plan, when those resources could be better deployed in providing more insurance protection to the public. GFIA applauds the IAIS's acknowledgment throughout the Application Paper of the need for a supervisor to consider "proportionality" when determining recovery planning requirements for insurers under their supervision. Given the significant costs of recovery planning and the existence of other risk management tools and processes that may serve similar or overlapping purposes, supervisors must have the flexibility to tailor any recovery planning requirements as appropriate. Indeed, the supervisor should have the discretion to accept alternative submissions in lieu of some or all of the main elements of a separate, formal recovery plan to the	See response to comment 1.

			extent that such submissions collectively satisfy the agreed standards and goals. Such may include robust ORSAs, capital and liquidity policies and other risk assessment, management and contingency plans that are also part of an insurer's ERM framework. In the context of considering the need for an insurer recovery plan and any plan's form, content or detail as set forth in Section 3, GFIA asks that supervisors consider that insurers very rarely fail rapidly in a disorderly manner. Most insurance groups do not perform critical operations, are far less susceptible than banks to "runs", have greater liquidity buffers, and have limited interconnections to each other. It is GFIA´s view that existing recovery and resolution tools and regimes can and will provide for the orderly satisfaction of in-force liabilities over an extended period of time without systemic impact. GFIA is encouraged by the IAIS's characterisation of a recovery plan as a forward-looking plan that identifies in advance the "menu of options" that may be available to an insurer to restore financial strength and viability upon the occurrence of a stress event. Consistent with revised ICP 16.13, and as more fully explained in GFIA´s suggestions to revise specific paragraphs below, GFIA is of the view that a recovery plan should serve as a flexible guide for the insurer. It should not be a directive to take specific actions upon the occurrence of pre-defined triggers. Since actual stress events are inherently unpredictable, management must maintain wide discretion to select and utilise the appropriate recovery tools. This will help ensure the efficient use of both company and regulatory resources.	Agreed; this is reflected in the paper.
3. Institute of International Finance	Global	No	The Institute of International Finance (IIF) and its insurance members appreciate the opportunity to comment on the International Association of Insurance Supervisors's (IAIS) Draft Application Paper on Recovery Planning (the Recovery Planning Application Paper) issued on November 12, 2018. The IIF and its members have commented on related materials, including our June 1, 2017 letter, which included specific comments on ICPs 10 and 12 and related ComFrame materials. We appreciate the revisions to and improved alignment of the ICPs and ComFrame related to recovery planning that followed the prior consultation and we welcome the additional opportunity to address issues related to recovery planning. Our response addresses the following key themes: 1. While we value the purpose behind recovery planning, in keeping with the important overarching principle of proportionality, supervisors should have flexibility	See response to comment 1.

			in deciding whether to impose a requirement for a recovery plan and in establishing guidelines for the scope and content of recovery plans. When an insurer elects to develop a recovery plan or in the event that a supervisor considers that such a plan is necessary for the insurer, the firm should have broad discretion to craft a plan that best reflects the nature, scale and complexity of the risks of the company and management's view of the measures that could be taken in the event that a severe stress materializes. 2. Consideration of operational aspects of an insurer's business are relevant to recovery planning to the extent that they contribute to efforts to bolster capital and liquidity. Outside of this, operational aspects may be better addressed through the ORSA, ERM policies and processes or business continuity plans. 3. Paragraph 29 of the Recovery Planning Application Paper should be revised to state that host supervisors are not expected to require separate recovery plans. A separate requirement to develop a recovery plan at the local level is duplicative and inconsistent with the centralized capital pooling and risk management practices of many insurance groups. 4. When an insurance group elects to or is required to develop a recovery plan, the legal entities that comprise the group should not be required to develop entity-level recovery plans. 5. Supervisors' need for flexibility in imposing a recovery plan requirement and insurers' need for flexibility in designing and implementing a recovery plan should be reflected in less prescriptive language in the Recovery Planning Application Paper. Overarching Comments on Application Papers in General In line with previous IIF comments, we have an overarching comment regarding the objectives of an IAIS Application Paper. According to the IAIS: "Application Papers provide additional material related to one or more ICPs, ComFrame or G-SII policy measures, including actual examples or case studies that help practical application of supervisory material." We agree with the stated objectives of an IAIS Application Paper and the emphasis	See our responses to the 2017 public consultation on ICP/ComFrame material: “IAIS disagrees. There may be circumstances in which a host supervisor may require a recovery plan for entities or branches within a group; in these cases the coordination and cooperation processes as established in ICP 25 and ComFrame material integrated therein apply.” Language has been amended to stress the importance of internal consistency and coordination.

			on the ICPs and ComFrame as the foundational elements of the IAIS's supervisory materials. We would suggest that some of the content of recent Application Papers, including the Recovery Planning Application Paper, properly belong in the ICPs and ComFrame. Including additional content in the ICPs and ComFrame would allow stakeholders to comment on material aspects of the IAIS's approach to supervision at an earlier stage and in greater detail. The related Application Paper could then be focused on the stated objective of providing additional material related to the practical application of the ICPs or ComFrame, including examples or case studies. In the case of the Recovery Planning Application Paper, the current organization of the material among the ICPs, ComFrame and the Application Paper has made it difficult to comment meaningfully on the ICPs and ComFrame until the issuance of the Application Paper. Moreover, the Recovery Planning Application Paper sets new supervisory expectations, which is not the objective of an Application Paper. The Recovery Planning Application Paper raises supervisory expectations through the use of the word "should," which implies a limited scope of acceptable supervisory practices and exceeds the stated objective of providing "actual examples or case studies that help practical application." Application Papers would better serve the stated purpose of providing examples or case studies to help the practical application of the supervisory material if the word "should" was replaced with "could" or "may." Supervisors Should Have Flexibility in Recovery Planning Requirements We value the purpose behind recovery planning in focusing management attention and discussions on the strategies and tools that would be available and most appropriate to respond to a range of scenarios that could lead to severe financial stress and pressure on an insurer's capital and liquidity levels. The development of a recovery plan can direct management attention to considering potential triggers that could indicate the onset of severe stress and to the range of plausible options that may be available to mitigate a severe stress. However, supervisors should have the ability to consider the extent to which the purposes of a recovery plan are satisfied by other regulatory requirements and management tools. Providing jurisdictional flexibility is in keeping with the important overarching principle of proportionality and focuses correctly on the desired outcome of recovery planning: to respond to possible severe stress events, while allowing for potentially different paths to achieving that outcome.	

			We note a range of jurisdictional and company practices with respect to the requirements for the development of recovery plans and ORSAs. In some jurisdictions, the ORSA serves as a stress test of the insurer's business plan and helps determine whether the company has the financial resources to implement its business plan. The recovery plan, in contrast, addresses how the company could respond to severe stress events. In other jurisdictions, the ORSA addresses the response to severe but plausible stress scenarios and, thus, can meet the objectives of a recovery plan. In the latter jurisdictions, the development of a separate recovery plan may be duplicative of the ORSA. In addition, some companies elect to extend the ORSA to encompass severe stress events in order to aid management awareness and planning, even if the ORSA requirements do not mandate the consideration of severe stress events. Supervisors should have the flexibility to permit companies to develop alternatives to recovery plans or to impose modified recovery plan requirements where appropriate. Duplicative recovery plan requirements burden both insurers and their supervisors. Supervisors should have the flexibility to craft an approach that best reflects the legislative and regulatory frameworks of their jurisdictions, as well as their local markets. In some jurisdictions, a recovery plan requirement may not be the optimal approach to achieving supervisory goals and objectives. Likewise, a supervisory college may conclude that an alternative to a recovery plan would better address an insurance group's particular risks and potential stress scenarios. Any supervisory decision to impose a requirement for a recovery plan should be preceded by a cost/benefit analysis and a clear articulation of the supervisory expectations for a recovery plan. Developing a recovery plan requires a considerable commitment of management time and resources, which may be better devoted to improving ERM or the ORSA process instead of developing a plan that may never be triggered and may become obsolete in a relatively short period of time. Absent a clear articulation of supervisory expectations, the process of developing a recovery plan may be a mis-direction of management resources. The IAIS should acknowledge that the need for insurers to develop recovery plans is not analogous to the need for banking organizations to develop recovery plans. Insurers have more options under stress to restore regulatory capital levels and a longer runway in which to deploy those options, when compared to banks. Moreover, insurers do not perform the same critical functions as banks. These differences support a proportional and flexible approach to insurance recovery planning.	

			A Recovery Plan Should Provide a High-Level Outline of Management Options and Preserve Discretion When an insurer elects to develop a recovery plan or in the event that a supervisor considers that such a plan is necessary for the insurer, the firm should have broad discretion to craft a plan that best reflects the nature, scale and complexity of the risks of the company and management's view of the measures that could be taken in the event that a severe stress materializes. We appreciate the language of Paragraph 41 of the Recovery Planning Application Paper that "…recovery plans should not commit an insurer to take any action without the Senior Management or Board first evaluating relevant information and deliberating on the best course of action." However, the Recovery Planning Application Paper also refers to the "activation" of recovery actions in a manner that could imply the use of pre-defined, specific triggers or criteria for such activation. We urge the IAIS not to adopt any language that would give rise to an expectation that an insurer would need to define in advance specific triggers or criteria for the activation of a recovery plan. A rigid approach that activates a recovery plan automatically based on pre-defined criteria or triggers would not provide management with the flexibility to respond proportionally to a range of potential severe stress scenarios. The recovery plan should provide a high-level outline of plausible actions that the insurer could take in a severe stress situation; the insurer should retain wide discretion to implement the measures it deems most appropriate in light of the source of and circumstances surrounding the particular stress situation, including options not contained in the recovery plan. The recovery planning requirements should be aligned with, and not duplicate, the company's ORSA and ERM framework, as well as any other risk management tools employed by the insurer. A properly designed trigger framework should include criteria that are indicative of severe stress. Paragraph 56 of the Recovery Planning Application Paper includes criteria that could be indicative of a level of stress far below the level expected to trigger a recovery plan. While we appreciate the need to monitor metrics related to capital, liquidity, asset quality, profitability, market conditions and operational conditions in a business-as-usual scenario, the Recovery Planning Application Paper should make it clear that a recovery plan is designed only to address the need to raise levels of regulatory capital and liquidity when the insurer is under severe stress. Paragraph 52 should be amended to clarify that a trigger framework does not identify	

			risks or vulnerabilities; rather, a risk assessment underlies the development of any trigger framework that may be used in a recovery plan. The outline of plausible actions to be taken under stress should be high level, as the precise implementation of a particular action will depend on the stress situation presented. When a severe stress materializes, it is essential for management and the board to be able to react expeditiously and flexibly and consider both options contained in the recovery plan as well as other options. Stress events often do not follow a predictable or linear path. Moreover, excessive prescription regarding the actions to be taken under stress can give management and the board a false sense of comfort regarding its resilience under stress. To the extent a recovery plan is expected to dictate a particular response or series of actions, it could be detrimental to the ability of the firm to recover from a severe stress. Section 5.7, and Paragraphs 80 and 83 in particular, call for the development of stress scenarios and the mapping of recovery actions to stress scenarios. We agree that recovery plans should contemplate both idiosyncratic and market-wide stresses, as well as a combination of the two. However, attempting to define a priori the severe stress events that would be most relevant to the insurer may focus management attention on particular stress events to the exclusion of others. Similarly, mapping specific recovery actions to stresses may discourage management from thinking broadly about recovery options when a severe stress materializes and may incent reliance on a "playbook" for recovery planning. The Focus of a Recovery Plan Should be the Restoration of Regulatory Capital and Liquidity We endorse Paragraph 56 of the Recovery Planning Application Paper, which states that the trigger framework should include quantitative and qualitative criteria and a forward-looking element, where possible. Box 1 sets forth a number of quantitative and qualitative criteria that an insurer could incorporate in its trigger framework, including both financial and operational criteria. Similarly, both financial and operational responses are included in the menu of recovery options outlined in Box 2 following Paragraph 64. We would encourage the IAIS to focus on quantitative and qualitative financial criteria that are designed to highlight regulatory capital and liquidity deficiencies and on responses to a severe stress that are designed to restore the insurer's financial	

			health through the rebuilding of regulatory capital and adequate levels of liquidity resources. To the extent that operational triggers or recovery options are included in a recovery plan, they should have a nexus to the financial criteria and to the restoration of regulatory capital and liquidity that is needed to address a severe stress scenario. Otherwise, operational aspects may be better addressed through the ORSA, ERM policies and processes, or business continuity plans. Host Supervisors Should Not Require Separate Recovery Plans Paragraph 29 of the Recovery Planning Application Paper should be revised to state that host supervisors are not expected to require separate recovery plans. A separate requirement to develop a recovery plan at the local level is duplicative and inconsistent with the centralized capital pooling and risk management practices of many insurance groups. The supervisory college mechanism should be used to address the rare case where the group-wide supervisor fails to address adequately the need for recovery planning or the need for improvements in an insurer's ORSA, ERM policies and processes or recovery plan. For Insurance Groups, Legal Entity Plans Should Not Be Required When an insurance group elects or is required to develop a recovery plan, the legal entities that comprise the group should not be required to develop entity-level recovery plans. Requiring entity-level recovery plans from an insurance group would be a duplicative exercise that would not add value. Moreover, it is the proper role of the head of the group to develop a recovery plan and oversee any deployment of the plan. The Language of the Application Paper Should Retain a Less Prescriptive Approach Supervisors' need for flexibility in imposing a recovery plan requirement and insurers' need for flexibility in designing and implementing a recovery plan should be reflected in less prescriptive language in the Recovery Planning Application Paper. We appreciate that, in many instances, the language of the Recovery Planning Application Paper utilizes the less prescriptive language, such as "may" or "could," that the IIF has been advocating in general for Application Papers. This less prescriptive language reflects the purpose of an Application Paper (i.e. to discuss a	

			range of sound practices, rather than to set forth a supervisory expectation or standard) and advances the desired flexibility of any guidance regarding recovery planning. However, a less prescriptive approach is still needed is in Section 5, Elements of a Recovery Plan, particularly in Subsection 5.3, Trigger framework, and in Subsection 5.7, Stress scenarios. Moreover, the language of Paragraph 49 appears to address requirements for both recovery planning by insurers and resolution planning by supervisors and we recommend that the IAIS make a clearer differentiation between the two. We appreciate the IAIS's consideration of our comments and the dialogue between the IIF and the IAIS on these important topics. We stand ready to provide further input and engage in dialogue with IAIS members to advance policy initiatives related to recovery planning.	
4. International Actuarial Association	International	No	This paper discusses a "recovery plan" in terms of a range of options rather than dictating specific actions that must be followed when a triggering event occurs. This is to be encouraged, as stresses generally do not follow the specific form envisioned in a pre-specified scenario analysis. As such there may be a tendency, however, for the paper as written to encourage an overly granular "recovery plan" rather than providing the general foundation that will enable action to respond to the unfolding circumstances of the particular situation. The paper should strongly stress the principles for use of the options, rather than attempting to be overly granular regarding how they might be applied (as the latter will differ depending on the facts and circumstances of the stress).	Noted.
5. The Geneva Association	International	No	Dear Jonathan, We are pleased to have the opportunity to respond to the Consultation Document (CD) on the "Draft Application Paper on Recovery Planning". We are only responding to a few of the specific questions as we know some of our members will respond more intensively. Instead we focus on some overarching issues as well as more detailed feedback to some of the paragraphs of the paper. The draft application paper provides supervisors with additional guidance on practical interpretation and applications of the standards as set out in, among others, ICP 16 and the ComFrame material incorporated herein, and ICP 16.13 in particular, as well as ICPs 23 and 25 on the Group-Wide Supervisor and Supervisory Cooperation and Coordination respectively. We appreciate the efforts made in the application paper to specify the different ways the proportionality principle could be applied. There are, however,	See response to comment 1. Response to specific paragraphs can be found elsewhere in this table.

			some elements of the paper that are of concern to us, and we will elaborate on those points below. It is encouraging to see the IAIS's acknowledgment of the need for a supervisor to consider "proportionality" when determining recovery planning requirements for insurers under their supervision. As there is a significant cost attached to recovery planning, and existing risk management tools and processes may serve similar purposes, supervisors must have the flexibility to tailor recovery planning requirements as needed. We are of the opinion that it should be at the discretion of the supervisor to accept alternative submissions in lieu of some or all of the main elements of a separate, formal recovery plan provided that such submissions collectively satisfy the agreed standards and goals. Such may include robust ORSAs, capital and liquidity policies and other risk assessment, management and contingency plans that are also part of an insurer's ERM framework. In the context of considering the need for an insurer recovery plan and any plan's form, content or detail as set forth in Section 3 of the Application Paper, we ask that supervisors consider that insurers very rarely fail rapidly in a disorderly manner. We would like to use this opportunity to point out that insurance undertakings, as much as they contribute to economic development and growth, do not perform critical operations within the financial system such as done by banks. As we all know, insurers are not subject to "bank runs" have lower liquidity risks as a result of lower redemption risks, steady flow of premium income and the absence of duration mismatch between assets and liabilities. Insurers are not as interconnected as other players in the financial system. We therefore believe that existing recovery and resolution tools and regimes can and will provide for the orderly satisfaction of inforce liabilities over an extended period of time without systemic impact. We support the IAIS's characterization of a recovery plan as a forward-looking plan that identifies in advance the "menu of options" that may be available to an insurer to restore financial strength and viability upon the occurrence of a stress event. We would like to underline that a recovery plan should serve as a flexible guidance to the insurer when it comes to crisis preparedness. It is important that the choice of action and tools should be at the full discretion of management of an insurance undertaking. We do agree with the point raised in section 4, paragraph 41 of the Application	

			Paper, which states that "recovery plans should not commit an insurer to take any action without the Senior Management or Board first evaluating relevant information and deliberating on the best course of action." The repeated reference to "activation" of a recovery plan upon occurrence of pre-defined triggers is of concern to us. The reality of a stress event may be very different. To underline the importance of flexibility in recovery planning and the actual recovery process as a whole, the following clarifications are needed: ? Paragraph 31 - The final sentence should be clarified to provide that the written policies and procedures should include operational procedures for "management's evaluation and potential implementation of one or more recovery options," rather than "activation of the recovery plan." ? Paragraph 36 - This section should be clarified to provide that the recovery plan should have embedded governance processes for "management's evaluation and potential implementation of one or more recovery options," rather than "activation of the recovery plan." ? Paragraph 40 - The first bullet should be clarified to provide that the policies and procedures should identify the process for "management's evaluation and potential implementation of one or more recovery options," rather than "activation of the recovery plan." The third bullet should be clarified to require that "implementation of any recovery options" be communicated to relevant parties, rather than "activation of the recovery plan." ? Paragraph 61 - This section should be clarified to provide that the recovery plan should have description of the processes for "management's evaluation and potential implementation of one or more recovery options," rather than "activating the recovery plan." ? Paragraph 73 - The first, third and fourth bullets should each be clarified to reference "management's evaluation and potential implementation of one or more recovery options," rather than "activation of the recovery plan." To ensure stakeholder flexibility in determining the best form of action in a stress event, it would help if the IAIS defines "activation of the recovery plan" in such a way that the insurer is not bound to undertake the specific recovery option(s) as set out in the recovery plan if the stress scenario diverts from the pre-defined scenario. As indicated, we do appreciate the operationalization of proportionality as provided in the draft application paper, which gives due recognition for the fact that the development of recovery plans is a time and resource consuming process. In light of	

			the above we would like to point you to the requirement to regularly update the recovery plan as described on page 8 of the draft application paper. Although we do understand that a change in a firm's risk profile (resulting from a change to the business such as mergers and restructuring) merits updating the recovery plan under certain circumstances, we would urge the IAIS to consider clarifying and amending the recommendations (guidance) section so that `regular' updates are not to be meant as updates on a yearly basis for all firms. The costs and the workload of updating the entire plan are significant, not only for the head office but also for the (larger) subsidiaries. This effort can only be justified if the outcome substantially differs from results of previous recovery plans. In light of the significant efforts that go into drafting and updating the recovery plan, it is important to mention that some of the `elements' of a recovery plan as prescribed in section five of the consultative documents are unnecessary and do not necessarily add to the quality of a recovery plan, particularly the "description of the insurer or group that outlines the insurer's legal structure, its main activities and key financial and operational characteristics". For a resolution plan, which is the responsibility of the supervisor who needs this information to be readily available it makes sense. For a recovery plan however, responsibility lies with the insurer and hence adding this as a component of a recovery plan is unnecessary. Furthermore, the section of the application paper dealing with the communication strategy places too much emphasis on detailed communication plans including a high degree of pre-scripted messaging. Although we agree that a robust communication framework should be in place, the actual messaging in times of crisis needs to be carefully crafted and highly tailored to the specific situation. As crises often evolve differently and unexpectedly, too detailed plans a priori may not be effective and hence place an unnecessary burden on an insurer"s resources. The concerns about the prescriptiveness with regard to the communication strategy equally apply to the mapping of recovery actions as stipulated in the section of the application paper dealing with stress scenarios. The way a crisis occurs and evolves is likely to be very different from the scenarios, hence being too specific in plotting recovery options and actions is counterproductive. Another point of concern is that the application paper provides a broader and looser definition of critical functions than the FSB key attributes do. According to the application paper, a function is critical when: its failure could have a material impact	

			on 1) financial stability; and /or 2) the real economy. In the definition originally provided by the FSB there is the requirement for these two conditions to be cumulative (and). We ask the IAIS to only consider activities impacting both. We hope the input provided above will help the IAIS to further improve the application paper. We stand ready to discuss further. Yours sincerely, Peter Skjoedt	
6. General Insurance Association of Japan	Japan	No	We understand that as an Application Paper this document is not intended to bind supervision/regulation in different jurisdictions in a certain manner. The illustrative nature of the Application Paper could lead to variations in its applications in different jurisdictions. While we welcome the reference to proportionality, we would like to stress that variations in the implementation of the Application Paper by each jurisdiction should not undermine a level playing field. To that end, each jurisdiction should, to the extent possible, pursue an equal footing. In order to deepen mutual understanding and ensure transparency, the application of proportionality should be supported by sufficient communication between the supervisor and the insurer.	Noted.
7. Swiss Re	Switzerland	No	Swiss Re thanks IAIS for the opportunity to provide input. Below we have provided targeted comments to selected passages throughout the document. We invite IAIS to reach out to us directly to clarify any questions or discuss further. We look forward to an ongoing dialog with IAIS on this and other important matters.	Noted.
8. Zurich Insurance Company Ltd.	Switzerland	No	Zurich thanks the IAIS for the opportunity to comment on the draft Application Paper on Recovery Planning. We are of the view that recovery planning makes insurers more resilient in the face of potential adverse developments, and that it provides the firm and the supervisor with possible recovery options to draw upon in times of crisis. However, while the IAIS standard-setting work related to recovery, including the improvements to the alignment of ICPs 10+12 and ComFrame, has achieved a commendable degree of maturity, we highlight one major issue regarding local recovery plans, on which Zurich has consistently voiced concerns during past consultations:	See response to comment 3.

			Paragraph 29 grants host supervisors a degree of autonomy that may result in insufficiently coordinated recovery planning and, worse, uncoordinated actions in times of crisis. Local plans should be avoided for insurance groups for which a group recovery plan exists: Group plans should take the group structure and its entities (subsidiaries/branches) into account to the satisfaction of the group and host supervisors, in which case local plans would not be needed at all. We urge the IAIS to, _at a minimum_, have host supervisors ensure that local plans, if unavoidable, fit in the overarching structure and strategy of a group recovery plan. The alignment of group and local plans should be part of the cooperation and coordination duties of involved supervisors. In addition, group and host supervisors should be prepared to share amongst each other relevant recovery planning information. See Q&A 35 (para. 29) and 115 (para. 94) for additional elements. Our other comments are generally well-reflected in responses from industry trade associations; we abstain from reproducing them here.	
9. Aegon NV	The Netherlands	No	Aegon NV welcomes the opportunity to respond to the IAIS Public Consultation Document, Draft Application Paper on Recovery Planning. Aegon's purpose is to help people achieve a lifetime of financial security. We fulfil this purpose by providing insurance protection, lifetime income, and other financial services products to customers across the globe. Based in the Netherlands, Aegon's largest operations are in the United States, where we operate under the Transamerica brand. We also have significant operations in Europe and Asia. Aegon supports ex ante recovery planning as an essential component of sound risk management. We believe that recovery planning can facilitate successful recovery of insurers in stressed financial conditions and consequently can contribute positively to policyholder protection and financial stability. We therefore welcome the application paper on this issue and view the paper as a very useful outline of sound recovery planning practices. In particular, we highlight the following: - We agree that recovery planning–as defined by the IAIS–is pre-emptive in nature and should not be considered contingent on an existing deficiency in regulatory capital or another metric.	Support noted and appreciated.

			- We support applying the proposals in the paper to a broad range of insurers. In a world of uncertainty, adverse circumstances are frequently unavoidable. We support requirements for recovery planning for both internationally active insurance groups and, on a proportional basis, insurers active in domestic markets. Within IAIS guidance, we support requirements for formal recovery plans within ComFrame and the inclusion of recovery planning within the draft Holistic Framework for Systemic Risk. - We agree that a recovery plan is conceptually different than the ORSA and believe that it is unlikely that an ORSA will satisfy the substance of a recovery plan. We believe that insights from the recovery plan can contribute positively to the quality of the ORSA and can envision that a recovery plan could be established as an extension of the ORSA. - We agree that "the core of the recovery plan is the menu of options that an insurer identifies in advance of any stress as potential pathway to effective recovery in the event of a severe stress". We have found that this is the most beneficial element of recovery planning and should be foundational to any recovery plan. - As a cross-border insurance group, we welcome the emphasis on supervisory cooperation and coordination. We believe that recovery plans should be developed at a group level, with sufficient attention to the individual insurers in the group, and other supervisors in the group should rely on those plans and be discouraged from requiring separate plans. Rather than developing separate plans, supervisory authorities should rely on cooperation and coordination arrangements to ensure that the interests of each jurisdiction are duly taken into account. Exceptions should be rare, consistent with the characterization of the consultation document. - We support the recommended governance and supervisory assessment practices. While we believe that prescriptive stresses must be avoided, we agree that a comparative analysis of recovery plans may provide insight into potential contagion risk. Although we view a significant majority of the paper in a positive light, we have identified a few areas where caution and refinement is merited: - A recovery plan should generally focus on regulatory capital or another binding	

			capital constraint rather than liquidity or other financial metrics. Under the IAIS framework, we believe that liquidity "recovery" issues are addressed through a liquidity risk management plan. We observe that the draft liquidity risk management plan guidance, as proposed in the Holistic Framework for Systemic Risk Consultation Document, includes a separate section on contingency funding plans, which has significant conceptual overlap with recovery planning. Consequently, the recovery plan should align with and reference the liquidity risk management plan. In addition, stress impacts on "functions and/or services that are significant for the continuation of the insurer" have a significant overlap with business continuity planning and would seem to be out of scope entirely. - The paper should better clarify that the breach of a trigger leads to a response that is discretionary, not required. At present the paper is somewhat ambiguous. For example, the first bullet point in paragraph 40 indicates that the breach of a trigger leads directly to "activation" of the plan, although paragraph 41 indicates that specific actions should not be prescribed. On the other hand, paragraph 73 contemplates the possibility that the insurer can decide that activation is not necessary upon the breach of a trigger. The paper should clarify that both "activation" of the plan and any specific actions taken are under the discretion of the insurer's board and management. - Care should be taken to ensure that the recovery plan does not lead to capital surcharges. As noted by EIOPA in its July 2017 Opinion to the EU Institutions, recovery planning should not lead to "a new, predefined intervention level" or "an implicit new capital requirement". We have some concern that Figure 2 under paragraph 60 could appear to suggest that the insurer is required to raise capital when its PCR falls under 110%. - The number of stress scenarios should be limited. While developing specific stress scenarios can be useful and insightful, it is also resource-consuming. It is helpful to keep in mind that an actual stress event will never precisely mimic hypothetical stress scenarios. - We agree with the consultation document that scenarios should be severe but plausible and cover clearly defined events. However, we do not agree that scenarios should focus on both fast-moving and slow-moving risks. While it is clearly necessary to monitor and manage slow-moving risks, a recovery plan is based on the premise that the onset of the stress is sudden and unanticipated (paragraph 17 of the	

			consultation document uses the phrase "confronted with a severe stress"). Consequently in Box 3 under paragraph 83, we recommend replacing "a persistent low interest rate environment" with another example, such as "a sharp and steep change in the interest rate environment". We hope these comments are useful and look forward to engaging further on this topic. We would be pleased to share our experiences with recovery planning in a separate engagement.	
10. Institute and Faculty of Actuaries	United Kingdom	No	The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the IAIS's consultation paper on Recovery Planning. Members of our Recovery & Resolution Members' Interest Group, and Life and General Insurance Boards have been involved in the drafting of this response.	Noted.
11. National Association of Mutual Insurance Companies	United States	No	The following is submitted on behalf of the member companies of the National Association of Mutual Insurance Companies regarding the Recovery Planning Application Paper due to the solicitation of comments from the IAIS. Thank you for your interest in NAMIC member thoughts on this issue and the opportunity to provide comments. NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400-member companies representing 40 percent of the total market. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC member companies serve more than 170 million policyholders and write more than $253 billion in annual premiums. Our members account for 54 percent of homeowners, 43 percent of automobile, and 35 percent of the business insurance markets. Through our advocacy programs we promote public policy solutions that benefit NAMIC member companies and the policyholders they serve and foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies. The Resolution Planning Application Paper appears to be a well-intended document that is somewhat clarified in its scope and parameters. There clearly was an effort to provide flexibility with the use of discretionary terminology and logistic suggestions, but further revisions are required. NAMIC appreciates the detailed discussion of proportionality in this application paper as that begins to address the need for individualization of recovery concepts needed. Insurance entities around the world	See response to comment 1.

			vary significantly. They are subject to different levels of jurisdictional supervision, different legal risks, and different economic and political demands. In addition, in life and non-life products insurers apply different business models or and are exposed to different risks. Consequently, a detailed, specific proposal for recovery plans is not appropriate. One size will surely not fit all. The flexibility to address all types of companies in all sort of jurisdictional settings is mandatory in developing guidance for application of important ICPs. Insurers and their supervisors are well aware of the particular needs and have several tools to address the type of risks associated with a recovery plan. Ongoing daily operational concerns of any insurance company requires the forethought and daily analysis of overall components of financial solvency, proper stewardship of revenue and/or associated policyholder premiums and the responsibility to exist in a sound prudential and viable manner. Therefore, NAMIC believes that recovery planning is often redundant to normal operational and systemic utilization of company affairs and any requirements that detract from that ongoing initiative are unnecessarily costly in not only expenditures of funds and human capital, but in regulatory response and internal detraction from the normal pressing concerns of any endeavor. Additionally, it should be noted from the outset that the very premise of a required recovery plan renders it moot upon completion as there are daily competing interests and scenarios that make even the best of intended results untenable when pressed against the unique real-world facts that may emerge and continue to evolve daily. As discussed more fully below, overstated reliance on an outdated document not only creates stagnation but might in turn lead to more catastrophic outcomes if there isn't sufficient elasticity in the resolution scenario and those providing for the same to adapt to unknown landscapes that may occur. Due to the important nature of this endeavor and the fact that several common themes have developed throughout the paper itself, NAMIC would provide the following general comments as applicable to the entire paper. The concerns would be enumerated as following. 1. Premature -- Since ComFrame has not been finalized, it seems premature for the IAIS to be developing application papers addressing implementation when there is no final decision made on the content of the recovery planning provisions applicable to the IAIGs. This makes it very difficult to assess whether the application paper goes	

			beyond the scope of the ICP. NAMIC suggests that the IAIS delay finalizing the paper until after November when the final version of ComFrame is approved. 2. Redundant with ERM/Corporate Governance/Catastrophe and Business Continuity Management -- The proposed description of a specific recovery plan is too static. Under the prescriptive, detailed provisions such a plan will be outdated as soon as it is completed. Recovery planning should be part of a fluid ERM process reflecting operational, market, liquidity, legal and strategic issues that arise within an insurer. The communication and governance strategies should already be in place as they relate to all ERM efforts. Requiring a document to be created simply as a regulatory requirement fails to acknowledge that there may not be a value-add to its existence. Recovery preparedness should be more of an on-going process than a static document. It is more appropriately handled as part of ERM than as a separate delineated requirement. 3. Unrealistic Expectations - NAMIC has seen no reporting that recovery plans have been demonstrated as useful. We retain our opinion that recovery plans in the form of a written document should not be required of healthy companies and are redundant to existing regulatory and operational process in most jurisdictions. We have seen no evidence that these plans have ever saved any bank or GSII from insolvency. Companies must balance the costs and the benefits of using any number of tools that have the potential of being useful. NAMIC questions why the IAIS has decided that recovery plans should be required at such high levels of detail outside of processes already in place for risk management? 4. Overly Prescriptive -- The content of the application paper, while informative, was overly detailed for a tool that is intended to be an insurer's own unique plan. This was most noticeable in the section of the paper which dictated the inclusion of an executive abstract, and then went on to dictate the specific contents of that summary. The IAIS does not need to describe what should be included in an executive summary. Telling companies how they should make decisions about recovery planning in great detail and who should be involved at each stage is unnecessary and creates questionable rigidity. A simple statement that the board of directors should approve the recovery plan would provide enough information. The insurers could then decide what actions they should take to make sure that the board has the appropriate level of engagement and understanding of the plan to provide the necessary approval. Perhaps this is a sign of differences in the US laws and regulations and those of other countries, but this paper is related to an international	

			standard and should be at a high level and flexible enough to address the different types of regulation around the world. 5. Contagion - The discussion in paragraph 89 about the potential that multiple insurers will have similar ideas incorporated into their recovery plans resulting in contagion is significant question to consider and one NAMIC shares. NAMIC posits that one resolution of this issue would be to suggest that companies wait on developing recovery plans until they are exhibiting signs of trouble - i.e. diminishing results over 3-5 years; red flags like a high consumer complaint ratio, not paying bills on time, high amounts of litigation. At an early stage the supervisor could better identify the problem and determine that a recovery plan would be valuable. Having every large company provide such a plan in the absence of sufficient thresholds or triggers seems overly costly for minimal benefit. Contagion is clearly a problem but only part of the concern. 6. Corporate Management - The detailed criteria included in the paper could create over-reliance on the plan to resolve critical issues. Corporate leadership should be responsible for managing the ebb and flow of risks not their supervisor. Absent specific capital or financial threshold concerns, companies must be given discretion to run their entities without cumbersome regulation which can deter growth by creating needless cost to the system. While the efficacy of recovery plans is a subject that will continue to be discussed, any requirements or guidance going forward in this arena should recognize the existing and robust regulatory measures already in place in various regulatory regimes. Strong solvency principles are already imbedded into the fiber of every NAMIC member company. Any solvency regulatory requirement should be beneficial and not redundant or overly burdensome merely for the sake of having a document to reference when a concern develops. NAMIC appreciates the efforts of the IAIS and its committees and will continue to work with the IAIS to develop high quality publications and supervisory documents.	
12. American Property Casualty Insurance	USA	No	The American Property Casualty Insurance Association (APCI) speaks for nearly 60 percent of the U.S. property-casualty market. APCI strongly supports promoting and improving private competitive insurance market solutions through effective public policy engagement. APCI commends the IAIS for its effort to provide for a useful discussion of recovery planning issues, which this paper does successfully in some	Noted.

Association (APCI)			respects. Overall, however, we believe the paper raises more questions than it answers. The paper acknowledges that recovery planning requirements should be based on a proportionality concept. It does not define proportionality clearly, but does acknowledge that cost-benefit analyses might indicate that recovery planning is not appropriate or necessary for all companies. We also observe that the paper is not clear as to the intended purpose of a recovery plan. APCI views a recovery plan as being primarily for the benefit and use of the company drafting it, and not as a tool for regulators. However, the paper suggests broad regulatory authority to dictate to companies the contents of the plan and its execution. Finally, to the extent that recovery planning is required, the paper seems to acknowledge at least conceptually that a recovery plan should not be too granular and that it should be flexible enough to respond to numerous different stresses that cannot necessarily be foreseen. However, the latter part of the paper, in particular, tends to get fairly prescriptive and sets forth actions to be taken in response to pre-defined triggers. Because such triggers can rarely be anticipated with precision, we would urge that the paper take a higher-level view that is less granular. The "menu of options" approach seems appropriate and could be useful provided it is high-level and flexible enough to respond effectively to various different unanticipated stresses.	
Q2 General comments on Section 1: Introduction				
13. Global Federation of Insurance Associations	Global	No	GFIA finds the introduction to be helpful.	Noted
Q3 Comment on Paragraph 1n				
14. General Insurance Association of Japan	Japan	No	We understand that as an Application Paper this document is not intended to bind supervision/regulation in different jurisdictions in a certain manner. The illustrative nature of the Application Paper could lead to variations in its applications in different jurisdictions. While we welcome the reference to proportionality, we would like to stress that variations in the implementation of the Application Paper by each jurisdiction should	Noted

			not undermine a level playing field. To that end, each jurisdiction should, to the extent possible, pursue an equal footing. In order to deepen mutual understanding and ensure transparency, the application of proportionality should be supported by sufficient communication between the supervisor and the insurer.	
Q4 Comment on Paragraph 2				
15. International Actuarial Association	International	No	Elements (i) and (ii) should be reversed. It seems more logical to enumerate all the possible stresses and scenarios before considering the option that can be used to cope with them.	Change not needed; as explained in the paper, the order provided in the Paper does not set any requirement on how the insurer may want to order the various topics in a Recovery Plan.
Q5 Comment on Paragraph 3				
16. International Actuarial Association	International	No	In 3 (iii) as well as being "timely", the IAA suggests it is important that the recovery options are also "effective".	Change made
17. Institute and Faculty of Actuaries	United Kingdom	No	In 3 (iii) as well as being "timely', we would suggest it is important that the recovery options are also "effective'.	Change made
Q6 Comment on Paragraph 4				
18. Global Federation of Insurance Associations	Global	No	GFIA especially endorses the inclusion of this paragraph on proportionality.	Noted
19. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 1.	noted
Q7 Comment on Paragraph 5				
Q8 Comment on Paragraph 6				

20. Global Federation of Insurance Associations	Global	No	GFIA strongly endorses the inclusion of this paragraph.	noted
21. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 1.	noted
Q9 Comment on Paragraph 7				
22. General Insurance Association of Japan	Japan	No	Recovery planning should apply the principle of proportionality and items such as the level of the ICS ratio and the results of the ORSA of the insurer should be taken into account when determining requirements. To ensure they are exempt from excessive burden, insurers with sounder financial footprints should be allowed to establish more simplified plans than those with less sound footprints. For example, it is reasonable to require setting only a high-level framework when an insurer is in a financially sound condition, and to consider establishing a detailed plan only when the insurer's financial soundness could be undermined.	An application paper does not set new standards., see response to comment 1.
Q10 Comment on Paragraph 8				
23. Global Federation of Insurance Associations	Global	No	This paragraph should reference that the FSB paper and its recommendations do not apply to all companies.	See 24
24. Monetary Authority of Singapore (MAS)	Singapore	No	The first sentence of paragraph 8 may give the impression that the FSB KAs only require G-SIIs to be subject to recovery planning. However, the FSB KAs require both G-SIIs, as well as FIs that might be domestically systemically significant or critical upon failure to be subject to recovery planning. We suggest to delete the first sentence of paragraph 8.	It was amended to quote FSB KAs to be complete, instead of deleting
Q11 Comment on Paragraph 9				
Q12 Comment on Paragraph 10				

25. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Edit first sentence to read: "This Application Paper relies on existing public and non-public documentation on recovery planning and supervisory practices, including material from the FSB, IAIS and individual IAIS members."	Done
Q13 Comment on Paragraph 11				
Q14 General comments on Section 2: Objectives and concepts of recovery planning				
Q15 Comment on Paragraph 12				
26. German Insurance Association	Germany	No	As mentioned in para 84 the recovery plan is owned by the insurer. Therefore, governance, scope and content will be defined by the insurer. We recommend moving para 84 to section 2.	Done.
27. Global Federation of Insurance Associations	Global	No	This is a critically important paragraph and additional attention should be called to it, if possible, as it provides fundamentally important context on how to understand the paper and apply it.	This comment is addressed by changing the structure of the paragraph.
28. International Actuarial Association	International	No	"Viability" can mean different things to different people. Firms should determine what viability means for them, as otherwise it will be difficult to assess whether the recovery plan (RP) is adequate. This will also drive what financial and operational resources that will be needed, although the minimum from a supervisory perspective will probably be achieving their Prescribed Capital Requirement (PCR). The IAA expects that this would be consistent with any such consideration in a firm's ORSA and may vary from: meeting the PCR to being able to maintain a profitable level of new business. This may vary from company to company with, inter alia, the products an insurer writes and their distribution channels. The phrase "restore financial strength" could be interpreted to mean that the recovery plan has to get the insurer back to where it was before the stress happened. The RP just has to allow the insurer to meet its PCR or get to whatever financial strength is specified by the supervisor.	Changed into “financial position”, consistent with ICP 16.
29. Institute and Faculty of Actuaries	United Kingdom	No	"Viability' can mean different things to different organisations. Firms should determine what viability means for them as otherwise it is difficult to assess whether the recovery plan (RP) is adequate. This will also drive what financial resources they	See 28

			need to support this, although the minimum from a supervisory perspective is probably meeting their Prescribed Capital Requirement (PCR). We would expect that this would be consistent with any such consideration in a firm's ORSA and may vary from meeting the SCR to being able to maintain a profitable level of new business. It will likely vary from company to company with, inter alia, the products an insurer writes and their distribution channels.	
30. American Property Casualty Insurance Association (APCI)	USA	No	This paragraph helpfully and correctly states the goal of a recovery plan, i.e., to aid the insurer in understanding its own risks and to be better prepared to provide an effective response. However, later parts of the paper seem to view the plan as being of primary importance to regulators, who will use it to impose new regulatory requirements on insurers. We believe those potential granular and prescriptive regulatory requirements should be reconsidered in light of the stated purpose of recovery planning as set forth here.	Noted. No change suggested to this section.
Q16 Comment on Paragraph 13				
31. Global Federation of Insurance Associations	Global	No	This paragraph should make clear that the supervisor should have the discretion to accept alternative submissions in lieu of a separate, formal recovery plan to the extent that such submissions collectively satisfy the stated goal of identifying "advance options to restore financial position and viability if the insurer comes under severe stress" per ICP 16.13.a. These alternative submissions may include robust ORSAs, liquidity plans, capital and liquidity policies and other risk assessment, management and contingency plans that are also part of an insurer's ERM framework.	Proportionality is dealt with in section 3. But when a supervisor decides that a recovery plan is required, then this is a separate requirement. As explained in the Application Paper, in the preparations of the plan, the insurer may leverage, and should ensure alignment with, existing tools within its ERM framework
32. International Actuarial Association	International	No	The IAA expects that the recovery plan required following a breach of its PCR would use similar tools to those considered in other situations. A supervisor could require an RP at times other than just at a breach of the PCR.	Made some changes for clarification.
33. General Insurance Association of Japan	Japan	No	As mentioned in this paragraph, development of a recovery plan is preemptive in nature. Therefore, we understand that even when the insurer fails to meet the regulatory capital requirement, the plan continues to be valid except under specific situations such as when it is clear that the plan is no longer enforceable. If the supervisor requires an insurer to re-submit the plan, the supervisor should provide its rationale and an explanation of its scope. Pre-established guidelines on re-submission should also be provided. Consistency with an early warning system, which is also a preemptive measure, and	If a recovery plan is required as a result of a deficiency in the regulatory required capital, the “pre-emptive” recovery plan can be used as an input, but might not be sufficient in respect to the actual specific situation.

			a capital management plan, which is required in some jurisdictions, should also be examined.	
34. Aegon NV	The Netherlands	No	Aegon agrees that recovery planning–as defined by the IAIS–is pre-emptive in nature and should not be considered contingent on an existing deficiency in regulatory capital or another metric.	Agreed.
35. Institute and Faculty of Actuaries	United Kingdom	No	We would expect that the recovery plan required following a breach of a firm's PCR would use similar tools to those being considered in other situations.	See response to comment 32
Q17 Comment on Paragraph 14				
36. International Actuarial Association	International	No	In addition, one benefit of developing a recovery plan ex ante is that issues may be identified that then result in actions taken which may reduce the likelihood of entering resolution through, for example, making the trigger framework more effective.	Agreed.
37. Institute and Faculty of Actuaries	United Kingdom	No	We would also add that one benefit of developing a recovery plan ex ante is that issues may be identified that result in actions being taken which may reduce the likelihood of entering resolution through, for example, making the trigger framework more effective.	In general agreed, but the paper is already sufficient in that respect.
Q18 Comment on Paragraph 15				
38. German Insurance Association	Germany	No	Recovery planning should only be considered for insurers where it would provide a tangible benefit. Scale should be if a recovery plan is really "an aid" for the insurer, considering the risk profile, the existing ERM instruments like ORSA, the medium-term capital management plan and contingency plans and the expenditures for development and maintenance of a recovery plan. If the solvency ratio is below a certain level the national supervisory authority will ask for countermeasures to remove the economic capital problems and if necessary also for a recovery plan.	General agreement. For clarification: A recovery plan required due to specific capital problems of an insurer is not congruent to the pre-emptive plan and does therefore not replace the pre-emptive plan.
39. Global Federation of Insurance Associations	Global	No	GFIA is concerned that this paragraph goes too far in suggesting that the plan is for the benefit of the supervisor, when paragraph 12 attempts to make clear that the plan is for the benefit of the company. GFIA endorses the latter position. In addition, too much reliance by supervisors on the plan may deflect their attention from larger governance oversight and such reliance may even have a similar impact on the company itself. Good governance is a daily issue for companies with limited	See changes in the specific paragraph.

			appropriate supervisory oversight of end results rather than the details of how a company goes about it.	
40. International Actuarial Association	International	No	The IAA believes that an RP should not just be "an aid to sound ERM" but should be an actual part of the ERM.	Agreed.
41. American Property Casualty Insurance Association (APCI)	USA	No	This is an example of the confusion we noted in Q1 regarding the purpose of recovery planning. The paragraph indicates that it will serve as "an additional input for the supervisor to evaluate the insurer's preparedness for severe stress and possible necessary or helpful supervisory measures." We believe that this statement puts too much focus on the details of the management of how the company does business. We suggest changing the above statement to "evaluate the insurer's ability to prepare for severe stress and possible necessary or helpful supervisory measures".	Noted. No change needed.
Q19 Comment on Paragraph 16				
42. General Insurance Association of Japan	Japan	No	We understand that an insurer should be careful not to simply look to replicate existing tools in developing a recovery plan. We also understand that recovery plans will not be regarded as irrelevant just because they are developed as part of the ORSA, including the case referred to in our comments on paragraph 17, as long as the recovery plans are developed following the relevant process.	See last paragraphs of section 2.
43. American Property Casualty Insurance Association (APCI)	USA	No	This paragraph should make clear that the supervisor should have the discretion to accept alternative submissions in lieu of a separate, formal recovery plan to the extent that such submissions collectively satisfy the stated goal of identifying "advance options to restore financial position and viability if the insurer comes under severe stress" per ICP 16.13.a. These alternative submissions may include robust ORSAs, liquidity plans, capital and liquidity policies and other risk assessment, management and contingency plans that are also part of an insurer's ERM framework.	See response to comment 31.
44. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Paragraph 16 states that ERM tools such as ORSA may be an input in developing a recovery plan, and that the recovery plan should be aligned with ERM tools. It notes that an insurer should carefully consider the appropriateness of using aspects of existing ERM tools in a recovery plan. As the relationship between recovery plans and ERM tools was identified as one of the primary issues in the feedback from members and stakeholders, it would be helpful to elaborate on the issue.	No change necessary. Contingency plans are defined in ICP 16 and a paragraph has been added using language from ICP 16.

			Contingency plans and contingency planning are discussed in paragraphs 16, 51, and 86. It would be helpful if the paper explained the relationship between recovery planning and contingency planning. Some areas for discussion could include how these measures differ and where they might overlap. Edit second sentence to read: "Potential benefits of using these tools as input are to ensure alignment with existing ERM tools and to allow the insurer to leverage its resources efficiently."	
Q20 Comment on Paragraph 17				
45. Global Federation of Insurance Associations	Global	No	Despite this paragraph's effort to distinguish the recovery plan from the ORSA, GFIA sees overlap and unnecessary duplication. Accordingly, an appropriate discussion in one of the documents should eliminate the need to address the same topic in the other document.	References are possible.
46. International Actuarial Association	International	No	The IAA disagrees with the view that "the ORSA is to prevent an insurer from coming under severe stress". The ORSA by itself cannot do this, but it can identify the impact of stress on the business over the business planning period and identify what mitigating actions might then be taken- this could be viewed as being a milder form of recovery plan.	Disagreed. See last paragraph of section 2.
47. General Insurance Association of Japan	Japan	No	The objective the ORSA should be expanded to include envisioning the insurer being confronted with severe stress, and assess their recovery plans accordingly. In practice, it is more effective to consider recovery plans as part of the ORSA development process. Therefore, the application paper should allow ORSA to include recovery planning.	Disagreed.
48. Aegon NV	The Netherlands	No	Aegon agrees that a recovery plan is conceptually different than the ORSA and believes that it is unlikely that an ORSA will satisfy the substance of a recovery plan. We believe that insights from the recovery plan can contribute positively to the quality of the ORSA and can envision that a recovery plan could be established as an extension of the ORSA.	Agreed, but the recovery plan has to be separated from the ORSA as they serve a different objective.
49. Institute and Faculty of Actuaries	United Kingdom	No	We disagree with the view that "the ORSA is to prevent an insurer from coming under severe stress'. The ORSA cannot do this, but it can identify the impact of stresses on the business over the business planning period and identify what mitigating actions might then be taken; this could be viewed as being a milder form of recovery plan.	Disagreed. See last paragraph of section 2.

50. American Property Casualty Insurance Association (APCI)	USA	No	We submit that this paragraph overstates the distinction between ORSA and recovery planning. While it is true that "the objective of the ORSA is to prevent an insurer from coming under severe stress," we believe it can also be a part of good enterprise risk management for companies to consider how they would deal with stresses that may nevertheless occur. The paper seems to create a brighter line between the two, which then supports the creation of new proposed regulatory requirements on recovery planning. We think recovery issues are better addressed as an incremental aspect integrated within the ORSA and general ERM processes rather than in a separate, granular and bureaucratic function and deliverable prescribed by the regulator.	Disagreed, with the exception, that the recovery plan is part of the ERM.
Q21 General comments on Section 3: Scope of application and proportionality				
51. Global Federation of Insurance Associations	Global	No	The Recovery Plan should be considered as being in the continuity of the ORSA. IAIS should consider if the Table on Page 8, the references to the FSB's G-SIFI and SII designations, should be deleted as they are not the current direction of the IAIS' proposed holistic approach and review of designations.	No change needed. The Key Attributes for Effective resolution still applies. The diagram refers to “G-SIFIs” which is a general term (it deliberately does not refer to “G-SII”.)
52. Monetary Authority of Singapore (MAS)	Singapore	No	The diagram above paragraph 18 should be amended to refer to "draft" ICP 16.13 and CF 16.13a.	This is not relevant anymore since the ICPs have now been adopted.
53. Aegon NV	The Netherlands	No	Aegon supports applying the proposals in the paper to a broad range of insurers. In a world of uncertainty, adverse circumstances are frequently unavoidable. We support requirements for recovery planning for both internationally active insurance groups and, on a proportional basis, insurers active in domestic markets. Within IAIS guidance, we support requirements for formal recovery plans within ComFrame and the inclusion of recovery planning within the draft Holistic Framework for Systemic Risk.	Noted.
Q22 Comment on Paragraph 18				
54. Global Federation of Insurance Associations	Global	No	This paragraph goes too far in stating that the supervisor should dictate the "form, content, and level of detail" of the recovery plan.	Disagree; this follows from ICP/ComFrame material

55. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 1.	This section is already clear on how a supervisor may determine whether a plan is required. No action required.
Q23 General comments on Section 3.1 Proportional application of requirements				
56. Monetary Authority of Singapore (MAS)	Singapore	No	We suggest to add in that "In evaluating an insurer's recovery trigger framework and options, the supervisor should consider whether the written identification of its recovery trigger framework and recovery options are clear, adequate and credible".	No change needed
Q24 Comment on Paragraph 19				
57. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Edit third sentence to read: "The supervisor may consider whether the written identification of a trigger framework and recovery options would be beneficial for an insurer to engage in and should assess the appropriate method and form of the insurer's evaluation, as well as the form of summary reporting to the supervisor on the outcomes of its evaluation."	This was checked for consistency.
Q25 Comment on Paragraph 20				
58. German Insurance Association	Germany	No	We welcome that requiring a recovery plan depends upon many factors. We want to emphasize that the risk profile, and in particular the likelihood of a crisis, should be relevant.	Noted.
59. Global Federation of Insurance Associations	Global	No	This paragraph includes the following sentence: "In practice, it is expected that standalone, comprehensive recovery plans will mainly be required for those insurers that are larger and/or more complex in nature, or whose activities, or potential failure, have the potential of having broader systemic impacts". GFIA disagrees that insurers "that are larger and/or more complex in nature", in and of itself, should be expected to have to develop standalone, comprehensive recovery plans. Supervisors should consider the activities in which an insurer engages (as well as proportionality and the attendant costs and benefits) when determining the necessity, form, and content on a recovery plan, and not focus solely on the insurer's size, scope or complexity. Accordingly, GFIA requests that the above sentence be deleted. In addition, GFIA requests that language be added that states that the supervisor should have the discretion to accept alternative submissions in lieu of a separate, formal recovery plan to the extent that such submissions collectively satisfy the stated goal of identifying	Comments addressed.

			"advance options to restore financial position and viability if the insurer comes under severe stress" per ICP 16.13.a.	
60. International Actuarial Association	International	No	The need for a recovery plan may also be driven by what the supervisor determines to be a critical economic function for the country. The IAA also believes that the point made in the last sentence regarding small, less complex, insurers should not be a significant issue, as they are not likely to need a detailed recovery plan (if at all), particularly in countries whose approach isn´t a "zero tolerance of failure " approach.	First comment - addressed. Second comment – Noted
61. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 1.	Noted.
62. Institute and Faculty of Actuaries	United Kingdom	No	The need for a recovery plan may also be driven by the undertaking of what the supervisor views as a critical economic function for that country. We also believe that the point in the last sentence regarding small less complex insurers should be less of an issue as they are not likely to need a detailed recovery plan (if at all), particularly in countries whose approach is not a "zero tolerance of failure'.	See comment above under 60.
63. American Property Casualty Insurance Association (APCI)	USA	No	This paragraph includes the following sentence: "In practice, it is expected that standalone, comprehensive recovery plans will mainly be required for those insurers that are larger and/or more complex in nature, or whose activities, or potential failure, have the potential of having broader systemic impacts." We disagree that insurers "that are larger and/or more complex in nature", in and of itself, should be expected to have to develop standalone, comprehensive recovery plans. Supervisors should consider the activities in which an insurer engages (as well as the attendant costs and benefits) when determining the necessity, form, and content on a recovery plan, and not focus solely on the insurer's size, scope or complexity. Accordingly, we request that the above sentence be deleted. In addition, we request that language be added that states that the supervisor should have the discretion to accept alternative submissions in lieu of a separate, formal recovery plan to the extent that such submissions collectively satisfy the stated goal of identifying "advance options to restore financial position and viability if the insurer comes under severe stress" per ICP 16.13.a.	See response to comments under points 59, 60 and 62. No further action required.

Q26 Comment on Paragraph 21				
64. Global Federation of Insurance Associations	Global	No	GFIA is concerned that the bullet points are so broad as to create the potential for supervisory overreach by justifying mandating complex plans for many companies, unnecessarily. In addition, the listed factors should not include an insurer´s size; therefore, GFIA suggests that the first bullet be deleted.	Disagree also because it is not clear why size should not be mentioned. It's also consistent with para.18 as well as the language in supervisory material itself.
65. International Actuarial Association	International	No	The IAA suggests that it is not clear what is meant by the withdrawal of an insurer impacting policyholders. This should be clarified. Is this a reference to a situation where there is a lack of continuity of cover for renewal business or due to it not being possible to transfer liabilities to another firm along with a protection scheme not paying out 100% of its current obligations?	Addressed this comment by adjusting the wording.
66. Institute and Faculty of Actuaries	United Kingdom	No	it is not clear what is meant by the withdrawal of an insurer impacting policyholders - is this a reference to a situation where this a lack of continuity of cover due to it not being possible to transfer liabilities to another firm, and a protection scheme not paying out liabilities in full?	See 65
67. American Property Casualty Insurance Association (APCI)	USA	No	We are concerned that the bullet points are so broad as to create the potential for supervisory overreach by justifying mandating complex plans for many companies, unnecessarily. In addition, the listed factors should not include an insurer´s size; therefore, we suggest that the first bullet be deleted.	See 67
Q27 Comment on Paragraph 22				
68. General Insurance Association of Japan	Japan	No	When supervisors choose to make decisions on a case-by-case basis, due consideration should be given so that such decisions do not go against the proportionality principle and that they are reasonable.	addressed this comment.
Q28 Comment on Paragraph 23				
69. Global Federation of Insurance Associations	Global	No	A separate process for the recovery plan should not necessarily be expected, and should be subject to the principle of proportionality in the context of the additional content of the recovery plan and the suitability of the existing processes for recovery planning purposes.	Changed wording to delete "separate" so as to not set an expectation that the process for developing a recovery plan should be completely separate from other elements of the ERM.

70. International Actuarial Association	International	No	The IAA welcomes the application of the proportionality principle to requiring, as well as the detail required in, a recovery plan. However, while proportionality practices were surveyed, the AP fails to give examples of complex RPs compared with those that perhaps only need a simpler RP. Through such examples, supervisors will be in a position to better apply RPs on a proportionate basis.	No change needed, this is covered in the following paragraph and providing real examples would be too detailed.
71. Institute and Faculty of Actuaries	United Kingdom	No	We welcome the application of the proportionality principle to the requirement for, but also the detail required within, a recovery plan.	Noted.
72. American Property Casualty Insurance Association (APCI)	USA	No	This paragraph indicates that regulators will expect an insurer "to set up a separate process for the development of the plan to achieve the distinct objective of a recovery plan." At a minimum, the concept of proportionality should be employed to determine when a separate process will be required. The paper does acknowledge the need for insurers to leverage and assure alignment with existing tools in its ERM framework. We suggest that integration of recovery planning into the ERM framework is more appropriate than aligning a separate recovery planning process with it.	see comment 69.
Q29 Comment on Paragraph 24				
73. Global Federation of Insurance Associations	Global	No	Where a group recovery plan exists and an individual entity is already covered within the group plan, a separate local plan should not be required.	The application paper does not set new requirements, and host supervisors may deem it necessary to require a separate plan. See response to comment 3.
74. International Actuarial Association	International	No	Similarly, the IAA welcomes the provision for a planned and phased development of recovery plans.	Noted.
75. General Insurance Association of Japan	Japan	No	Paragraph 24 should be amended as follows to include examples of the application of proportionality: (1) add "…for example, develop and revise recovery plans as part of the ORSA." at the end of the second bullet; (2) add "…for example, allow only a high-level framework to be set when an insurer is financially sound, and consider a detailed plan only when it is determined that the financial soundness of the insurer is eroded." at the end of the third bullet. In addition to the above, with regard to insurers with very high levels of capital, only extreme or highly unlikely stress scenarios, such as the worsening of all market	First comment – disagree, see other language about the link to ORSA. Second comment – disagree; this is in contrast to the pre-emptive nature of the recovery plan. Noted.

			indicators or successive natural catastrophes, threaten the soundness and the viability of such insurers. It should be taken into consideration that feasible recovery options following such extreme scenarios are very limited.	
76. Swiss Re	Switzerland	No	Swiss Re welcomes IAIS proposal to apply the requirements proportionally. We further propose, in addition to the options provided here, a further option to provide an overview of key risk factors and most probable risks which could lead to a recovery scenario, which might serve as an alternative to utilizing detailed recovery scenarios. As a further point, the insurer could make reference to existing elements of its risk management processes, such as the ORSA, which contains many elements which are relevant for recovery planning, in particular scenario analysis. For many insurers, it is sensible to develop synergies between the ORSA and recovery planning exercises.	First comment – this is addressed in the revised paper. Second comment – this point on the link with ORSA is already made in para. 16.
77. Institute and Faculty of Actuaries	United Kingdom	No	Similarly, we welcome the provision for a planned and phased development of recovery plans.	Noted.
78. American Property Casualty Insurance Association (APCI)	USA	No	We commend the proposed phased approach for developing a recovery plan and agree that recognizing existing tools can minimize the resources needed (see our above comments on integration with ERM).	Noted.
Q30 Comment on Paragraph 25				
Q31 General comments on Section 3.2 Matters specific to insurance groups				
79. Global Federation of Insurance Associations	Global	No	GFIA strongly endorses the need for consideration of materiality as set forth in this section.	Noted.
Q32 Comment on Paragraph 26				
80. International Actuarial Association	International	No	The IAA notes that coordination of supervisors is not just an issue for groups, as in many countries prudential and conduct supervision may be undertaken by separate	Noted, see also section 6.2 as well as the ICP Introduction.

			supervisors, and recovery may also impact policyholders in a way that is of a concern to the conduct supervisor.	
81. Institute and Faculty of Actuaries	United Kingdom	No	We note that coordination of supervisors is not just an issue for groups, as in many countries prudential and conduct supervision may be undertaken by separate supervisors; recovery may also impact policyholders in a way that is of a concern to the conduct supervisor.	See comment 80.
Q33 Comment on Paragraph 27				
82. Global Federation of Insurance Associations	Global	No	By default, the recovery plan should apply at the level of the ultimate parent undertaking.	Para 29 clearly details that a host supervisors may also require a local plan; Local supervisors should have the flexibility to require local plans, if appropriate. See also response to comment 3.
83. International Actuarial Association	International	No	An additional consideration for groups is the extent and circumstances in which recovery plans of subsidiaries call for group support at the same time. This means that the group plan needs to be developed in conjunction with those for its major subsidiaries. This is potentially important in the case of stresses in the group under which capital held in any part of the group becomes non-fungible. An example was IAG in the last financial crisis where some local regulators froze the local subsidiaries and did not allow any transfers to other entities in the group.	This comment is addressed under para 29
84. Swiss Re	Switzerland	No	We do not believe that an identification of group-related entities and assessment of their materiality is an appropriate starting point for groups that rely on centralized pooling of risk and capital. For such insurers, the recovery plan´s primarily aims at restoring Group´s financial condition. In this case, it is not appropriate for the plan to explicitly focus on legal entities. Rather it should focus on consolidated Group measures. We therefore strongly suggest to write: "for some insurance groups, a starting point could be the identification of all group-related entities…"	Partly agree, but no change is needed. In order to define the scope and focus of the group recovery plan, a mapping of business lines and legal entities may be needed to assess their materiality to the group's financial condition.
85. Institute and Faculty of Actuaries	United Kingdom	No	An additional consideration for groups is the extent to, and circumstances in, which recovery plans of subsidiaries call for group support at the same time. This means that the group plan needs to be developed in conjunction with those for the major subsidiaries.	See comment above under comment 83.

86. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	In third sentence, use dashes consistently.	Noted.
Q34 Comment on Paragraph 28				
87. Global Federation of Insurance Associations	Global	No	GFIA generally supports the materiality test. However, as written the bullet points allow a definition of materiality that is too broad. Accordingly, GFIA requests the deletion of the first bullet point or that "or" be replaced with "and", at the least.	Disagree, these are distinct perspectives that do not both need to be met.
88. International Actuarial Association	International	No	The IAA suggests changing the wording to "…revenue, need for funds, capital, profits or risk profile."	This has been addressed.
Q35 Comment on Paragraph 29				
89. German Insurance Association	Germany	No	The requirement of a separate recovery plan at entity level is not a preferred option for groups as it needs to consider relevant group aspects anyway (like liquidity outflows, possible equity injections within the group). From our perspective it is better to adjust the group recovery plan. It should be stated clearly that a host supervisor should only request a separate recovery plan at entity level in exceptional cases.	See earlier comments 82.
90. Global Federation of Insurance Associations	Global	No	GFIA requests that "particularly important" is too vague a standard and should be replaced with: "systemically important in that failure would have a substantial impact on the general economy that could not be remedied by the market in a reasonable time". GFIA also disagrees with the presumption that a host supervisor may require separate recovery plans for an insurance legal entity in its jurisdiction.	First comment – change made to refer to “systemically” important for clarity. Second comment – see earlier response to comments 82.
91. Institute of International Finance	Global	No	Paragraph 29 of the Recovery Planning Application Paper should be revised to state that host supervisors are not expected to require separate recovery plans. A separate requirement to develop a recovery plan at the local level is duplicative and inconsistent with the centralized capital pooling and risk management practices of many insurance groups. The supervisory college mechanism should be used to address the rare case where	See response to comment 82.

			the group-wide supervisor fails to address adequately the need for recovery planning or the need for improvements in an insurer's ORSA, ERM policies and processes or recovery plan.	
92. Swiss Re	Switzerland	No	As discussed in our response to 27, a legal entity recovery plan is counterproductive for insurers who rely on centralized pooling of risk and capital. We strongly urge the IAIS to add that "The home supervisor should cooperate and coordinate with the host supervisor to determine if local recovery plans are merited. In cases where this is not the case, the home supervisor should cooperate with the host supervisor(s) to ensure that the host supervisor is familiar with the Group Recovery Plan."	See response to comment 82 .
93. Zurich Insurance Company Ltd.	Switzerland	No	Paragraph 29 grants host supervisors a degree of autonomy that may result in insufficiently coordinated recovery planning and, worse, uncoordinated actions in times of crisis. Local plans should be avoided for insurance groups for which a group recovery plan exists: Group plans should take the group structure and its entities (subsidiaries/branches) into account to the satisfaction of the group and host supervisors, in which case local plans would not be needed at all. We urge the IAIS to, _at a minimum_, have host supervisors ensure that local plans, if unavoidable, fit in the overarching structure and strategy of a group recovery plan. The alignment of group and local plans should be part of the cooperation and coordination duties of involved supervisors. In addition, group and host supervisors should be prepared to share amongst each other relevant recovery planning information. We propose to revise the language as follows: "In the case of a cross-border insurance group, a host supervisor may deem it appropriate to require a separate recovery plan for the insurance legal entity in its jurisdiction, particularly in cases where no group recovery plan exists, after having exhausted options to have the insurance legal entity in its jurisdiction adequately covered in the group recovery plan. The decision to require a separate recovery plan may be based on factors like size, risk profile and/or level of systemic importance in the host jurisdiction. In such cases, however, it is expected that the host supervisor cooperates and coordinates with the group-wide supervisor (see section 6) to ensure the alignment of the group and the local recovery plans and avoid inconsistent recovery planning and actions in times of crisis. Group and host supervisors should be prepared to share amongst each other relevant recovery planning information."	This comment is addressed in the revised application paper by explicitly adding the objective of coordination: “to avoid inconsistent recovery planning and actions in times of crisis”.

94. Aegon NV	The Netherlands	No	As a cross-border insurance group, Aegon welcomes the emphasis on supervisory cooperation and coordination (section 6.2). We believe that recovery plans should be developed at a group level, with sufficient attention to the individual insurers in the group, and other supervisors in the group should rely on those plans and be discouraged from requiring separate plans. Rather than developing separate plans, supervisory authorities should rely on cooperation and coordination arrangements to ensure that the interests of each jurisdiction are duly taken into account. Exceptions should be rare, consistent with the characterization of the application paper.	See response to comment 93.
95. American Property Casualty Insurance Association (APCI)	USA	No	We believe that it should not be assumed that individual entity-level recovery plans should be required for entities within a larger group having a groupwide recovery plan. In most cases, the groupwide plan will be sufficient. We suggest his paragraph be re-worded to imply that entity-level plans within groups would be the exception rather than the rule. The suggestion that a recovery plan should be required when an insurer "is particularly important to that jurisdiction" is also troubling in that it is so broad as to give regulators carte blanche to impose requirements on any entity it deems "particularly important" (here the requirement is not even systemic importance). We suggest the quoed phrase be deleted.	See response to comment 82, 93
Q36 Comment on Paragraph 30				
96. Zurich Insurance Company Ltd.	Switzerland	No	The answer to Q35 (para. 29) applies to para. 30 on financial conglomerates.	Noted
Q39 General comments on Section 4.1: Governance – development, approval, review & testing				
100. Global Federation of Insurance Associations	Global	No	GFIA has significant concerns with this section. Overall, it seems to be very prescriptive and its recommendations could only be satisfied by an entire new bureaucracy in the company, costing resources that could be better deployed to provide more protection.	See response to comment 97
101. American Property Casualty Insurance Association (APCI)	USA	No	This section is where the overly prescriptive requirements we noted in Q1 are found. It would not be possible to comply with the requirements described in this section without creating a separate process, independent of existing risk management functions, to address recovery planning. The section also suggests that the recovery plan is at least as important, if not more important, as a tool for regulators than for the company. Again, this is not our view of the proper purpose of a recovery plan.	See response to comment 97.

102. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Change heading to "Governance - development, approval, review and testing" for consistency. Needs to be changed in the Table of Contents as well. Paragraphs 33-35, use semi-colons for bulleted items for consistency.	Change made.
Q40 Comment on Paragraph 32				
103. Global Federation of Insurance Associations	Global	No	See response above.	
104. International Actuarial Association	International	No	The IAA believes it is essential that the Board be involved in the RP development and signs it off. The IAA does not believe it is essential for there to be complete independence between development and approval. Clearly one would expect that there is an appropriate level of separation between the team developing the plan and the risk function review and challenge.	Noted
105. Institute and Faculty of Actuaries	United Kingdom	No	We believe it is essential that the Board is involved in the RP development and signs it off. We do not believe it is essential for there to be complete independence between development and approval. Clearly one would expect that there is an appropriate level of separation between the team developing the plan and the risk function review and challenge.	See response to comment 104
Q41 Comment on Paragraph 33				
106. Global Federation of Insurance Associations	Global	No	See response above. The first bullet in Paragraph 33 states that "It would be expected that the Board is responsible for the approval of the recovery plan". While this may be the case in certain jurisdictions, it may not be the case in all. We, therefore, request that the phrase "In certain jurisdictions", be added to the beginning of that sentence.	See response to comment 97; application papers do not set new requirements nor does this particular wording in this paragraph.
107. International Actuarial Association	International	No	See answer to Q40	

108. General Insurance Association of Japan	Japan	No	We understand that the governance of insurers differs depending on size, legal form and characteristics, and that development and approval of individual recovery plans will take into account such differences.	Noted.
109. Institute and Faculty of Actuaries	United Kingdom	No	See answer to Q40.	
110. American Property Casualty Insurance Association (APCI)	USA	No	The paragraph would require the Board to approve a recovery plan. This may not be essential and is indeed not required in all jurisdictions. At a minimum, we would suggest the paper merely note that Board approval may be required in certain jurisdictions, but the IAIS should not advocate this as a global requirement.	See response to comment 106.
111. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Edit last sentence of first bullet to read: "It would be expected that the Board, in consultation with Senior Management, is responsible for the approval of the recovery plan" to make this more flexible.	Change not deemed necessary
Q42 Comment on Paragraph 34				
112. Global Federation of Insurance Associations	Global	No	See response above.	
113. General Insurance Association of Japan	Japan	No	It is unnecessary to revise recovery plans unless a major change occurs concerning the business environment or the risk profile of the insurer and the implementation of the recovery plan is affected. It is sufficient to regularly verify that no material change took place in the business environment.	This is addressed in Section 3 as well as ICP and ComFrame material. The IAIS does not require insurers to revise a recovery plan on a certain frequency.
114. American Property Casualty Insurance	USA	No	This paragraph highlights our concern about creating a separate process for recovery planning that is more appropriately addressed within existing processes such as ERM/ORSA. While, as noted above, we acknowledge that requirements may differ from jurisdiction to jurisdiction, requirements for whether the Board should be consulted or notified, reviewing and updating plans, etc. are all things that would	Noted –No change needed

Association (APCI)			happen in the normal course under existing corporate governance requirements with respect to recovery planning functions that are integrated into existing risk management processes.	
Q43 Comment on Paragraph 35				
115. German Insurance Association	Germany	No	A testing of a recovery plan is not adequate. As mentioned in para 16, existing tools like contingency plans should be considered. In our understanding testing of an contingency plan is sufficient, esp. against the background that insurance business is long-term business, financial position deteriorates at a much slower pace than that of banks and recovery measures are not time critical in this way. Double requests or test exercises need to be avoided.	An application paper does not set new requirements, it states : “could benefit from addressing the following elements in policies and procedures regarding testing of the recovery plan”
116. Global Federation of Insurance Associations	Global	No	See response above.	
117. International Actuarial Association	International	No	The IAA does not believe it is possible to "ensure" that the plan can be implemented in a timely manner - we suggest inserting "to the extent reasonably possible". Also, it is not clear to us how the existing stress testing framework tests the credibility of a recovery plan. Possible options, such as sale of a unit or cancelling a dividend, cannot be simulated in a realistic enough manner to fully test the effect of such an option, and the facts and circumstances of an actual event are highly unlikely to match closely any simulated scenario. The IAA believes further explanation is required on this.	The verb “ensure” was deleted
118. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 33.	
119. Swiss Re	Switzerland	No	Regular tests of the recovery plan may be overly burdensome and costly. To test its recovery plan, Swiss Re has carried out crisis simulations with the involvement of its most senior management and Board representatives. However, we point out that such exercises are costly and time consuming, and so are not practical as a "regular" exercise. We propose "establishment of tests of the recovery plan on an adequate basis". We also propose that every time the plan is tested, different aspects of the recovery plan be brought into focus: effectiveness of actions, communication, governance.	Changes made

120. Institute and Faculty of Actuaries	United Kingdom	No	We do not believe it is possible for the plan to "ensure' that it can be implemented in a timely manner - we suggest inserting the wording "as far as reasonably possible'. Furthermore, it is not clear to us how the existing stress testing framework would test the credibility of the recovery plan; we believe further explanation is required on this.	See response to comment 117
121. American Property Casualty Insurance Association (APCI)	USA	No	We note that the ICS contemplates a stress test at a one-in-200 year event. This paragraph does not reference that, leaving open the question of whether a recovery plan is to be calibrated to some different level of stress. Indeed, the very notion of recovery planning suggests evaluating the group's ability to withstand stresses that go beyond levels that would support ongoing capital requirements, in effect, increasing capital requirements even further. The application paper should explicitly confirm that is not the intent, rather that the recovery planning process supplements existing capital-related measures by instilling a degree of readiness to act when contemplated stress levels underlying capital requirements occur - and not to simply raise capital requirements further.	The recovery plan is not related in any way to the development of an ICS 2.0 so no reference is needed.
Q44 General comments on Section 4.2: Governance – monitoring, escalation and activation processes				
122. Global Federation of Insurance Associations	Global	No	As with the prior section, this section is overly prescriptive and seems not to take any account of proportionality and costs versus benefits even for larger companies. It also implies one way of doing things when it should be up to the company how it drafts and oversees its plan, if it has one.	See our response to comment 106.
123. Aegon NV	The Netherlands	No	The application paper should better clarify that the breach of a trigger leads to a response that is discretionary, not required. At present the paper is somewhat ambiguous. For example, the first bullet point in paragraph 40 indicates that the breach of a trigger leads directly to "activation" of the plan, although paragraph 41 indicates that specific actions should not be prescribed. On the other hand, paragraph 73 contemplates the possibility that the insurer can decide that activation is not necessary upon the breach of a trigger. The paper should clarify that both "activation" of the plan and any specific actions taken are at the discretion of the insurer's board and management.	Made various changes throughout the paper to better clarify what is meant with “activation” of the plan.
124. American Property Casualty Insurance Association (APCI)	USA	No	Like Section 4.1, this section also includes overly prescriptive requirements of the sort we counseled against in our response to Q1.	See response to comment 106

125. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Paragraphs 38-40, use semi-colons for bulleted items for consistency.	Changes made
Q45 Comment on Paragraph 36				
126. Global Federation of Insurance Associations	Global	No	See the comment above. This section should be clarified to provide that the recovery plan should have embedded governance processes for "management's evaluation and potential implementation of one or more recovery options when the necessary conditions exist", rather than "activation of the recovery plan".	See our response to that comment.
127. The Geneva Association	International	No	We suggest to, instead of speaking about "activating the recovery plan" use language along the following lines: "management's evaluation and potential implementation of one or more recovery options, when the necessary conditions exist"	See response to comment 126
Q46 Comment on Paragraph 37				
128. Global Federation of Insurance Associations	Global	No	See response above.	
129. International Actuarial Association	International	No	It will be important for an Operational Resilience risk appetite to be developed, as the timeliness of any recovery plan will depend on how the stressed conditions impact the viability of the business.	Noted
130. Institute and Faculty of Actuaries	United Kingdom	No	It will be important for an Operational Resilience risk appetite to be developed as the timeliness of any recovery plans will be dependent on how the stressed conditions impact the viability of the business.	See response to comment 129
Q47 Comment on Paragraph 38				
131. Global Federation of Insurance Associations	Global	No	See response above.	

132. International Actuarial Association	International	No	It would be useful to clarify what is meant by "increased level of monitoring" - presumably this is the Board needing greater levels of, and more frequent, management information.	Change made.
133. General Insurance Association of Japan	Japan	No	As mentioned in our comments on paragraph 33, we understand that the governance of insurers differs depending on size, legal form and characteristics, and that development and approval of individual recovery plans will take into account such differences. It is unrealistic to assume that an information system can monitor and capture every stress event and stressor. Even if a system capable of capturing macroeconomic changes and natural catastrophes such as earthquakes was feasible, development of such a system would necessitate formidable costs.	Noted.
134. Institute and Faculty of Actuaries	United Kingdom	No	It would be useful to expand on what is meant by "increased level of monitoring' - presumably this is the Board needing greater levels of, and more frequent, management information.	See response to comment 132
Q48 Comment on Paragraph 39				
135. Global Federation of Insurance Associations	Global	No	See response above.	
136. General Insurance Association of Japan	Japan	No	Please refer to our comments on paragraph 33.	
Q49 Comment on Paragraph 40				
137. Global Federation of Insurance Associations	Global	No	The first bullet should be clarified to provide that the policies and procedures should identify the process for "management's evaluation and potential implementation of one or more recovery options", rather than "activation of the recovery plan". The third bullet should be clarified to require that "implementation of any recovery options when the necessary conditions exist" be communicated to relevant parties, rather than "activation of the recovery plan".	Made various changes throughout the paper to better clarify what is meant with “activation” of the plan.

138. International Actuarial Association	International	No	The IAA believes it is also important for the reliance and role of relevant third parties to be considered. Activation of an RP requires that the staff needed to implement the RP options in a timely manner to be planned, especially key ones, as well as the availability of such staff to do the work, while still operating the insurer. Depending on the stress, more than one option might be needed concurrently. Are there enough staff skilled in the new work needed for the RP option implementations or would support from a third party be needed? It might be useful if entities set a range of levels of stressed situations or scenarios to establish whether some stakeholders, including supervisors, should be informed about the activation of the recovery plan, according to the severity of the situation.	This is addressed in section 5.
139. The Geneva Association	International	No	We suggest to rephrase the first bullet point under paragraph 40 as follows: "clearly identify the process for management's evaluation and implementation of one or more recovery options upon severe stress events, including but not limited to occurrence of the specific criteria in the trigger framework as identified in the plan"	This is rephrased
140. General Insurance Association of Japan	Japan	No	As we mentioned in our comments on paragraph 33, we understand that the governance of insurers differs depending on size, legal form and characteristics, and that development and approval of individual recovery plans will take into account such differences. It should be noted that recovery plans include confidential information, the communication of which to all relevant parties may not necessarily be appropriate. Relevant information should be communicated to relevant parties depending on the nature of the information.	Noted. Confidentiality is discussed in section 5.
141. Institute and Faculty of Actuaries	United Kingdom	No	We believe it is also important for the reliance and role of any third parties to be considered.	See response to comment 138
Q50 Comment on Paragraph 41				
142. Global Federation of Insurance Associations	Global	No	This paragraph correctly states that "recovery plans should not commit an insurer to take any action without the Senior Management or Board first evaluating relevant information and deliberating on the best course of action". GFIA would suggest, however, that the Paper's repeated reference to the "activation" of a recovery plan on	Made various changes throughout the paper to better clarify what is meant with “activation” of the plan

			the occurrence of pre-defined triggers at best complicates and at worst potentially undermines this important point about the difficulty of predicting actual stress events and determining the best course or combined courses of action for recovery beforehand.	
143. Institute of International Finance	Global	No	We appreciate the language of Paragraph 41 of the Recovery Planning Application Paper that "…recovery plans should not commit an insurer to take any action without the Senior Management or Board first evaluating relevant information and deliberating on the best course of action." However, the Recovery Planning Application Paper also refers to the "activation" of recovery actions in a manner that could imply the use of pre-defined, specific triggers or criteria for such activation. We urge the IAIS not to adopt any language that would give rise to an expectation that an insurer would need to define in advance specific triggers or criteria for the activation of a recovery plan. A rigid approach that activates a recovery plan automatically based on pre-defined criteria or triggers would not provide management with the flexibility to respond proportionally to a range of potential severe stress scenarios. The recovery plan should provide a high-level outline of plausible actions that the insurer could take in a severe stress situation; the insurer should retain wide discretion to implement the measures it deems most appropriate in light of the source of and circumstances surrounding the particular stress situation, including options not contained in the recovery plan. The recovery planning requirements should be aligned with, and not duplicate, the company's ORSA and ERM framework, as well as any other risk management tools employed by the insurer.	Made various changes throughout the paper to better clarify what is meant with “activation” of the plan
144. International Actuarial Association	International	No	The IAA believes both the senior management and the Board should evaluate the information, rather than it being senior management or the Board.	Change made to refer to ‘the Board and Senior Management”
145. General Insurance Association of Japan	Japan	No	Depending on the circumstances, recovery planning needs to be dealt with in a prompt manner. Therefore, parties that have been delegated in advance by Senior Management, or by the Board, should be able to assume the necessary decision-making responsibilities.	Noted
146. Institute and Faculty of Actuaries	United Kingdom	No	We believe both the senior management and the Board should evaluate the information, rather than it being either senior management or the Board.	See comment 144

147. American Property Casualty Insurance Association (APCI)	USA	No	Regardless of any language in this paper or any other IAIS document, we think it highly unlikely that any firm would take significant recovery-related actions without the active involvement and consideration of its Board. We also agree that the company and its Board should not be bound or constrained in any way to take the actions appropriate to respond to a given stress threat. However, this paper consistently seeks to set forth pre-defined triggers for recovery plan "activation" or the initiation of recovery activity. Such pre-defined triggers are inconsistent with the reality that companies and Boards can almost never accurately predict the stress scenario that may threaten them and must be free to respond to threats as they actually present themselves and not as they may have been envisioned (almost certainly inaccurately) at the time a recovery plan is developed and approved by regulators.	Made various changes throughout the paper to better clarify what is meant with “activation” of the plan
Q51 Comment on Paragraph 42				
148. Global Federation of Insurance Associations	Global	No	See response above.	
149. Swiss Re	Switzerland	No	We urge the IAIS to specify that insurers reflect this point in their established procedures. Concretely, we propose "In the process of creating the recovery plan, the insurer should ensure that established communication procedures are adequate for keeping supervisors notified…"	Change made.
Q52 General comments on Section 5: Elements of a recovery plan				
150. Institute of International Finance	Global	No	We appreciate that, in many instances, the language of the Recovery Planning Application Paper utilizes the less prescriptive language, such as "may" or "could," that the IIF has been advocating in general for Application Papers. This less prescriptive language reflects the purpose of an Application Paper (i.e. to discuss a range of sound practices, rather than to set forth a supervisory expectation or standard) and advances the desired flexibility of any guidance regarding recovery planning. However, a less prescriptive approach is still needed is in Section 5, Elements of a Recovery Plan, particularly in Subsection 5.3, Trigger framework, and in Subsection 5.7, Stress scenarios. Moreover, the language of Paragraph 49 appears to address requirements for both recovery planning by insurers and resolution planning by supervisors and we recommend that the IAIS make a clearer differentiation between the two.	An application paper does not set new requirements.

Q53 Comment on Paragraph 43				
151. Global Federation of Insurance Associations	Global	No	"A communication strategy to keep supervisors informed and involved, and to help manage the expectations, and/or retain (or restore) the confidence, of market participants and policyholders as necessary" should be rephrased as follows: "A communication strategy to keep supervisors informed and involved, and to help manage the expectations, and/or retain (or restore) the confidence, of market participants and policyholders as necessary". Any involvement of the supervisor should be defined in the Prudential Regime and not in the recovery plan.	No change needed.
152. International Actuarial Association	International	No	The RP should also include information on key dependencies and assumptions. In addition, information on the estimated impact of the principal options and how they interact (as described in paragraph 67) should also be included. A summary such as shown in paragraphs 43 and 44 should also be placed in front of Section 4 of the paper. A high-level summary of this type would be useful as a roadmap showing how the following sections of the paper hold together.	This is dealt with in that particular section.
153. Swiss Re	Switzerland	No	With regards to providing "A description of the insurer or group that outlines the insurer's legal structure, its main activities, and key financial and operational characteristics," this information is relevant for resolution planning, which is the responsibility of the Group-wide supervisor, for whom this information is essential to adequately carry out its duties. For recovery planning, which is the responsibility of the insurance group, it is unnecessary to include this information in the recovery plan as this information is either well known or readily available. We therefore strongly suggest that IAIS removes this as a key element of recovery planning. With regards to the communication strategy, we urge the IAIS to specify that insurers reflect this point in their established procedures. Concretely, we propose "In the process of creating the recovery plan, the organization should ensure that established communication procedures are adequate for keeping supervisors informed and involved…"	Disagree, see also section 3. See also response to comment 149
154. Institute and Faculty of Actuaries	United Kingdom	No	The RP should also include information on key dependencies and assumptions. There should also be information on the estimated impact of the principal options and how they interact (as described in paragraph 67).	See comment 152

155. American Property Casualty Insurance Association (APCI)	USA	No	The concept of a communications plan for providing regulators with needed information is not new to the notion of recovery planning. Companies have existing plans and processes in place to facilitate such communications on a variety of issues. There is no need to have a separate communication plan specifically for recovery planning.	Noted. Insurers are free to leverage on existing communication plans.
Q54 Comment on Paragraph 44				
156. Global Federation of Insurance Associations	Global	No	GFIA suggests the deletion of the reference to supervisors, as the plan should exclusively be for the benefit and use of the company.	Disagree; the supervisor sets the expectations for the recovery plan.
Q55 General comments on Section 5.1: Executive abstract of the recovery plan				
157. Global Federation of Insurance Associations	Global	No	This is another example of the overly prescriptive elements of the paper.	See the description on page 2; Application papers do not set new requirements.
Q56 Comment on Paragraph 45				
Q57 Comment on Paragraph 46				
Q58 Comment on Paragraph 47				
Q59 Comment on Paragraph 48				
Q60 General comments on Section 5.2: Description of the insurer or group				
Q61 Comment on Paragraph 49				
158. International Actuarial Association	International	No	The paragraph should describe both the "operational business structure" and the corresponding legal structure.	Proposed wording included in the revised paper.
159. Swiss Re	Switzerland	No	This information is relevant for resolution planning, which is the responsibility of the Group-wide supervisor, for whom this information is essential to adequately carry out	The information is necessary. Critical functions/services and

			its duties. For recovery planning, which is the responsibility of the insurance group, it is unnecessary to include this information in the recovery plan as this information is either well known or readily available. We therefore strongly suggest that IAIS removes this as a key element of recovery planning.	(inter)dependencies may impact the effectiveness and execution of recovery actions. That information should be readily available to the users of the plan. If this information is well known and readily available we anticipate this would not place and unduly burden on the insurer.
160. American Property Casualty Insurance Association (APCI)	USA	No	This is another example of duplicative and overly granular requirements. Both the company and its regulators will already be familiar with the companies "operational business structure, key jurisdictions in which it is active, entities covered by the plan, functions and or serves that are significant for the continuation of business, key dependencies or inter-dependencies, and any other relevant information." For example, for a publicly-traded company in the U.S., much of this information would be included in the company's 10-K filing with the Securities and Exchange Commission (SEC). We encourage the IAIS to recognize that this information already exists and to encourage tapping into that, not a separate process, and employ the same "use test" concept as for ORSAs.	Although the mentioned information may be included in the 10-K filing for US firms, other jurisdictions do not have such requirements.
Q62 General comments on Section 5.3:Trigger framework				
Q63 Comment on Paragraph 50				
161. American Property Casualty Insurance Association (APCI)	USA	No	The entirety of Section 5.3 details a "trigger framework" that we believe is unhelpful and unworkable. It suggests that future stresses that may occasion the need for recovery can be predicted and set forth as "triggers" when in fact most stress threats will be caused by scenarios that were not precisely envisioned at the time the recovery plan was written and therefore may not cause the plan to be triggered. It would be more helpful to the paper to focus on the proposed "menu of options" which address how a company will respond to stress threats regardless of their precise nature or cause.	Disagree. As described in the paper, the trigger framework is essential to ensure timely activation of the plan. Also the way the triggers are described, which is very general, they are not related to a certain scenario but are general triggers that are likely to be relevant in various scenarios.
Q64 Comment on Paragraph 51				
162. International Actuarial Association	International	No	It is not clear what "other contingency plans" are being referred to which would not already be in the RP itself.	Please see the glossary for a definition of a contingency plan as well as the newly inserted

				paragraph on contingency planning at the beginning of the paper
163. Institute and Faculty of Actuaries	United Kingdom	No	It is not clear what "other contingency plans' are being referred to which would not be in the RP itself.	See comment 162 above.
Q65 Comment on Paragraph 52				
164. Institute of International Finance	Global	No	A properly designed trigger framework should include criteria that are indicative of severe stress. Paragraph 52 should be amended to clarify that a trigger framework does not identify risks or vulnerabilities; rather, a risk assessment underlies the development of any trigger framework that may be used in a recovery plan.	Proposed wording has been included in the AP.
165. International Actuarial Association	International	No	The IAA believes it is the foreseeable risks which help determine the trigger framework.	See comment above on 164.
166. Institute and Faculty of Actuaries	United Kingdom	No	We believe it is the foreseeable risks which help determine the trigger framework.	See comment above on 164.
Q66 Comment on Paragraph 53				
Q67 Comment on Paragraph 54				
167. American Property Casualty Insurance Association (APCI)	USA	No	We question whether the example of share price movement is an appropriate "early warning indicator." Share price movement can be caused by a number of different factors, and sometimes by no apparent factor at all.	Removed from text as already captured in the box as one of the examples.
Q68 Comment on Paragraph 55				
Q69 Comment on Paragraph 56				
168. Institute of International Finance	Global	No	A properly designed trigger framework should include criteria that are indicative of severe stress. Paragraph 56 of the Recovery Planning Application Paper includes criteria that could be indicative of a level of stress far below the level expected to trigger a recovery plan. While we appreciate the need to monitor metrics related to	Agreed but no change needed. Therefore in the box 1 clearly includes operational triggers only to

			capital, liquidity, asset quality, profitability, market conditions and operational conditions in a business-as-usual scenario, the Recovery Planning Application Paper should make it clear that a recovery plan is designed only to address the need to raise levels of regulatory capital and liquidity when the insurer is under severe stress. We endorse Paragraph 56 of the Recovery Planning Application Paper, which states that the trigger framework should include quantitative and qualitative criteria and a forward-looking element, where possible. Box 1 sets forth a number of quantitative and qualitative criteria that an insurer could incorporate in its trigger framework, including both financial and operational criteria. Similarly, both financial and operational responses are included in the menu of recovery options outlined in Box 2 following Paragraph 64. We would encourage the IAIS to focus on quantitative and qualitative financial criteria that are designed to highlight regulatory capital and liquidity deficiencies and on responses to a severe stress that are designed to restore the insurer's financial health through the rebuilding of regulatory capital and adequate levels of liquidity resources. To the extent that operational triggers or recovery options are included in a recovery plan, they should have a nexus to the financial criteria and to the restoration of regulatory capital and liquidity that is needed to address a severe stress scenario. Otherwise, operational aspects may be better addressed through the ORSA, ERM policies and processes, or business continuity plans.	the extent these “could threaten financial viability”. It follows from the definition of a recovery plan that the objective is to restore regulatory capital and liquidity when the insurer is under severe stress (and not primarily to address any operational risk).
169. International Actuarial Association	International	No	Box 1. The IAA notes that where there is risk-based capital a deterioration in asset quality will trigger reduced capital resources the key trigger is available capital. The triggers in the paper should also include policy liability risks (mortality, lapse, disability, rate of incidence, claim severity etc,) including the effects of any resulting changes in assumptions affecting the liabilities. Liquidity risk should include funds assumed to be available from the parent, from other entities in the group, or from planned future public debt funding. It may be useful to mention "relevant changes in size and/or speed of cash flows related with liabilities"	First comment – noted. Example now included relating to insurance liabilities.
170. Institute and Faculty of Actuaries	United Kingdom	No	Box 1. We note that where there is risk-based capital a deterioration in asset quality will trigger reduced capital resources, so the key trigger is available capital.	Noted.

Q70 Comment on Paragraph 57				
171. Global Federation of Insurance Associations	Global	No	This section implies a degree of supervisory control that is inconsistent with the fundamental idea that the plan is the company's, not the supervisor's.	Amended the language to refer to the insurer instead of the supervisory review.
172. International Actuarial Association	International	No	The IAA notes that supervisors will need significant information from the insurer on how the triggers have been derived for them to undertake the analysis.	Noted.
173. General Insurance Association of Japan	Japan	No	This paragraph provides that a trigger framework will be calibrated to provide enough time for the Board and Senior management to consult and consider the circumstances surrounding the stress. However, it should be noted that the speed at which stress events emerge differ depending on the risk and its particular circumstances, and it is therefore difficult to adequately calibrate a trigger framework.	Noted.
174. Institute and Faculty of Actuaries	United Kingdom	No	We note that supervisors will need significant information from the insurer on how the triggers have been derived for them to undertake the analysis.	Noted.
175. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Capitalize bulleted items for consistency.	Done.
Q71 Comment on Paragraph 58				
176. German Insurance Association	Germany	No	It should be stated clearly that triggers will be defined by the insurer and not by the supervisor. The calibration of trigger points by the supervisor, especially at a credible distance from a regulatory minimum, is not adequate as it actually creates an additional capital requirement.	Amended the language to refer to the insurer instead of the supervisory expectation.
177. Global Federation of Insurance Associations	Global	No	If the supervisor expects or effectively requires activation of the recovery plan at a level above the PCR, this implies a new supervisory intervention level at this higher point, particularly having regard to the level of interaction required between the supervisor and firm in the event of a breach of a trigger, as set out in paragraph 73. Recovery planning should not be used to effectively increase PCRs in this way. The	See comment above under 176.

			wording here should be changed to "an insurer may decide to calibrate trigger points for activation".	
178. International Actuarial Association	International	No	The example in this paragraph should be included in Box 1.	No change made as this paragraphs deals explicitly with calibration.
179. American Property Casualty Insurance Association (APCI)	USA	No	We are concerned with the suggestion made in this paragraph that a trigger point for activation of the recovery plan be made at a "credible distance from any regulatory minimums, such as the PCR." Inasmuch as the PCR is, by definition in ICP 17, a "solvency control level above which the supervisor does not intervene on capital adequacy grounds", then it would not seem that such a suggestion is necessary. Moreover, while much thought has certainly gone into the level of capital adequacy at which a jurisdiction´s PCR should be established, the notion of a "credible distance" is a vague concept subject to many different interpretations. While the text of the paragraph says that the calibration should be made by the insurer, it is nonetheless framed in the context of a supervisory "expectation." We suggest that the text be clear that such a calibration is at the prerogative and judgment of the insurer, and not somehow suggest that supervisors develop quantitative expectations about the concept that may then be imposed on insurers.	See comment above under 176.
Q72 Comment on Paragraph 59				
Q73 Comment on Paragraph 60				
180. Global Federation of Insurance Associations	Global	No	Acknowledging that, as provided in paragraph 60, Figure 2 is an illustration of the stylised relationship among recovery trigger, viability and actions taken, GFIA is concerned about the possibility of creating misunderstandings. GFIA considers that this diagram would need substantial modification, and remains willing to suggest alternative constructions to the IAIS.	Diagram has been updated to show resolution at a further distance from recovery. The paper makes it clear that the thresholds in the figure are indicative only.
181. The Geneva Association	International	No	The diagram as shown in Figure 2 under paragraph 60 is not necessarily representative of what a recovery plan is trying to achieve, i.e. the thresholds will be determined by each insurer in line with their risk appetite and will be a trigger for management consideration of action - whereas the diagram seems to imply that the last threshold is a trigger for recovery action.	See response under comment 180.

182. The Life Insurance Association of Japan	Japan	No	Acknowledging that, as provided in paragraph 60, Figure2 is an illustration of stylized relationship among recovery triggers, viability and actions to be taken. But we are concerned about the possibility of creating misunderstandings on the implication in regards to viability and actions to be taken that an insurer should be considered non-viable and therefore resolution should be initiated once an insurer goes below the trigger point of PCR 110%. In order to avoid such misunderstandings, expanding the purple box is to clarify that this box has broader scope compared to the other boxes. In addition, an additional dotted vertical line with a clear indication that the line represents the point of PCR 100% should be laid in the center of the box in parallel with the line representing "the point at which the insurer is no longer viable..."while at the same time moving the original dotted line representing "the point at which the insurer is no longer viable..."and the indications of "Non-viable" and "Resolution" to the far right.	See response under comment 180.
183. Aegon NV	The Netherlands	No	Care should be taken to ensure that the recovery plan does not lead to capital surcharges. As noted by EIOPA in its July 2017 Opinion to the EU Institutions, recovery planning should not lead to "a new, predefined intervention level" or "an implicit new capital requirement". We have some concern that Figure 2 under paragraph 60 could appear to suggest that the insurer is required to raise capital when its PCR falls under 110%.	See response under comment 180.
Q74 General comments on Section 5.4: Governance				
Q75 Comment on Paragraph 61				
184. Global Federation of Insurance Associations	Global	No	This section should be clarified to provide that the recovery plan should have a description of the processes for "management's evaluation and potential implementation of one or more recovery options when the necessary conditions exist", rather than "activating the recovery plan".	“activation” is described further in section 4; not needed to elaborate again here.
185. The Geneva Association	International	No	We suggest replacing "activating the recovery plan" with "potential implementation of one or more recovery options, when the necessary conditions exist"	See comment above 185.
186. Swiss Re	Switzerland	No	We point out that it might be worth considering to change the order of the terms "escalating" and "activating". In Swiss Re´s approach, the plan is first activated, and then, depending on the severity of the situation, escalated accordingly.	No change needed. The order in which these terms are placed in the sentence does not necessarily imply that this also the order in which in practise this would occur.

				Furthermore, these concepts are described in more detail in section 3.
Q76 General comments on Section 5.5: Recovery options				
Q77 Comment on Paragraph 62				
187. German Insurance Association	Germany	No	The evaluation of recovery options of any stress is not possible. We would suggest limiting to probable and recognizable stress.	No change needed.
188. The Geneva Association	International	No	Paragraphs 62 and 67 state that the menu of recovery options should be "comprehensive" and include dismissed options as well as the rationale for their dismissal. We believe this may result in an overly burdensome process and be detrimental to the objective of making an operational and "usable document" set out in paragraph 88.	The inclusion of the dismissed options as well as the rationale for their dismissal is very useful to make comparative the recovery plan, because allow the insurer to compare material benefits among more options in term of capital or liquidity impact or strong impediments and constraints. Moreover, these information can be very helpful for the assessment of the recovery plan by the supervisor, also at comparative and aggregate basis.
189. General Insurance Association of Japan	Japan	No	As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "comprehensive" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 62 should be amended as follows: Current draft: This menu of options should be comprehensive, with a focus on options. Proposed change: This menu should be particularly focused on options.	The core of the recovery plan is the menu of options that an insurer identifies in advance of any stress. The current draft provides that "*the menu of options should be comprehensive, with a focus on options that are able to significantly enhance and restore the capital and/or the liquidity position in times of severe stress*." In this way, the insurer can grade the options, giving more relevance in the plan

				only to some options than others. This approach is consistent with the proportionality principle.
190. Aegon NV	The Netherlands	No	Aegon agrees that "the core of the recovery plan is the menu of options that an insurer identifies in advance of any stress as potential pathway to effective recovery in the event of a severe stress". We have found that this is the most beneficial element of recovery planning and should be foundational to any recovery plan. A recovery plan should generally focus on regulatory capital or another binding capital constraint rather than liquidity or other financial metrics. Under the IAIS framework, we believe that liquidity "recovery" issues are addressed through a liquidity risk management plan. We observe that the draft liquidity risk management plan guidance, as proposed in the Holistic Framework for Systemic Risk Consultation Document, includes a separate section on contingency funding plans, which has significant conceptual overlap with recovery planning. Consequently, the recovery plan should align with and reference the liquidity risk management plan.	No change needed; the interrelationship with other elements of the ERM, including contingency planning and liquidity risk management planning is described elsewhere in the paper (section 2 and 3).
Q78 Comment on Paragraph 63				
191. International Actuarial Association	International	No	The assessment of options should also consider the timing needed to fully implement each option.	The following sentence has been added at the end of the paragraph: "…and can be implemented in a timely manner".
192. General Insurance Association of Japan	Japan	No	**1.** As mentioned in the third bullet of paragraph 24, an insurer may consider detailing fewer recovery options and stress scenarios in the plan. Therefore, limitations on the stress scenario should not be eliminated altogether. **2.** As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "should" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 63 should be amended as follows: Current draft: This menu of recovery options should be developed. Proposed change: This menu of recovery options may be developed.	**1.** See resolution of comment n. 189. **2.** Although the term "should" is used in many parts of the text, as stated in the Introduction the Application Paper provides guidance with respect to ICP 16.13 and should be read in the context of the proportionality principle. The paper does not set standards or expectations regarding the content of the recovery plans.

Q79 Comment on Paragraph 64				
193. Institute of International Finance	Global	No	We endorse Paragraph 56 of the Recovery Planning Application Paper, which states that the trigger framework should include quantitative and qualitative criteria and a forward-looking element, where possible. Box 1 sets forth a number of quantitative and qualitative criteria that an insurer could incorporate in its trigger framework, including both financial and operational criteria. Similarly, both financial and operational responses are included in the menu of recovery options outlined in Box 2 following Paragraph 64. We would encourage the IAIS to focus on quantitative and qualitative financial criteria that are designed to highlight regulatory capital and liquidity deficiencies and on responses to a severe stress that are designed to restore the insurer's financial health through the rebuilding of regulatory capital and adequate levels of liquidity resources. To the extent that operational triggers or recovery options are included in a recovery plan, they should have a nexus to the financial criteria and to the restoration of regulatory capital and liquidity that is needed to address a severe stress scenario. Otherwise, operational aspects may be better addressed through the ORSA, ERM policies and processes, or business continuity plans.	Noted.
194. International Actuarial Association	International	No	Box 2: The IAA cautions that the effectiveness of repricing of insurance contracts in a RP may be difficult to assess, particularly when faced with stressed conditions. Similarly, hedging may be difficult to achieve under stressed conditions and can be costly, depending upon the structure and nature of the hedging framework. However, we agree that there may be circumstances where it is an appropriate option. For example, where market purchasers take advantage of the under-pricing of short duration policies by an insurer, high, unprofitable and unsustainable growth may result. The options available to an insurer depend on whether the stress is idiosyncratic or systemic.	Noted.
195. The Geneva Association	International	No	Paragraph 64 of the application paper introduces the idea of third-party evaluations of the credibility and feasibility of recovery options - without further explaining who these third-parties might be or how such evaluations should be performed. We believe the feasibility and credibility of the options is best assessed through an iterative process between the insurer, having the best knowledge of its activities, and the supervisor, benefitting from a market perspective, and see little upside to third-party evaluations.	This is merely provided as an example. Added the word “independent” for clarity.

196. General Insurance Association of Japan	Japan	No	We would like confirmation that the items listed in this paragraph are examples, and that the intention is not to check that the plan includes all items.	See resolution of comment n. 192, point 2.
197. Institute and Faculty of Actuaries	United Kingdom	No	Box 2. We would caution the use of repricing of insurance contracts as it is difficult to know how successful the thus will be, particularly in stressed conditions. Similarly, hedging may be difficult to achieve in stressed conditions and can be costly.	Noted. Box 2 contains only examples of recovery actions.
Q80 Comment on Paragraph 65				
198. Global Federation of Insurance Associations	Global	No	This is another example of where the paper becomes overly detailed and prescriptive.	See resolution of comment n. 192, point 2.
199. International Actuarial Association	International	No	**1.** Complete information should be provided on the key assumptions underlying the option and the basis for any expert judgment. **2. "**Any dependency on counterparties" and "An assessment of potential impediments and constraints to effective execution " should be mentioned. **3.** The IAA suggests that entities include in their RP actions to mitigate the failure or significant distress of counterparties who may significantly impact the operations of the entity.	**1.** A new bullet point has been added as follows: **2.** These are already captured. **3.** disagree this would go too far. This paragraph also only discusses a description of the options. An insurer may be able to take action to mitigate any impact from a failure of a major counterparty, but not prevent the failure itself.
200. General Insurance Association of Japan	Japan	No	As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "should" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 65 should be amended as follows: Current draft: This menu of recovery options should include a detailed description for each recovery option identified. Proposed change: The menu of recovery options may include a detailed description for each recovery option identified, if necessary.	See resolution of comment n. 192, point 2.

201. Swiss Re	Switzerland	No	With regards to the 7th bullet point, we suggest that IAIS remove the term "operational", as this could suggest that recovery planning should include a business-continuity planning element. We strongly believe that recovery planning should focus on the main financial and strategic elements of recovery. Business continuity planning is an important exercise for firms, but this should not be integrated as an element of recovery planning, due to the highly differing nature and differing degree of detail in each of the exercises.	The operationalisation of the recovery plan is an important aspect to ensure the effectiveness of the plan. It's sufficiently clear in the paper that this feature is linked specifically to the recovery planning.
202. Institute and Faculty of Actuaries	United Kingdom	No	Full information should be given on the key assumptions underlying the option and the basis for any expert judgments.	See resolution of comment n. 199, point 1.
Q81 Comment on Paragraph 66				
Q82 Comment on Paragraph 67				
203. The Geneva Association	International	No	Paragraphs 62 and 67 state that the menu of recovery options should be "comprehensive" and include dismissed options as well as the rationale for their dismissal. We believe this may result in an overly burdensome process and be detrimental to the objective of making an operational and "usable document" set out in paragraph 88.	See resolution of comments n. 188 and 189.
204. General Insurance Association of Japan	Japan	No	Whilst we do not necessarily oppose the prior assessments as described in this paragraph, the limitations of such assessments should be recognized. It should also be noted that the practical burden of such assessments is not insignificant.	Noted.
Q83 Comment on Paragraph 68				
205. International Actuarial Association	International	No	Supervisors should discuss with the insurer the extent it needs to contractually fulfil or renegotiate arrangements with third parties.	These evaluations may be part of the supervisory considerations.
206. Institute and Faculty of Actuaries	United Kingdom	No	Supervisors should discuss with the insurer the extent the insurer needs to agree contractual arrangements with third parties.	See resolution of comment n. 205.
Q84 General comments on Section 5.6: Communication strategy				

207. Global Federation of Insurance Associations	Global	No	While it may be appropriate to develop severe but plausible scenarios as proposed, this is not necessarily consistent with the example provided of a PCR breach. There may not be plausible scenarios which give rise to a breach of the PCR. The wording should be changed to "for example, calibration to represent a near-default scenario, such as a breach of the PCR where this is plausible, could achieve this goal. Calibration to PCR breach means that highly capitalised insurers would conduct a more extreme scenario (and potentially implausible scenario) than less well capitalised insurers. This undermines the risk management benefits of the recovery plan in particular and makes it difficult to explain or communicate the outcomes.	This relates to another section.
208. American Property Casualty Insurance Association (APCI)	USA	No	As previously indicated, the requirement to develop a communications strategy will almost certainly be duplicative of a company's existing communications framework. It should not be necessary to build a new strategy from scratch, but instead of the detailed requirements here, the paper should at most suggest that existing plans be reviewed to ensure that they accommodate the needs of recovery planning.	The communication strategy is a fundamental part of the recovery plan. Its elements should be specific and linked to the implementation of the recovery plan. This does not prevent the company from resorting to such purposes to the its existing communications framework, provided that this is functional and can be adapted to the features of the recovery plan and be part of the plan.
Q85 Comment on Paragraph 69				
Q86 Comment on Paragraph 70				
209. Global Federation of Insurance Associations	Global	No	GFIA appreciates the reference to the need to uphold confidentiality. However, this issue is so important that it deserves even more attention.	Not deemed necessary.
Q87 Comment on Paragraph 71				
Q88 Comment on Paragraph 72				

210. Global Federation of Insurance Associations	Global	No	The key roles and responsibilities of Board Members, senior management, and Persons in Control Functions should be described in regular governance documentation, and not in the communication strategy of the recovery plan.	A more explicit reference has been added to clarify that the key roles and responsibilities of these persons are related to their role in activating the communication strategy.
211. International Actuarial Association	International	No	Rating agencies should also be included in the list.	The rating agencies are mentioned among the other external stakeholders.
212. Swiss Re	Switzerland	No	We urge the IAIS to specify that insurers reflect this point in their established procedures. Concretely, we propose "In the process of creating the recovery plan, the organization should ensure that the communication strategy consider communication with both internal and external stakeholders…"	It's clear enough that the communication strategy is part of the recovery plan and of the process of creating the recovery plan.
Q89 Comment on Paragraph 73				
213. German Insurance Association	Germany	No	The information of the supervisor "in anticipation" of "a likely breach" of defined trigger points (that could be at a credible distance from regulatory minimum, compare para 58) is not adequate as the intervention thresholds are being moved further and further. At the end insurers would have to define trigger for an anticipated breach of a trigger.	This information can be useful to favour a dialogue between the insurer and the supervisor before a breach of one or more recovery trigger point. Moreover, this information could be very helpful to allow the supervisor to take supervisory actions that can mitigate or stop the circumstances that lead to the potential activation of the recovery plan.
214. Global Federation of Insurance Associations	Global	No	This is another paragraph that is overly prescriptive and detailed, suggesting as it does that there is one way to do recovery planning. The first, third and fourth bullets should each be clarified to reference "management's evaluation and potential implementation of one or more recovery options when the necessary conditions exist", rather than "activation of the recovery plan". Alternatively, to reinforce the need for stakeholder flexibility in determining the best response(s) to actual stress events, GFIA would suggest that the IAIS define	This is explained in the section 4.

			"activation of the recovery plan" to clarify that the insurer would in no way be bound to undertake a specific recovery option or strategy and instead may determine, in its discretion and based on the circumstances presented, the appropriate pathway– whether included in the recovery plan or not.	
215. The Geneva Association	International	No	We suggest to replace the part of the paragraphs that reads "activation of the recovery plan" with "potential implementation of one or more recovery options"	See resolution of comment n. 214.
216. General Insurance Association of Japan	Japan	No	**1.** The details and frequency of updates provided to the relevant supervisor(s) should be set at a level which is not too much of a burden on insurers. **2**. As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "any" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 73 should be amended as follows: Current draft: any host supervisors Proposed change: major host supervisors	**1.** The details and frequency of updates are not prescriptive. See also resolution of comment n. 192, point 2. **2.** The completed sentence is: “any host supervisor, if relevant”.
217. Swiss Re	Switzerland	No	With respect to the 2nd bullet point, we point out that such communication must follow existing information sharing requirements.	Noted.
218. Aegon NV	The Netherlands	No	The application paper should better clarify that the breach of a trigger leads to a response that is discretionary, not required. At present the paper is somewhat ambiguous. For example, the first bullet point in paragraph 40 indicates that the breach of a trigger leads directly to "activation" of the plan, although paragraph 41 indicates that specific actions should not be prescribed. On the other hand, paragraph 73 contemplates the possibility that the insurer can decide that activation is not necessary upon the breach of a trigger. The paper should clarify that both "activation" of the plan and any specific actions taken are under the discretion of the insurer's board and management.	Noted. It has been clarified in the text of the Application Paper.
Q90 Comment on Paragraph 74				
219. German Insurance Association	Germany	No	The communication with other external stakeholders is very sensitive as it can amplify an existing crisis. The risk connected with public reaction to misunderstood information and the importance of confidentiality in crisis situation should be recognised. In the case of a capital market-oriented company, there are clearly defined statutory or stock exchange publication requirements.	Noted.

220. Swiss Re	Switzerland	No	In our experience, it is not productive to have in place overly detailed communication plans with other external stakeholders, as these must be heavily tailored in direct response to the specific crisis situation. We therefore suggest that IAIS draft this point in such a way as to be less prescriptive. We suggest: "The communication strategy may also consider other external stakeholders, including investors, analysts, rating agencies and the media, and should at least ensure that mechanisms are in place to respond directly and appropriately to crisis situations."	The Application Paper doesn't prescribe detailed communication plans with the external stakeholders., but recommends that they be taken into account in the communication strategy. The details and the timing of this communication depend on the discretion of the insurers.
Q91 Comment on Paragraph 75				
221. Swiss Re	Switzerland	No	Likewise, in our experience, it is not productive to have in place overly detailed communication plans with policyholders, as these must be heavily tailored in direct response to the crisis situation. We suggest: "The communication strategy may also consider policyholders, and should at least ensure that mechanisms are in place to respond directly and appropriately to crisis situations."	See resolution of comment 220.
Q92 Comment on Paragraph 76				
222. General Insurance Association of Japan	Japan	No	While we agree that these could be best practices, the messages and frequency of updates should be decided at the management level.	These are just recommendations of best practices. The frequency of the updates depends on the decision of the management.
223. Swiss Re	Switzerland	No	Again, in our experience, it is not productive to have in place overly detailed communication plans with employees, as these must be heavily tailored in direct response to the crisis situation. We suggest: "The communication strategy may also consider employees, and should at least ensure that mechanisms are in place to respond directly and appropriately to crisis situations."	See resolution of comment 220.
Q93 General comments on Section 5.7: Stress scenarios				
224. Global Federation of Insurance Associations	Global	No	As with the prior sections, this section again is overly detailed and prescriptive.	See resolution of comment 192, point 2.

225. Institute of International Finance	Global	No	Section 5.7, and Paragraphs 80 and 83 in particular, call for the development of stress scenarios and the mapping of recovery actions to stress scenarios. We agree that recovery plans should contemplate both idiosyncratic and market-wide stresses, as well as a combination of the two. However, attempting to define a priori the severe stress events that would be most relevant to the insurer may focus management attention on particular stress events to the exclusion of others. Similarly, mapping specific recovery actions to stresses may discourage management from thinking broadly about recovery options when a severe stress materializes and may incent reliance on a "playbook" for recovery planning.	Ref p.80 – the word 'relevant' refers to the risk events which could plausibly stress the insurers balance sheet and/or cash flows, taking into account the insurers risk profile, business model and other factors. Ref p.83 Wording changed from 'would take' to 'would consider'. Under some scenarios, particular recovery actions may become less attractive, may not be executable in the time permissible, or may not reliably be executable at all. The second sentence has been amended to reflect this point.
226. Aegon NV	The Netherlands	No	Aegon agrees with the consultation document that scenarios should be severe but plausible (paragraph 79) and cover clearly defined events (paragraph 80). However, we do not agree that scenarios should focus on both fast-moving and slow-moving risks (paragraph 80). While it is clearly necessary to monitor and manage slow-moving risks, a recovery plan is based on the premise that the onset of the stress is sudden and unanticipated (paragraph 17 uses the phrase "confronted with a severe stress"). Consequently in Box 3 under paragraph 83, we recommend replacing "a persistent low interest rate environment" with another example, such as "a sharp and steep change in the interest rate environment".	Changed requested accepted.
Q94 Comment on Paragraph 77				
227. Global Federation of Insurance Associations	Global	No	It should be avoided that multiple recovery plans are created within an insurance group - this is the most effective way to ensure that there is alignment of the approach to recovery planning across the group and to address the points in paragraph 94. This should be stated at the start of paragraph 94.	This paragraph does not imply that an insurance group should have multiple recovery plans. The term 'recovery plans' in this context speaks more generally.
228. General Insurance	Japan	No	Stress scenarios during recovery are likely to be different from stress scenarios during times of business as usual.	Examples of stress scenarios are in Box 3

Association of Japan			While stress scenarios may differ among insurers, a relevant standard (an example of a scenario) should be added.	
Q95 Comment on Paragraph 78				
Q96 Comment on Paragraph 79				
229. Global Federation of Insurance Associations	Global	No	GFIA takes the view that there may be instances where severe stress scenarios may not be plausible (as demonstrated through an ORSA or otherwise), in which case the regulator should not require a recovery plan of that insurer as it is not an efficient use of company or regulatory resources.	Severe but plausible refers to a scenario that would result in the deterioration of the insurers
230. International Actuarial Association	International	No	The use of the word "plausible" should not be used in this paragraph. Plausible stresses should have already been considered in the regular risk management function in the insurer or in its ORSA. In this case it can be assumed that the "plausible" risk does not make the insurer breach its PCR. The stresses considered in the recovery plan should be more adverse so that the recovery plan is triggered.	See above.
231. American Property Casualty Insurance Association (APCI)	USA	No	We believe that there may be instances where severe stress scenarios may not be plausible (as demonstrated through an ORSA or otherwise), in which case the regulator should not require a recovery plan of that insurer as it is not an efficient use of company or regulatory resources.	See above.
Q97 Comment on Paragraph 80				
232. Global Federation of Insurance Associations	Global	No	In this paragraph, recovery plans are expected to have at least three stress scenarios covering three defined events respectively. GFIA agrees to include a scenario that covers the idiosyncratic events so as to be able to consider the characteristics of an insurer or group, however GFIA takes the view that a scenario that covers the market-wide or systemic events should be considered as a top-up scenario to the scenario covering idiosyncratic events. Therefore, GFIA takes the view that there is no need to define three scenarios separately and thus propose modifying this paragraph to start as: "The scenarios may cover clearly defined events…" or to replace "group structure if applicable) and other relevant factors, and include;" with the following in order to clarify that only two scenarios should be applied: Idiosyncratic events, e.g. events that have serious negative consequences for an	We consider it plausible that a severe market-wide stress could be sufficient to invoke an insurer's recovery plan in some circumstances. Therefore, we will retain the existing wording which allows for a market-wide or systemic event to be considered in absence of an idiosyncratic event.

			insurer or group and A combination of idiosyncratic and market-wide stress, i.e. events that may have serious negative consequences for the financial system or real economy.	
233. The Geneva Association	International	No	In this paragraph, recovery plans are expected to have at least three stress scenarios covering three defined events respectively. We agree to include a scenario that covers the idiosyncratic events so as to be able to consider the characteristics of an insurer or group, however we believe that a scenario that covers the market-wide or systemic events should be considered as a top-up scenario to the scenario covering idiosyncratic events. Therefore, we believe there is no need to define three scenarios separately and thus propose modifying this paragraph to start as: "The scenarios may cover clearly defined events…" or to replace "group structure if applicable) and other relevant factors, and include;" with the following in order to clarify that only two scenarios should be applied: - Idiosyncratic events, e.g. events that have serious negative consequences for an insurer or group and - A combination of idiosyncratic and market-wide stress, i.e. events that may have serious negative consequences for the financial system or real economy.	See above.
234. The Life Insurance Association of Japan	Japan	No	In this paragraph, recovery plans are expected to have at least three stress scenarios covering three defined events respectively. We agree to include a scenario that covers the idiosyncratic events so as to be able to consider the characteristics of an insurer or group, however, we believe that a scenario that covers the market-wide or systemic events should be considered as a top-up scenario to the scenario covering idiosyncratic events. Therefore, we believe there is no need to define three scenarios separately and thus propose modifying this paragraph to start as "the scenarios may cover clearly defined events..." or to replace "group structure (if applicable) and other relevant factors, and include:" with the following in order to clarify that only two scenarios should be applied: - Idiosyncratic events, e.g. events that have serious negative consequences for an insurer or group and - A combination of idiosyncratic and market-wide stress , i.e. events that may have serious negative consequences for the financial system or real economy.	See above.
235. Swiss Re	Switzerland	No	While we agree that events should be adequately defined, too much detail in the definition of the event can be counterproductive, since actual crisis events will almost	Requested change made.

			surely differ from fictive events used in recovery planning. We therefore suggest that IAIS writes: "The scenarios should cover appropriately defined events."	
236. Aegon NV	The Netherlands	No	Aegon does not agree that scenarios should focus on both fast-moving and slow-moving risks (paragraph 80). While it is clearly necessary to monitor and manage slow-moving risks, a recovery plan is based on the premise that the onset of the stress is sudden and unanticipated (paragraph 17 uses the phrase "confronted with a severe stress").	Requested deletion made.
Q98 Comment on Paragraph 81				
237. General Insurance Association of Japan	Japan	No	As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "any" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 81 should be amended as follows: Current draft: any other relevant entities Proposed change: other relevant material entities	Requested change made.
238. Swiss Re	Switzerland	No	We strongly believe that recovery planning should focus on the main financial and strategic elements of recovery. Considering "what the impact is on the functions and/or services that are significant for the continuation of the insurer" has a strong relation to business continuity planning. Business continuity planning is an important exercise for firms, but this should not be integrated as an element of recovery planning, due to the highly differing nature and differing degree of detail in each of the exercises. It is however valid to consider whether there are critical operational dependencies that make the insurer more vulnerable to a crisis situation. We suggest to amend the wording as follows: "Each scenario should calculate the impact on the solvency, capital and liquidity of the insurer and any other relevant entities in the group, and consider whether there are critical operational dependencies that make the insurer more vulnerable to a crisis situation."	Requested change made.
239. Aegon NV	The Netherlands	No	A recovery plan should generally focus on regulatory capital or another binding capital constraint rather than liquidity or other financial metrics. Under the IAIS framework, we believe that liquidity "recovery" issues are addressed through a liquidity risk management plan. We observe that the draft liquidity risk management plan guidance, as proposed in the Holistic Framework for Systemic Risk Consultation Document, includes a separate section on contingency funding plans, which has significant conceptual overlap with recovery planning. Consequently, the recovery plan should	Ref continuity planning overlap, see above comment and response. Ref liquidity overlap, the below footnote has been added for clarity.

			align with and reference the liquidity risk management plan. In addition, stress impacts on "functions and/or services that are significant for the continuation of the insurer" have a significant overlap with business continuity planning and would seem to be out of scope entirely.	In instances where an insurer has a liquidity risk management plan (LRMP), it may be appropriate for an insurer to refer to it in the recovery plan.
Q99 Comment on Paragraph 82				
Q100 Comment on Paragraph 83				
240. General Insurance Association of Japan	Japan	No	As mentioned in paragraph 4, we understand that the proportionality principle applies to the whole application paper. However, the way the term "should" is used in this paragraph seems to eliminate the application of the proportionality principle. Therefore, paragraph 83 should be amended as follows: Current draft: The insurer should set out Proposed change: The insurer may set out	See resolution of comment n. 192, point 2.
241. Monetary Authority of Singapore (MAS)	Singapore	No	References to "recovery scenarios" in the diagram should be amended to "stress scenarios" instead.	Requested change made.
242. Swiss Re	Switzerland	No	In our experience, it is counterproductive to map specific recovery actions to specific scenarios, since actual crisis scenarios will almost surely differ from planned scenarios, which warrants a tailored response. We suggest to write "The insurer should set out which recovery actions it would consider in each of the scenarios…"	Requested change made.
243. Aegon NV	The Netherlands	No	A recovery plan is based on the premise that the onset of the stress is sudden and unanticipated (paragraph 17 uses the phrase "confronted with a severe stress"). Consequently in Box 3 under paragraph 83, we recommend replacing "a persistent low interest rate environment" with another example, such as "a sharp and steep change in the interest rate environment".	Requested change made.
Q101 General comments on Section 6: Supervisory considerations				
244. German Insurance Association	Germany	No	Exercising the proportionality principle is paramount to limit the scope to undertakings for which the application of recovery plan would provide a tangible benefit. Furthermore, the proportionality principle should be applied to make simplified solutions possible. We	Noted. No change needed

			suggest emphasizing the proportionality principle in the supervisory assessment process.	
245. Global Federation of Insurance Associations	Global	No	GFIA requests that this section clearly state that the recovery plan is that of the insurer and that the paper does not imply or authorise supervisory mandate of any details or aspects.	Noted. No change needed
Q102 Comment on Paragraph 84				
246. Global Federation of Insurance Associations	Global	No	In Paragraph 84, GFIA suggests that the word "challenge" be changed to "follow up with".	No change needed – 'challenge' is consistent with the IAIS wording in other application papers and ICPs
Q103 General comments on Section 6.1: Assessing recovery plans				
Q104 Comment on Paragraph 85				
247. Global Federation of Insurance Associations	Global	No	GFIA requests that this paragraph be deleted. This paragraph strongly implies that the supervisor can require amendments to the plan. If so, then the plan becomes effectively a supervisory mandate. This is contrary to other statements in the paper that the plan is for the benefit of the company.	No change needed – paragraph has valid information, also it is consistent with language in the ICP guidance.
248. International Actuarial Association	International	No	The IAA is unsure why the assessment of RPs is sufficiently onerous that they would result in supervisors not having the supervisory capacity for this work or would need to undertake a specific resource review.	Noted
249. Institute and Faculty of Actuaries	United Kingdom	No	We are unsure as to why the assessment of RPs is sufficiently onerous that it would mean that supervisors would not have the supervisory capacity for this work to warrant a specific resource review.	Noted
Q105 Comment on Paragraph 86				
250. International Actuarial Association	International	No	The IAA suggests that the guidance should clarify that supervisors should only be required to assess, and possibly require changes to, those recovery plans that the supervisor has required an entity to produce, as opposed to those plans created voluntarily for internal purposes only with no supervisory dictate. Otherwise, this wording could discourage smaller companies from creating any such plans.	Noted – no change needed

Q106 Comment on Paragraph 87				
251. Global Federation of Insurance Associations	Global	No	This paragraph plainly states that the plan must comply with the supervisory standard or the supervisor can mandate that it be re-submitted. If so, then this paragraph converts the plan to a supervisory mandate, which is inconsistent with other statements in the paper and even with the proportionality principle. In Paragraph 87, it states "In case the quality of the plan does not meet the desired standard, the supervisor should have the power to require the insurer to resubmit the recovery plan". GFIA is of the view that an insurer should at least have the right to challenge a supervisor's determination that a plan is inadequate before a supervisor can require it to resubmit another plan. Accordingly, GFIA requests that the phrase", but only after an insurer's challenge has been heard and appropriately considered" be added to the end of the sentence.	Agree – change made accordingly.
252. General Insurance Association of Japan	Japan	No	With regard to insurers with very high levels of capital, only extreme or highly unlikely stress scenarios, such as the worsening of all market indicators or successive natural catastrophes, threaten the soundness and viability of such insurers. Supervisors should form a view regarding recovery plans that takes into consideration the limited feasibility of recovery options following such extreme scenarios.	Noted
Q107 Comment on Paragraph 88				
253. Global Federation of Insurance Associations	Global	No	While GFIA agrees with the use of the plan internally by the company, this paragraph again implies intensive supervisory oversight that GFIA deems is inappropriate.	Noted
Q108 Comment on Paragraph 89				
254. Global Federation of Insurance Associations	Global	No	See response to Q106. In addition, this paragraph should be deleted because by benchmarking, supervisors may actually be creating systemic risk as they drive insurers to a common plan with common aspects. This uniformity could actually create systemic risk where it does not now exist. GFIA would caution that assessing recovery plans on a comparative and aggregate basis could lead to misleading and/or faulty comparisons and conclusions, depending on	Noted, but disagree because benchmarking in itself will not create systemic risk, also the aim is to actually get insight in potential correlated behaviour – not to stimulate this type of behaviour.

			the types of entities that are being compared. As a result, GFIA suggests that a cautionary statement setting forth these concerns should be added to this paragraph, if it is not deleted.	
255. International Actuarial Association	International	No	This paragraph is especially relevant. The role of the supervisor when assessing any redundant collapse due to the fact that many other re/insurers are requiring the same solution in a stressed situation is crucial.	Noted, agree
256. Aegon NV	The Netherlands	No	Aegon agrees that a comparative analysis of recovery plans may provide insight into potential contagion risk.	Noted, agree
Q109 Comment on Paragraph 90				
257. General Insurance Association of Japan	Japan	No	It is unnecessary to revise recovery plans unless a major change occurs concerning the business environment or the risk profile of the insurer and the implementation of the recovery plan is affected. It is sufficient to regularly verify that no material change took place in the business environment.	Noted, no change needed
Q110 General comments on Section 6.2 : Supervisory cooperation and coordination				
258. Global Federation of Insurance Associations	Global	No	There is insufficient recognition of the importance of confidentiality and notice to the company in this section. Due to the extreme sensitivity of the information generated by recovery planning, an inaccurate or inappropriate public disclosure could lead to the destruction of a viable firm or even the creation of systemic risk due to public reaction to the inaccurate or misunderstood information. GFIA therefore urges the addition of language along these lines: "Appropriate confidentiality protection must be maintained because disclosure of sensitive information embedded in a recovery plan could harm or destroy a viable company or even the entire sector, causing substantial unjustified harm to consumers and the public".	Change made accordingly
259. Aegon NV	The Netherlands	No	As a cross-border insurance group, Aegon welcome the emphasis on supervisory cooperation and coordination (section 6.2). We believe that recovery plans should be developed at a group level, with sufficient attention to the individual insurers in the group, and other supervisors in the group should rely on those plans and be discouraged from requiring separate plans. Rather than developing separate plans, supervisory authorities should rely on cooperation and coordination arrangements to ensure that the interests of each jurisdiction are duly taken into account. Exceptions should be rare, consistent with the characterization of the paper (paragraph 29).	Noted

260. American Property Casualty Insurance Association (APCI)	USA	No	The paper envisions recovery plans being submitted to regulators for review and approval. To the extent this occurs, it should be recognized that considerable information in the plans may be of an extremely sensitive nature. Indeed, public release of the information could lead to a public perception of a threat where none exists, or at a minimum to a public misunderstanding about the meaning of the information in the plan. For this reason, the need for strong confidentiality protections cannot be overstated. In this regard, we commend for your consideration language GFIA has proposed on this point.	Noted
Q111 Comment on Paragraph 90				
Q112 Comment on Paragraph 91				
261. General Insurance Association of Japan	Japan	No	It is essential that host supervisors maintain robust coordination with the group-wide supervisor and, when necessary, communicate solidly with the insurer. In particular, it is essential that requirements by the relevant supervisors, ie, the host supervisor and the group-wide supervisor, do not contradict each other, and therefore make it impossible in effect for the insurer to meet both requirements. In addition, due consideration should also be given to ensuring that the burden on insurers to meet both requirements is not excessive, and that the business activities and the soundness of the insurer in other jurisdictions (jurisdictions other than the jurisdictions of the relevant supervisors) are not adversely affected.	Noted
262. Swiss Re	Switzerland	No	We agree that supervisory cooperation and coordination is critical to ensure that an insurer can develop sound recovery plans. We suggest that IAIS adds: "The home supervisor should cooperate and coordinate with the host supervisor to determine if local recovery plans are merited. In cases where this is not the case, the home supervisor should cooperate with the host supervisor(s) to ensure that the host supervisor is familiar with the Group Recovery Plan."	Noted
Q113 Comment on Paragraph 92				
263. Swiss Re	Switzerland	No	See our response to paragraph 91 above.	
Q114 Comment on Paragraph 93				
Q115 Comment on Paragraph 94				

264. German Insurance Association	Germany	No	The requirement of multiple recovery plans at entity level in groups is not a preferred option as each recovery plan needs to consider relevant group aspects anyway (like liquidity outflows, possible equity injections within the group). From our perspective it should be stated clearly that recovery plans at entity level should be only provided in exceptional cases.	Noted
265. Zurich Insurance Company Ltd.	Switzerland	No	The paragraph fails to note that local plans should be avoided for insurance groups for which a group recovery plan exists: Group plans should take the group structure and its entities (subsidiaries/branches) into account to the satisfaction of the group and host supervisors (see paragraphs 91, 92 and 93), in which case local plans would not be needed at all. The paragraph should highlight the need for home and host supervisors to coordinate and cooperate prior to reaching the decision to establish a local recovery plan. And, only then, in the exceptional cases when a local recovery plan is indeed needed, the paragraph should highlight the need for home and host supervisors to ensure that the local plan fits in the overarching structure and strategy of the group recovery plan. In all cases, group and host supervisors should be prepared to share amongst each other relevant recovery planning information.	Noted, no change needed
Q116 Comment on Paragraph 95				
266. Swiss Re	Switzerland	No	The IAIS Multilateral Memorandum of Understanding (MMoU) is a pre-condition for information exchange between supervisors but not a means itself. Therefore, we suggest to delete "for example, the IAIS Multilateral Memorandum of Understanding". Alternatively, the entire sentence could be replaced with "In these cases, less formal supervisory coordination and cooperation forms may be agreed."	Agree, change made
Q117 Comment on Paragraph 96				
267. German Insurance Association	Germany	No	There should be a clear separation of Recovery & Resolution issues and IGSs. IGSs are a measure of last resort and should not be used for recovery or resolution of insurers in any case as its purpose is solely policyholder protection - not to keep struggling insurers in business.	Noted, but no change needed as this is a very general reference.
268. Swiss Re	Switzerland	No	We suggest to delete the reference to policyholder protection schemes as they only play a role in resolution but not in recovery.	See response to the comment above.