Application Papers on recovery and resolution

Public discussion session

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Background

ICPs and ComFrame

- The Insurance Core Principles (**ICPs**) form the **globally accepted framework for insurance supervision**.
- The Common Framework for the Supervision of Internationally Active Insurance Groups (**ComFrame**) builds on ICPs, and is applicable to **Internationally Active Insurance Groups (IAIGs)**.
- The **proportionality principle** applies to the ICPs and ComFrame, which allows supervisors to tailor their requirements to the size, complexity and risk profile of insurers.
- The ICPs and ComFrame were last **updated in December 2024** – including on recovery and resolution (ICPs 12 and 16.15 and related ComFrame).

Application papers

- **Application papers** provide supporting material related to specific supervisory material. Supporting material aids IAIS members to put the ICPs and ComFrame into practice.

- Application papers **do not include new requirements**, but provide further advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material may be implemented.

- Similar to the ICPs and ComFrame, the **proportionality principle** applies to the content of application papers.

Application Papers on recovery and resolution

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Overview

- Following the adoption of the updated ICPs and ComFrame in December 2024, the IAIS reviewed and updated the existing Application Papers on recovery and resolution to provide:
  - **further guidance** on the updated ICPs and ComFrame standards; and
  - insights into more **recent practices and examples** to support their application.
- **Public consultation** on the draft revised Application Papers was conducted between November 2025 and February 2026.
- The **final versions of the Application Papers**, reflecting the feedback from the public consultation, were published in July 2026:
  - Application Paper on resolution powers, preparation and plans
  - Application Paper on recovery planning

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Topics covered in the resolution paper

Application Paper on resolution powers, preparation and plans

- **Objectives and concepts of resolution of insurers**, including reinsurance-related considerations and descriptions of “no creditor worse off than in liquidation” (NCWOL) principle;
- Concepts and examples of **conditions for entry into resolution**;
- Descriptions and practical application of **resolution powers**;
- Concepts and key aspects of **preparation for resolution**;
- Objectives and key elements of a **resolution plan**, including a process for determining the need for a resolution plan;
- Key elements of **resolvability assessment** and resolving identified impediments; and
- **Cooperation and coordination** amongst involved authorities both in normal and crisis times.

Topics covered in the recovery paper

Application Paper on recovery planning

- **Objectives and concepts of recovery planning**, including a relationship with other enterprise risk management (ERM) tools, such as Own Risk and Solvency Assessment (ORSA) and contingency plans;
- **Scope of application and proportionality** of the requirement for a recovery plan;
- Governance-related matters in **recovery planning**, including the development and approval process of a recovery plan and the relevant overall risk management of an insurer;
- Key elements of a **recovery plan** and examples of their application; and
- The **role of supervisors in recovery planning**, including the assessment of recovery plans and supervisory cooperation and coordination.

Public consultation feedback

- A total of **337 comments (196 on resolution and 141 on recovery)**[1] were received from **27 respondents**, including:
  - Insurance associations, global organisations/industry forums, insurance groups, policyholder protection schemes and IAIS Members.

[1] The number of comments includes non-public comments requested by the respondents.

Summary of consultation comments

Over-arching	• **Support** for the emphasis on **proportionality** in resolution/recovery frameworks, while highlighting the importance of flexible, risk-based frameworks to avoid overly prescriptive approaches and unnecessary burden on smaller/non-systemic insurers.
Resolution	• Request to provide **clearer definitions, guidance and examples** to avoid misinterpretations and ensure better understanding and practical implementation, including: – Clearly define **roles and responsibilities of insurers, supervisors and resolution authorities** in executing resolution preparation and plans. – On reinsurance-related matters, clarify which **resolution planning items apply to accepting reinsurers, to ceding insurers, or to both**, and provide clearer guidance on **impact of asset-intensive reinsurance (AIR)**.
Recovery	• Propose **leveraging existing frameworks**, eg ERM and ORSA, for recovery planning to minimise duplication and streamline processes. • Highlight the significance of operational preparedness and **ensuring recovery plans are practical and usable in crises**, rather than lengthy, formalistic documents. • Encourage the adoption of **simplified recovery plans** and phased implementation for smaller, less complex insurers to reduce unnecessary burden.

Updates to the Application Papers

- In response to the consultation comments, several updates were made throughout both papers, mainly to **enhance further clarification and provide additional guidance**.
- Notably, the most significant updates were made to **Section 2.4 *(Considerations related to reinsurance)* in the resolution paper**, including AIR-related matters:
  - Overall, the changes were made to **enhance the practical usability of the papers and improve clarity**. For instance, the updates clarify which elements are relevant to ceding insurers, versus reinsurers.
  - **References to the relevant ICPs were added** to provide additional guidance on considerations related to reinsurance.
  - The **AIR-related text was moved from the main text to a new Box 1** to clarify that it is more an example, rather than a formal recommendation of good practice.

Questions?