

Paragraph	Comments
27	PCRs ranging between 70% and 150% are noted as examples of “a higher threshold which authorises the supervisor and/or resolution authority to take action”. However, even if these are examples of actual cases, the statement can be misleading as the assumption lacks detail. Therefore, the exact level of the quantitative thresholds should be listed with names of jurisdictions. In the alternative, the statement should be revised to “when the insurer breaches the prescribed capital requirement (PCR);” and deleting the reference to the threshold range.
35	Although it is stated that, "The compensation of an administrator, manager or others providing services shall be paid by the insurer", it could also be paid by non-insurers in some jurisdictions. Accordingly, the sentence should be deleted or revised to "The compensation of an administrator, manager or others providing services shall, <u>in principle</u> , be paid by the insurer <u>unless otherwise specified in the particular jurisdiction</u> ".
37	Although it is stated that, "Whilst the insurer is in resolution, the voting rights attached to shares of the insurer are suspended", the suspension of voting rights is unlikely to be stipulated in some jurisdictions. Accordingly, this sentence should be revised to "...the voting rights attached to shares of the insurer <u>can be</u> suspended".
39	We suggest deleting "The fact that an insurer enters a resolution phase may itself be an indication that some or all Board Members, Senior Management and/or Key Persons do not meet suitability requirements". While we do not deny that Board Members' suitability could be a cause, we believe that it is unnecessary to state it given that many factors can lead to an insurer's failure.
104	As we commented on paragraph 109, we agree that proportionality is applied in the development of resolution plans by "limiting the content and level of detail of a resolution plan" and that "this standard may be implemented by engaging in simplified resolution planning". In particular, where a plan to prepare for a crisis of a gone concern situation is developed for insurers which demonstrate sound financial conditions and show no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to one created for insurers which fall short on financial soundness. Also, the required content and level of detail of a resolution plan should be coherent and consistent with the recovery plan that an insurer or an insurance group already have in place as they may overlap in some areas.
108	As there are enough players in the insurance market, and replacement of coverage would be easy even if an insurer failed, we are of the opinion that any lack of substitutability would not be a major concern in the insurance sector.

109	<p>As stated in this paragraph, we agree that proportionality is applied in the development of resolution plans by "limiting the content and level of detail of a resolution plan" and that "this standard may be implemented by engaging in simplified resolution planning". In particular, where a plan to prepare for a crisis of a gone concern situation is developed for insurers which demonstrate sound financial conditions and show no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to one created for insurers which fall short on financial soundness. Also, the required content and level of detail of a resolution plan should be coherent and consistent with the recovery plan that an insurer or an insurance group already have in place as they may overlap in some areas.</p>
112	<p>When developing resolution plans and conducting resolvability assessments, we agree that "the group-wide supervisor and/or resolution authority should aim at collecting the information in a manner that is efficient and limits the burden to the insurer" and that as a first step "it is advised to request necessary information from other officials responsible for supervising the group", as stated in this paragraph.</p>
128	<p>While it is stated that “...a preferred resolution strategy that is best capable...”, the appropriateness of resolution depends largely on the circumstances of each case. As such, it is difficult to develop the best capable resolution strategy in advance. Accordingly, for example, this should be revised as follows:</p> <p>“The group-wide supervisor and/or resolution authority should develop a <u>sophisticated strategy that pursues capability as much as possible in terms of</u> achieving the institution-specific resolution objectives given the structure and the business model of the insurance group, the resolution regimes applicable to the legal entities of the group and the resolution tools available to authorities in all relevant jurisdictions”.</p>
141	<p>We do not oppose the necessity of the power stated in this paragraph. Nevertheless, as it is stated in paragraph 112, when developing resolution plans and conducting resolvability assessments, we also believe that "the group-wide supervisor and/or resolution authority should aim at collecting the information in a manner that is efficient and limits the burden to the insurer" and that as a first step "it is advised to request necessary information from other officials responsible for supervising the group".</p>
160	<p>Regarding resolvability assessments, we believe that it is difficult "to evaluate the feasibility and credibility of available resolution strategies" in normal times. It is practical to only evaluate whether there are impediments and barriers to resolution strategies.</p>
161	<p>While it is stated that "a resolvability assessment may allow for the consideration of the systemic impact of the insurer to the real economy", it should be noted that there are limits to the consideration of the systemic impact of the insurer to the real economy through a resolvability assessment. This is because it is difficult "to evaluate the feasibility and credibility of available resolution strategies" in normal times, as we commented on paragraph 160.</p>

<p>162</p>	<p>We believe that appropriate responses should be taken to ensure that resolvability assessments do not impose an excessive burden on insurers and insurance groups. In particular, for those insurers and insurance groups which demonstrate sound financial conditions and no sign or imminent risk of deterioration, due consideration should be given to the content and frequency of the assessments.</p> <p>In addition, regarding information needed for the assessments, we also believe that "the group-wide supervisor and/or resolution authority should aim at collecting the information in a manner that is efficient and limits the burden to the insurer" and that as a first step "it is advised to request necessary information from other officials responsible for supervising the group", as stated in paragraph 112.</p>
<p>163</p>	<p>Regarding the assertion that "Assessment of operational resolvability could focus on improving execution and training for escalation processes and communication strategies, or engaging in simulation exercises working through the resolution plan", given that they require a lot of resources, we believe that it is excessive to ask insurers and insurance groups to participate in such simulation exercises. Since resolvability assessments can be achieved using other approaches, this should be revised as follows:</p> <p>“Assessment of operational resolvability could focus on improving execution and training for escalation processes and communication strategies, or engaging in simulation exercises working through the resolution plan in a time-accelerated exercise with relevant key persons, where appropriate.”</p>
<p>181</p>	<p>It is stated that "the supervisor should assess whether insurers required to maintain MISs are able to produce all necessary information on a timely basis, both in normal times and in the course of the resolution process" in this paragraph. However, as it is stated in paragraph 112, when developing resolution plans and conducting resolvability assessments, we also believe that "the group-wide supervisor and/or resolution authority should aim at collecting the information in a manner that is efficient and limits the burden to the insurer", and that as a first step "it is advised to request necessary information from other officials responsible for supervising the group".</p>