



Monetary Authority of Singapore

Consultation Paper
P010-2023 – September 2023

Consultation Paper on New Notice for Recovery and Resolution Planning for Insurers and Proposed Enhancement of Resolution Powers for the Insurance Sector



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1. Preface

1.1. On 29 October 2018, various provisions in the Monetary Authority of Singapore (Amendment) Act 2017 came into force, supported by the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018, which enhanced the resolution regime for financial institutions in Singapore.

1.2. To augment the resolution regime for the insurance sector, MAS is now consulting on:

- (a) the proposed requirements on recovery and resolution planning (“RRP”) that will be set out in a Notice on Recovery and Resolution Planning for Insurers (“the Notice”); and
- (b) the proposed powers for a statutory bail-in regime for the insurance sector and to stay early termination rights of reinsurers.

These proposed enhancements take into consideration international standards by the Financial Stability Board (“FSB”). These standards are issued under FSB’s Key Attributes of Effective Resolution Regimes for Financial Institutions (“FSB KAs”) and the accompanying sector-specific guidance on the implementation of the FSB KAs for the insurance sector (“FSB’s guidance”)¹.

1.3. MAS invites comments from the insurance industry and other interested parties.

1.4. Please note that all submissions received will be published and attributed to the respective respondent unless they expressly request MAS not to do so. As such, if respondents would like:

- (a) their whole submission or part of it (but not their identity), or
- (b) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libelous or offensive.

1.5. Please submit your written comments by 31 October 2023 via this [link](#).

¹ FSB, “Key Attributes of Effective Resolution Regimes for Financial Institutions”, October 2014. (http://www.financialstabilityboard.org/2014/10/r_141015/)



2. Introduction

- 2.1. MAS seeks to promote a sound and progressive financial system and strives to maintain a high standard of financial supervision, but it does not supervise with the objective of preventing all failures of financial institutions. Nonetheless, the failure of a financial institution could disrupt systemic stability or vital economic functions. The global financial crisis in 2007/08 underscored the need for the effective resolution of non-viable financial institutions in an orderly manner. In this regard, MAS' resolution objective is to maintain financial stability and to protect the interests of insurance policy owners.
- 2.2. To this end, MAS had in April 2013 strengthened its resolution regime for financial institutions and expanded its powers under the Monetary Authority of Singapore Act ("MAS Act") for the resolution of financial institutions, covering a wider range of financial institutions and enhancing our resolution toolkit. For example, MAS acquired powers to assume control of a financial institution, effect a compulsory transfer of business or shares of a financial institution in resolution, effect a compulsory restructuring of share capital of a financial institution in resolution, and set up a bridge financial institution.
- 2.3. In line with global developments, MAS enhanced its resolution regime in October 2018 by acquiring powers to bolster its resolution toolkit. These include powers in the areas of RRP, temporary stays on early termination rights on financial contracts, statutory bail-in powers for the banking sector, cross-border recognition of resolution actions, creditor safeguards and resolution funding. MAS is now consulting on the proposals for (i) the extension of the statutory bail-in tool to the insurance sector and (ii) temporary stays on reinsurers' termination rights.
- 2.4. In the area of RRP, robust and credible RRP is important as it serves to reduce the risks posed by a financial institution to the stability of the financial system and allow a distressed financial institution to restore its financial strength, be restructured, or to exit from the market in an orderly manner. Hence, MAS is now consulting on the proposal to set out requirements in a new RRP Notice with regard to the preparation and review of recovery planning, establishment of a robust framework to test the feasibility and effectiveness of its recovery plan ("RCP"), and maintenance of management information systems that are able to produce information required for RRP in a timely manner.
- 2.5. The RRP requirements in the Notice will apply to insurers notified by MAS ("notified insurers"). MAS expects all insurers to have a RCP in place to identify actions that can be taken to restore its financial position and viability under situations of severe stress. Nonetheless, MAS will focus on domestic systematically important insurers ("DSIIs") for now given their systemic impact. Therefore, the notified insurers will be the DSIIs for now. The draft Notice is set out in Annex 1.



3. Requirements on RRP

Preparation of RCP

- 3.1. A RCP serves as a guide to the recovery of a distressed insurer, and outlines actions the insurer can take to restore its financial strength and viability under situations of severe stress. MAS proposes to require notified insurers to prepare a RCP that includes:
- (a) a framework of recovery triggers that identifies the points at which appropriate recovery options may be taken;
 - (b) an escalation process upon the occurrence of a trigger event, to facilitate prompt assessment of the impact, and decision on the appropriate course of action;
 - (c) a menu of recovery options which are available in situations of severe stress to address capital shortfalls and liquidity pressures; and
 - (d) a communication plan to ensure timely communication with internal and external stakeholders.
- 3.2. In setting up the escalation process, notified insurers should ensure that it includes information on the decision-making mechanism governing the escalation process, the roles and responsibilities of key staff involved and the level of authority that is empowered to make decisions in respect of activating the RCP and determining the recovery options to be implemented. For the establishment of recovery options, a notified insurer should ensure that the options are sufficiently diverse to deal with a range of stress scenarios, able to substantially enhance the viability of the insurer and can be executed within a reasonable timeframe.

Question 1. MAS seeks views on the proposed components of a RCP, and whether there are any additional components that are useful to be included in a RCP.

Review of RCP and testing its feasibility and effectiveness

- 3.3. To ensure that the RCP remains relevant and up-to-date, MAS proposes to require notified insurers to review the RCP annually and upon the occurrence of an event that could materially impact the RCP. In assessing events that could materially impact the RCP, the notified insurer should take into account any material changes in circumstances impacting the insurer, its group or the financial system. Events that



could materially impact the RCP may include changes in the notified insurer's structure or operations, changes in the notified insurer's strategy, and changes in its financial and economic operating environments that may impact the notified insurer's capital or liquidity management plans.

- 3.4. In addition, MAS proposes to require the RCP to be approved or endorsed by the board of directors for a locally incorporated notified insurer, or the chief executive in Singapore for a non-locally incorporated notified insurer.
- 3.5. Notified insurers are also required to establish a framework to test the feasibility and effectiveness of their RCPs on a regular basis. This could include scenario analysis or stress testing to assess the credibility and feasibility of the proposed actions in restoring the insurer's financial strength and viability under different situations of severe stress. In assessing the feasibility of each recovery option, insurers can take into account the impact, timeliness, ease of execution and any associated risks that may arise from implementing the recovery option.

Question 2. MAS seeks views on the proposed requirement for notified insurers to review the RCP annually and upon the occurrence of an event that could materially impact the RCP.

Question 3. MAS seeks views on the proposed requirement for the RCP to be approved or endorsed by the board of directors for a locally incorporated notified insurer, or the chief executive in Singapore for a non-locally incorporated notified insurer.

Question 4. MAS seeks views on the proposal to require notified insurers to establish a framework to test the feasibility and effectiveness of the RCP on a regular basis.

Notification to MAS of risk of non-viability

- 3.6. MAS proposes to require the notified insurer to inform MAS immediately if the notified insurer assesses that its viability is, or is potentially, threatened or upon the occurrence of any event that may necessitate the implementation of its RCP. Such timely notification to MAS will facilitate prompt and close engagement with the insurer on subsequent actions to be taken, including to safeguard policyholders' interests.

Question 5. MAS seeks views on the proposed requirement for a notified insurer to inform MAS immediately if the notified insurer assesses that its viability is, or is potentially, threatened or upon the occurrence of any event that may necessitate the implementation of its RCP.



Resolution planning

- 3.7. A resolution plan (“RSP”) facilitates the effective use of the Authority’s resolution powers. It aims to make feasible the resolution of an insurer while minimising the prospects of severe systemic disruption. Should the insurer in question be performing any critical functions², a resolution plan also includes considerations and measures to ensure the continuity of such functions. To facilitate resolution planning, MAS proposes to require notified insurers to:
- (a) maintain relevant data and information for the purposes of resolution planning, resolvability assessment and the conduct of resolution; and
 - (b) submit relevant data and information for the purposes of resolution planning, resolvability assessment and the conduct of resolution, upon request by the Authority.
- 3.8. Some of the relevant data and information to be maintained and submitted for resolution planning would include the insurer’s organisational structure, counterparty exposures, operational dependencies with third parties and related parties. Further details on these relevant data and information will be set out in a separate set of guidelines, which MAS will subsequently seek feedback on.
- 3.9. In times of crisis and/or resolution, it is important to ensure the continuity of critical functions and critical shared services³ carried out by the insurer. Therefore, MAS proposes to require notified insurers to put in place adequate measures such that outsourcing arrangements which support such critical functions and critical shared services can be maintained in crisis situations and in resolution.

Question 6. MAS seeks views on the proposed requirement for notified insurers to maintain and submit data and information to MAS for resolution planning, resolvability assessment and conduct of resolution.

Question 7. MAS seeks views on the proposal to require notified insurers to put in place adequate measures such that outsourcing arrangements which support critical functions and critical shared services can be maintained in crisis situations and in resolution.

² “Critical functions” refer to activities performed by an insurer for third parties where failure would lead to the disruption of services that are vital for the functioning of Singapore’s economy and for financial stability due to the insurer’s size or market share, external and internal interconnectedness, complexity and cross-border activities.

³ “Critical shared services” refer to activities performed within the group or outsourced to third parties, where failure of such service would lead to the inability of the insurer to perform critical functions.



Robust management information system

- 3.10. MAS proposes to require notified insurers to maintain management information systems that are able to produce, in a timely manner, information required for RRP, resolvability assessment and the conduct of resolution.
- 3.11. MAS will engage notified insurers on the information to be maintained in the management information systems and the transition period needed to comply with the requirement to put in place the relevant management information systems. Further guidance details on the information to be maintained in the management information systems will be set out in a separate set of guidelines which MAS will subsequently seek feedback on.

Question 8. MAS seeks views on the proposed requirement for notified insurers to maintain management information systems that are able to produce, in a timely manner, information required for RRP, resolvability assessment and the conduct of resolution.

Board and management oversight

- 3.12. To ensure adequate management oversight on the RRP processes, MAS proposes to require notified insurers to appoint an executive officer as the key person to oversee the recovery planning process and the maintenance and submission of information to MAS for resolution planning. Notified insurers should keep MAS informed of the identity of the key person who has been assigned with this oversight responsibility.

Question 9. MAS seeks views on the proposed requirement for notified insurers to appoint an executive officer to oversee the recovery planning process and the maintenance and submission of information to MAS for resolution planning.



4. Implementation Timeline

- 4.1. MAS plans to issue the Notice on Recovery and Resolution Planning for Insurers on 1 January 2024 and for it to take effect on 1 January 2025.

Question 10. MAS seeks views on the target implementation timeline for the new Notice on Recovery and Resolution Planning for Insurers.

5. Statutory Bail-in Regime for Insurance Sector

- 5.1. MAS has statutory powers to carry out the bail-in of liabilities under the MAS Act⁴. Currently, the statutory bail-in powers can be applied to Singapore-incorporated banks and designated bank holding companies⁵ (referred collectively as “banks” in this section). MAS proposes to extend the statutory bail-in regime to Singapore-incorporated licensed insurers and designated insurance holding companies⁶ (referred collectively as “insurers” in this section)⁷. The proposed powers are consistent with the FSB KAs⁸ and will enhance MAS’ resolution toolkit for dealing with distressed insurers. A number of jurisdictions, for example the US, Hong Kong and the Netherlands, among others, have instituted statutory bail-in powers for the insurance sector within their resolution framework.

Liabilities within the scope of bail-in

- 5.2. In designing the scope of the proposed bail-in regime for insurers, MAS has considered the possible impact on insurers’ funding costs and the effectiveness of the bail-in regime in securing an orderly resolution of insurers.

⁴ Division 4A of Part 4B of the MAS Act.

⁵ “Designated bank holding company” refers to any financial holding company designated under section 4 of the Financial Holding Companies Act 2013 which has at least one subsidiary that is a bank incorporated in Singapore.

⁶ “Designated insurance holding company” refers to any financial holding company designated under section 4 of the Financial Holding Companies Act 2013 which has at least one subsidiary that is an insurer incorporated in Singapore.

⁷ Members of Lloyd’s carrying on insurance business in accordance with regulation 3 of the Insurance (Lloyd’s Asia Scheme) Regulations and authorised reinsurers as defined in section 2 of the Insurance Act 1966 will not be within the scope of the statutory bail-in regime.

⁸ FSB KAs Appendix II, Annex 2 paragraph 4.4.



- 5.3. MAS proposes that the statutory bail-in regime for insurers be applied to equity instruments (except ordinary shares), unsecured subordinated liabilities and certain types of unsecured senior liabilities (see paragraph 5.4), issued or contracted after the effective date of the relevant legislative amendments specifying the bail-inable instruments for the insurance sector. The possibility of claims being written off or converted to equity increases the risk borne by instrument holders, making it not equitable to existing instrument holders of an insurer, if the proposed statutory bail-in regime were to be applied retrospectively to instruments issued before the effective implementation of the bail-in regime.
- 5.4. Scoping in unsecured senior liabilities as bail-inable liabilities for insurers is necessary for insurers to have additional loss-absorbing capacity. However, MAS recognises that certain unsecured senior liabilities should not be bailed in. For instance, liabilities not exposed to losses in insolvency and liabilities which if bailed-in will undermine resolution objectives. In this regard, MAS will exclude liabilities specified under section 123(3) of the Insurance Act 1966 and the preferential debts specified under section 203(1) of the Insolvency, Restructuring and Dissolution Act 2018 from the application of bail-in powers.
- 5.5. As a guiding principle, in exercising any of MAS' resolution powers, MAS intends to respect the statutory creditor hierarchy of claims in liquidation, along with the principle of equal treatment of creditors of the same class. The creditor compensation framework will apply in the exceptional situation where MAS departs from the creditor hierarchy in order to contain the potential systemic impact of the insurer's failure or to maximise the value of the insurer for the benefit of all creditors as a whole.

Question 11. MAS seeks comments on the proposal to acquire statutory bail-in powers for the insurance sector.

Question 12. MAS seeks comments on the proposal to apply the statutory bail-in regime to insurers' equity instruments (except ordinary shares), unsecured subordinated liabilities and certain types of unsecured senior liabilities, issued or contracted after the effective date of the relevant legislative amendments specifying the bail-inable instruments for the insurance sector.

Complementing the statutory bail-in regime with contractual bail-in provisions

- 5.6. MAS proposes to extend the restrictions on eligible instruments and disclosure requirements under regulations 25 and 26 of the Monetary Authority of Singapore (Resolution of Financial Institutions)



Regulations 2018⁹ to the statutory bail-in regime for the insurance sector¹⁰. These requirements already apply to banks and are equally applicable to insurers.

- 5.7. The effectiveness of MAS' proposed statutory bail-in powers may be uncertain where the liabilities subject to statutory bail-in are governed by the law of a foreign jurisdiction, as the write-down or conversion of the liability may not be recognised and enforced by the relevant courts. To complement the statutory bail-in regime, it is essential for such liabilities to have bail-in provisions included within the contract. In addition, for transparency, the consequences of a bail-in of the relevant instrument should be prominently disclosed to the instrument holders.

Question 13. MAS seeks views on the proposal to extend the restrictions on eligible instruments and disclosure requirements under regulations 25 and 26 of the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018 to the statutory bail-in regime for the insurance sector.

Powers to convert into equity or write down contingent convertible instruments and contractual bail-in instruments

- 5.8. The FSB KAs¹¹ provide that resolution authorities should have powers, upon entry in resolution, to convert or write down any contingent convertible or contractual bail-in instruments whose terms had not been triggered prior to entry into resolution. This statutory power has already been introduced for banks.
- 5.9. MAS proposes that statutory powers be introduced for MAS to either convert into equity or write down insurers' contingent convertible instruments and contractual bail-in instruments, whose terms had not been triggered prior to entry into resolution. Consistent with the proposal in paragraph 5.3, the powers would only be applicable to contingent convertible instruments and contractual bail-in instruments issued after the effective date of the relevant legislative amendments implementing the statutory bail-in regime for the insurance sector.

⁹ The Monetary of Singapore (Resolution of Financial Institutions) Regulations 2018 is published at this [link](#).

¹⁰ The proposals have previously been consulted on in MAS' Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore dated 23 June 2015 at this [link](#).

¹¹ Key Attribute 3.5(iii).



Question 14. MAS seeks views on the proposal for statutory powers to be introduced for MAS to either convert into equity or write down insurers' contingent convertible instruments and contractual bail-in instruments, whose terms and conditions for conversion or bail-in had not been triggered prior to entry into resolution. These powers would be applicable to instruments issued after the effective date of the relevant legislative amendments implementing the statutory bail-in regime for the insurance sector.

6. Temporary Stays on Reinsurers' Termination Rights

- 6.1. FSB's guidance¹² states that the resolution authority should be able to stay rights of reinsurers to terminate or not reinstate coverage relating to periods after the commencement of resolution for the cedant in resolution. Outward reinsurance is a risk management tool that allows insurers to reduce their risk exposure. Hence, should reinsurers choose to terminate or not reinstate coverage when a cedant enters resolution, the cedant could be exposed to increased risk while searching for replacement reinsurance protection. The need to put up additional reserves in the absence of reinsurance could also exacerbate the insurer's capital position. MAS had earlier acquired the statutory power to stay the early termination rights of reinsurers in connection with their contracts with a ceding insurer or reinsurer in resolution but has yet to prescribe the maximum duration of this stay¹³.
- 6.2. MAS would like to clarify that any temporary stay on the reinsurer's early termination rights is intended to provide for more time for MAS to deliberate on the appropriate resolution actions to take. MAS is cognisant that allowing for stays of an extended duration could add to the cost of reinsurance. Furthermore, it might not be necessary for reinsurers' early termination rights to be suspended for a long period given the following reasons:
- (a) When a reinsurance arrangement is terminated, reinsurance coverage will cease only for new business written. However, MAS would likely have already directed the distressed insurer to stop writing new business. Reinsurance will remain binding for the in-force contracts, except in the event of a voluntary commutation (which would require the cedant's consent) when the reinsurer will pay the insurer upfront for its share of liability of claims (including expected claims) in relation to the policies reinsured till then.
 - (b) Even when an insurer runs into financial difficulty, the reinsurer may continue to provide cover given that the quality of the underlying insurance risks would not have changed.

¹² Key Attributes Appendix II, Annex 2 paragraph 4.9.

¹³ Refer to paragraph 3.16 of the response paper to MAS' Consultation Paper on Proposed Legislative Amendments to Enhance the Resolution Regime for Financial Institutions in Singapore dated 29 April 2016 at this [link](#).



- 6.3. Taking the above into consideration, MAS proposes to prescribe in Regulations a maximum duration of two business days for such stays, in line with the maximum stay duration catered for financial and non-financial contracts.

Question 15. MAS seeks comments on the proposal to prescribe in Regulations a maximum duration of two business days for stays on reinsurers' rights to terminate coverage relating to periods after the commencement of resolution.



7. List of Questions

- Question 1. MAS seeks views on the proposed components of a RCP, and whether there are any additional components that are useful to be included in a RCP. 5
- Question 2. MAS seeks views on the proposed requirement for notified insurers to review the RCP annually and upon the occurrence of an event that could materially impact the RCP. 6
- Question 3. MAS seeks views on the proposed requirement for the RCP to be approved or endorsed by the board of directors for a locally incorporated notified insurer, or the chief executive in Singapore for a non-locally incorporated notified insurer. 6
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- Question 9. MAS seeks views on the proposed requirement for notified insurers to appoint an executive officer to oversee the recovery planning process and the maintenance and submission of information to MAS for resolution planning. 8
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- Question 14. MAS seeks views on the proposal for statutory powers to be introduced for MAS to either convert into equity or write down insurers' contingent convertible instruments and contractual bail-in instruments, whose terms and conditions for conversion or bail-in had not been triggered prior to entry into resolution. These powers would be applicable to instruments issued after the effective date of the relevant legislative amendments implementing the statutory bail-in regime for the insurance sector. 12
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DRAFT NOTICE ON RECOVERY AND RESOLUTION PLANNING

MAS Notice XXX

XX September 2023

NOTICE TO INSURERS
FINANCIAL SERVICES AND MARKETS ACT 2022^[14]

RECOVERY AND RESOLUTION PLANNING FOR INSURERS

I. INTRODUCTION

1.1 This Notice is issued pursuant to section 51 of the Financial Services and Markets Act 2022 (“FSMA”) and applies to a licensed insurer to which a direction has been issued under section 52(1) of the FSMA.

1.2 Recovery and resolution planning aims to reduce the risks posed by a licensed insurer to the stability of financial system, ensure the continuity of functions that are critical to the economy, and enable a distressed licensed insurer to be restructured or to exit from the market in an orderly manner. This Notice sets out the requirements that a notified insurer has to comply with in its recovery and resolution planning.

1.3 This Notice shall take effect on DD MMM YYYY.

II. DEFINITIONS

2.1 In this Notice –

“critical functions” refer to activities performed by a licensed insurer for third parties where failure would lead to the disruption of services that are vital for the functioning of Singapore’s economy and for financial stability due to the licensed insurer’s size or market share, external and internal interconnectedness, complexity and cross-border activities;

“critical shared services” refer to activities performed within the group or outsourced to third parties, where failure of such service would lead to the inability of the licensed insurer to perform critical functions;

“executive officer”, in relation to a licensed insurer, has the meaning given by section 2 of the Insurance Act 1966;

¹⁴ This notice will be issued under the Monetary Authority of Singapore Act 1970, if Part 7 of the Financial Services and Markets Act 2022 is not yet in operation when this notice is issued.

“group” includes the licensed insurer’s head office or parent company, subsidiaries, affiliates, and any entity (including their subsidiaries, affiliates and special purpose entities) that the licensed insurer exerts control over or that exerts control over the licensed insurer;

“licensed insurer” means an insurer licensed under section 11 of the Insurance Act 1966;

“notified insurer” means a licensed insurer which has received a direction issued by the Authority under section 52(1) of the FSMA;

“outsourcing arrangement”, means an arrangement in which a service provider provides a licensed insurer with a service that may currently or potentially be performed by the licensed insurer itself and which includes the following characteristics –

(a) the licensed insurer is dependent on the service on an ongoing basis; and

(b) the service is integral to the provision of a financial service by the licensed insurer or the service is provided to the market by the service provider in the name of the licensed insurer;

“service provider” means any party which provides a service to a licensed insurer, including any entity within the licensed insurer’s group, whether it is located in Singapore or elsewhere.

2.2 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the FSMA.

III. RECOVERY PLANNING

3.1 A recovery plan (“RCP”) serves as a guide to the recovery of a distressed notified insurer, and outlines actions the notified insurer can take to stabilise and restore its financial strength and viability under situations of severe stress.

3.2 For the purposes of recovery planning, the notified insurer shall:

(a) prepare a RCP which includes the following:

(i) a framework of recovery triggers that identifies the points at which appropriate recovery options may be taken;

(ii) an escalation process upon the occurrence of a trigger event, to facilitate prompt assessment of the impact, and decision on the appropriate course of action;

- (iii) a menu of recovery options which are available in situations of severe stress to address capital shortfalls and liquidity pressures; and
 - (iv) a communication plan to ensure timely communication with internal and external stakeholders;
- (b) keep the RCP up-to-date by reviewing it annually and upon the occurrence of an event that could materially impact the RCP; and
- (c) ensure that the RCP is approved or endorsed by the board of directors for a locally incorporated notified insurer, or the chief executive in Singapore for a non-locally incorporated notified insurer.

3.3 For the purposes of establishing an appropriate escalation process under paragraph 3.2(a)(ii), the notified insurer shall –

- (a) outline the escalation process upon the occurrence of a trigger event in the RCP, including the decision-making mechanism governing the process and the roles and responsibilities of key staff involved; and
- (b) specify the level of authority that is empowered to make decisions in respect of activating the recovery plan and determining the recovery options to be implemented.

3.4 When establishing a range of recovery options under paragraph 3.2(a)(iii), the notified insurer shall ensure that the options –

- (a) are sufficiently diverse so as to deal with a range of stress scenarios covering idiosyncratic and market-wide stresses;
- (b) substantially enhance the viability of the notified insurer; and
- (c) are capable of being executed within a reasonable timeframe.

3.5 In assessing events that could materially impact its RCP under paragraph 3.2(b), the notified insurer shall take into account any changes in circumstances facing the notified insurer, group or the financial system.

3.6 The notified insurer shall establish a framework to regularly test the feasibility and effectiveness of its RCP.

IV. RESOLUTION PLANNING

4.1 A resolution plan (“RSP”) facilitates the effective use of the Authority’s resolution powers. It aims to make feasible the resolution of a notified insurer without severe systemic disruption while protecting systemically important functions.

4.2 For the purposes of resolution planning, the notified insurer shall –

(a) maintain data and information for the purposes of resolution planning, resolvability assessment and the conduct of resolution; and

(b) submit data and information for the purposes of resolution planning, resolvability assessment and the conduct of resolution, upon request by the Authority.

V. GENERAL

5.1 In addition to the requirements under Parts III and IV, the notified insurer shall –

(a) appoint an executive officer as the key person to oversee the recovery planning process and the maintenance and submission of the required information for resolution planning, and inform the Authority of the appointment;

(b) immediately inform the Authority in the event that the notified insurer assesses that its viability is, or is potentially, threatened or upon the occurrence of any event that may necessitate the implementation of its RCP;

(c) maintain management information systems that are able to produce, in a timely manner, information required for recovery and resolution planning, resolvability assessment and the conduct of resolution; and

(d) put in place adequate measures such that outsourcing arrangements which support critical functions and critical shared services can be maintained in crisis situations and in resolution.