Monetary Authority of Singapore

Response to Feedback Received

P009-2024 – September 2024

Guidelines to MAS Notice 134 on Recovery and Resolution Planning

Contents

1. Preface

1.1. On 25 September 2024, MAS issued a consultation paper on the proposed Guidelines to MAS Notice 134 on Recovery and Resolution Planning.

1.2. The consultation period closed on 25 October 2024 with 19 respondents submitting feedback. MAS would like to thank all respondents for their contributions. The list of respondents is in Appendix A.

1.3. Some respondents had requested confidentiality of their identity and/or feedback and the names of these respondents have been omitted from the list of respondents at Annex A. With the exception of respondents who had requested confidentiality of their feedback, Annex B contains the feedback received from respondents during the consultation.

1.4. MAS has considered carefully the feedback received. Comments that are of wider interest, together with MAS' responses, are set out in this paper.

2. Recovery Planning

General

2.1. MAS sought views on the expectations on the governance of recovery planning process, as well as factors to be considered in the drafting of a recovery plan (RCP). One respondent asked if MAS would apply a proportionate approach for smaller entities. One respondent opined that branches should be excluded from the recovery planning requirement as capital support would be provided by the parent company.

2.2. One respondent was of the view that recovery planning should be managed at group level, with the group RCP covering all legal entities. Where entity-specific RCPs are required, these should be aligned with the overarching group strategy. One respondent asked for elaboration on when a standalone RCP would be required for the notified insurer. Another respondent sought clarity on the expectation on alignment between the group RCP and the notified insurer's RCP, given that the notified insurer would perform recovery planning specific to its business.

2.3. Two respondents sought clarification on the differences between recovery planning and other enterprise risk management (ERM) tools. Certain aspects of recovery planning, such as stress testing and management actions to address financial stresses, were already in place as part of the ERM framework.

2.4. Two respondents sought clarifications and guidance on the following areas within the proposed Guidelines:

(a) Examples of "applicable dependencies on the group RCP" mentioned in paragraph 3.1.2;

(b) How "impediments to recovery" mentioned in paragraph 3.1.3 differed from that mentioned in paragraph 3.3.6; and

(c) How "specific circumstances" mentioned in paragraph 3.1.7 differed from the factors mentioned in paragraph 3.1.6.

2.5. One respondent was of the view that there should not be two updates of the RCP within a year i.e. the annual update and off-cycle review upon occurrence of an event that could materially impact the RCP. If an off-cycle review is necessary, this should replace the next scheduled annual update of the RCP. One respondent opined that it would be prescriptive to subject the RCP to annual testing, given that such tests are resource intensive and the results could be subjective.

MAS' Response

2.6. At this time, notified insurers will be limited to those that MAS has designated as domestic systematically important insurers (DSIIs). Only notified insurers will be required to have an RCP under MAS Notice 134, however it is generally a good practice for insurers to have an RCP to identify actions that can be taken to restore their financial position and viability under situations of severe stress. The recovery plan can take into account the operational and financial reliance on the head office or parent company that are necessary for the continuation of the business.

2.7. The group RCP describes how the financial position and viability of the group as a whole can be restored under severe stress. As set out in MAS' response to feedback received on the New Notice for Recovery and Resolution Planning for Insurers dated 28 December 2023, an RCP specific to the notified insurer in Singapore is still necessary even if the entity is included in its group RCP. This facilitates clarity in relation to the actions to be taken by the notified insurer should the respective RCPs be activated. Alignment between the group RCP and notified insurer's RCP is necessary to avoid inconsistent recovery options, trigger frameworks and governance frameworks between the group and legal entity level plans.

2.8. A notified insurer and a notified DFHC (Licensed Insurer) may leverage on the tools within the ERM framework when developing the RCP. This is to ensure that the ERM framework and RCP are aligned and to allow the insurer to use its resources efficiently. However, the notified insurer and notified DFHC (Licensed Insurer) should assess the appropriateness of using existing ERM tools and not simply rely on or duplicate them in the RCP. For instance, they should consider that the RCP and own risk and solvency assessment (ORSA) differ in perspective. The ORSA assesses the adequacy of the entity's risk management systems, as well as solvency and liquidity position, to support the business as a going concern. The objective of the ORSA is to prevent an insurer from coming under severe stress. On the other hand, the RCP envisages the entity being confronted with severe stress and anticipates the recovery actions needed to mitigate stress and restore its financial viability.

2.9. Regarding the clarifications and guidance sought on the proposed Guidelines,

(a) There may be interlinkages between the group and its legal entities. For instance, financial dependencies like intragroup guarantees, loans, derivatives and reinsurance contracts, or operational dependencies like information technology and risk management, which may have an impact on recovery planning;

(b) Paragraph 3.1.3 is a general guideline that applies to all aspects of the RCP, while paragraph 3.3.6 is specific to recovery options. Impediments to the RCP is most relevant to recovery options but may also apply to other aspects, such as communication and management information systems (MIS); and

(c) Paragraph 3.1.6 explains that the level of details of the RCP should be proportionate, while paragraph 3.1.7 relates to the specific circumstances unique to the notified insurer and notified DFHC (Licensed Insurer) that should be considered in the RCP.

2.10. In accordance with paragraph 3.2 of MAS Notice 134, a notified insurer and a notified DFHC (Licensed Insurer) must keep the RCP up-to-date by reviewing it annually and upon the occurrence of an event that could materially impact the RCP. During the annual review, there is no need for further updates to the RCP if it has been adequately updated during a preceding off-cycle review.

2.11. It is important to establish regular tests of the RCP to ensure that the plan can be activated and implemented effectively and promptly in a recovery scenario. MAS recognises that such tests may be resource intensive, hence notified insurers and notified DFHC (Licensed Insurer)s may consider progressively testing different aspects of the RCP. Existing stress testing exercises can also be leveraged on to test the feasibility, credibility and effectiveness of the recovery plan, including the menu of recovery options and calibration of trigger framework.

Recovery Triggers

2.12. MAS sought views on the factors to be considered when identifying, formulating and monitoring recovery triggers. One respondent was of the view that the proposed Guidelines could further distinguish between early warning indicators and recovery triggers. Another respondent suggested removing the need for leading indicators in paragraph 3.2.3, as they did not view this to be value-adding and could lead to undue focus on stress scenario design.

2.13. One respondent suggested that the RCP should not be mechanically triggered once a recovery trigger is breached. Further, recovery triggers should only be set around regulatory intervention levels. Other metrics that have minor impact on capital position should only serve as an additional consideration.

2.14. Two respondents sought clarifications and guidance on the following areas within the proposed Guidelines:

(a) Examples of “recovery triggers” mentioned in paragraphs 3.2.2 and 3.2.3;

(b) Whether it is necessary for a notified insurer to consider stress scenarios that are sufficiently severe to threaten the going concern and survivability of its group; and

(c) Whether paragraph 3.2.4 would be met if the data for monitoring recovery triggers is extracted from MIS but the actual computation uses tools (e.g. Microsoft Excel).

2.15. One respondent opined that a disproportionate amount of time and resources should not be spent developing stress scenarios, as it is the outcome of the scenario and the end solvency or liquidity position that will trigger recovery actions. As such, the term “risk events” should be used in paragraph 3.2.2 of the proposed Guidelines instead of “stress scenarios”.

MAS’ Response

2.16. The recovery trigger framework sets out the different level of responses that would be triggered depending on the severity of the stress event. Leading indicators mentioned in paragraph 3.2.3 refer to early warning indicators. They are an important part of the recovery trigger framework and serve to alert the notified insurer and notified DFHC (Licensed Insurer) to emerging signs of stress that require heightened monitoring.

2.17. When recovery triggers are breached, it should prompt the insurer to take specific action, for example, increase monitoring, escalate issues to appropriate governance body to evaluate and determine if the RCP should be activated. The trigger framework should include relevant criteria and not be limited to solvency metrics that are tied to regulatory intervention levels. Please see paragraph 2.18(a) for examples.

2.18. Regarding the clarifications and guidance sought on the proposed Guidelines,

(a) Examples include metrics related to solvency, liquidity, asset quality, changes in insurance liabilities, profitability, investment performance, credit ratings, macro-economic indicators, and operational events that could threaten financial viability. As the Guidelines are meant to be principle-based, MAS will not prescribe the recovery triggers within the Guidelines;

(b) The mention of ‘group’ in paragraph 3.2.2 only applies to a notified DFHC (Licensed Insurer). A notified insurer only needs to consider stress scenarios that are sufficiently severe to threaten the going concern and survivability of the notified insurer; and

(c) MAS does not prescribe how data should be generated for the purposes of monitoring recovery triggers. In implementing the processes and MIS, notified insurers and notified DFHC (Licensed Insurer)s should consider whether the processes and MIS would facilitate effective monitoring of recovery triggers to allow timely activation and implementation of recovery options where necessary.

2.19. MAS will retain the term “stress scenarios”, as it is a common term used by regulators internationally in respect of recovery planning. The focus is on developing scenarios that are sufficiently severe to threaten the going concern and survivability of the entity. Notified insurers and notified DFHC (Licensed

Insurer)s may calibrate or leverage on the stress scenarios (e.g. reverse stress test) developed for the ORSA.

Recovery Options

2.20. MAS sought views on the need to consider potential effectiveness and feasibility when establishing recovery options, as well as the level of details to be included on each recovery option within the recovery plan. One respondent asked for clarity on the degree of effectiveness and feasibility to which a recovery option would be dismissed.

2.21. One respondent suggested for discretion to be given to the notified insurer or notified DFHC (Licensed Insurer) to determine the criteria for identifying, assessing and mitigating the risks associated with recovery planning and to set up workaround solutions should the main recovery option fail. One respondent suggested for the documentation to be remain high level for the recovery option of disposal of assets, given that the processes may be subject to change based on the nature of the crisis.

2.22. One respondent opined that reputational impact would be difficult to articulate in a stress scenario and suggested that this be excluded. Meanwhile, operational impact could be considered to the extent that this can be quantified. One respondent suggested for the proposed Guidelines to acknowledge that it would be practical to document the financial impact of recovery options as a range rather than a figure.

2.23. One respondent sought clarifications and guidance on the following areas within the proposed Guidelines:

(a) Whether the measures that are within the direct control of the notified insurer and notified DFHC (Licensed Insurer) referred to those that are not dependent on other entities or stakeholders, and if so, whether the proposed Guidelines are practical given that most recovery options would require the Board’s approval;

(b) Factors to be considered when assessing the compatibility of recovery options;

(c) Examples of ex-ante preparations that can be taken to reduce the time taken to implement the recovery options; and

(d) How the measures specified in paragraph 3.3.4 of the proposed Guidelines differ from the menu of recovery options.

2.24. One respondent was of the view that it would only be necessary to test the most relevant, rather than all, recovery options. One respondent suggested that recovery options should be made available under normal operating conditions instead of being reserved for stress scenarios.

MAS' Response

2.25. In developing the menu of recovery options, a comprehensive range of recovery options should be considered. Per paragraph 3.3.2 of the proposed Guidelines, notified insurers and notified DFHC (Licensed Insurer)s should consider the steps (e.g. Board approval) and estimated time needed to implement each recovery option, the underlying assumptions for each recovery option, as well as the circumstances that could render the option unavailable. Options that are unlikely to provide a material uplift in terms of solvency or liquidity, or involve resolving significant impediments or constraints, may be deemed unsuitable and therefore dismissed. MAS recognizes that the various recovery options identified in the plan may have to be adjusted to the prevailing market conditions during execution.

2.26. MAS encourages notified insurers and notified DFHC (Licensed Insurer)s to consider the qualitative impact of recovery options. Depending on the circumstances of the stress scenario, the qualitative impact may potentially deter notified insurers and notified DFHC (Licensed Insurer)s from selecting certain recovery options. For instance, an insurer may be more circumspect in triggering recovery options that impact policyholders (e.g. adjustment to discretionary benefits) as they would have a negative reputational impact. The proposed Guidelines do not preclude notified insurers and notified DFHC (Licensed Insurer)s from documenting the financial impact of recovery options as a range.

2.27. Regarding the clarifications and guidance sought on the proposed Guidelines,

(a) The measures that are within the direct control of the notified insurer and notified DFHC (Licensed Insurer) refer to those that can be exercised by the entity, including its Board and Senior Management. Where approval by other entities or stakeholders is required, such as the parent company, MAS expects the processes to coordinate the execution of the recovery options to be set out in the RCP;

(b) The assessment of the compatibility of recovery options can be approached by considering the impact that each recovery option may have on the execution of any subsequent actions;

(c) Examples of ex-ante preparations include the identification and removal of the impediments to effective execution of the recovery options, or streamlining of processes to increase the chance of timely execution of the recovery options; and

(d) The measures specified in paragraph 3.3.4 of the proposed Guidelines elaborate on the types of options that MAS expects to be included within the menu of recovery options.

2.28. Testing provides an opportunity for the insurer to understand how the plan might work in practice and to identify barriers to effective execution of recovery options during stress. Recovery planning can serve to enhance enterprise risk management, and if considered appropriate, recovery options may be implemented outside of stress scenarios to strengthen the insurer's or group's financial position.

Communication

2.29. MAS sought views on the expectations on the communication plan to address communications with relevant stakeholders when the RCP is triggered. One respondent shared that it would leverage on the communications flow developed for business continuity planning (BCP) purposes. Another respondent was of the view that the expectations on communication for recovery planning purposes should be similar to that set out in MAS' Business Continuity Management (BCM) Guidelines to ensure operational continuity.

2.30. One respondent sought clarification on whether the guideline for the communications plan to provide guidance on how communications can be tailored for different recovery options would only be applicable to recovery options that impact external stakeholders (such as adjustment to non-guaranteed benefits and disposal options). For other recovery options (such as rebalancing of assets) that only involve internal stakeholders, the communication would be met by the internal governance process.

MAS' Response

2.31. When developing the communication strategy and plan for the RCP, insurers can leverage on those developed for BCP purposes, but they should be tailored accordingly for different stress scenarios and recovery options.

2.32. Communications to both internal and external stakeholders are important and should be tailored for different recovery options where appropriate.

3. Resolution Planning

General and Information Requirements

3.1. MAS sought views on the information requirements for resolution planning that should be maintained by a notified insurer and notified DFHC (Licensed Insurer). One respondent sought clarification on whether a notified insurer and notified DFHC (Licensed Insurer) can be exempted from certain information requirements if the information is not relevant or available to the notified insurer and notified DFHC (Licensed Insurer). Another respondent was of the view that some of the information requirements are already provided to MAS as part of the regular returns, reporting and dialogues with MAS.

3.2. One respondent sought clarification on the effective date for the information requirements for resolution planning for notified insurers and notified DFHC (Licensed Insurer)s, as well as non-notified insurers and non-notified DFHC (Licensed Insurer)s.

3.3. One respondent sought clarification on the timeline to inform MAS of a material change to a notified insurer or notified DFHC (Licensed Insurer)'s business or structure to facilitate resolution planning, and whether such notifications are applicable only in the event when the notified insurer or notified DFHC (Licensed Insurer) is in financial distress situation.

3.4. One respondent sought further guidance on whether provision of contact information would meet the expectations on establishing communication facilities and procedures for providing the public with access to information during resolution as set out under paragraphs 4.2.2 and 4.2.5 of the proposed Guidelines. The respondent also sought clarification on whether details of personnel of a related entity that is considered material by definition as set out under paragraph 4.2.3(b) of the proposed Guidelines should be included if the entity is independent of the Singapore licensed insurer and requested for guidance on how to meet the requirement for unconsolidated financial statements under paragraph 4.2.3(b)(iii) of the proposed Guidelines.

3.5. One respondent suggested defining "essential information" under paragraph 4.1.2 of the proposed Guidelines as information deemed as required and appropriate for the circumstances of the notified insurer in conjunction with their MAS supervisor.

3.6. Some respondents sought clarifications on and examples for the following terms used within the proposed Guidelines:

(a) Core business lines for life business;

(b) Critical shared services;

(c) Key staff/key support personnel of critical shared services;

(d) Other relevant criteria or factors for the identification of material entity and whether the notified insurer and notified DFHC (Licensed Insurer) are exempted from the information requirement on material entity, including that on capital allocation and mobility, if no material entity is identified;

(e) Material operational dependencies; and

(f) Reinsurance arrangements.

MAS' Response

3.7. The proposed Guidelines set out broadly the baseline information that a notified insurer and notified DFHC (Licensed Insurer) should maintain for the purpose of resolution planning. They are not applicable to non-notified insurers and non-notified DFHC (Licensed Insurer)s.

3.8. MAS will engage notified insurers and notified DFHC (Licensed Insurer)s on the expectations with regard to the information, e.g. level of details, structure of report etc, as part of the resolution planning process, taking into consideration the relevance of the information for each notified insurer and notified DFHC (Licensed Insurer). MAS will work with notified insurers and notified DFHC (Licensed Insurer)s to leverage on existing regulatory submissions and management reports, where relevant. Where the information is currently not available, a notified insurer and notified DFHC (Licensed Insurer) should work towards establishing the required information as soon as practicable.

3.9. The proposed Guidelines will take effect for notified insurers and notified DFHC (Licensed Insurer)s on 1 January 2025. MAS will engage each notified insurer and notified DFHC (Licensed Insurer) on the information requirements and the transition period needed to meet the expectations set out in the proposed Guidelines. For insurers and designated financial holding companies that become a notified insurer or a notified DFHC (Licensed Insurer) after the Guidelines take effect, MAS will provide at least a one-year transition period for the notified insurer or notified DFHC (Licensed Insurer) to make the necessary preparations to meet the expectations in the Guidelines.

3.10. A notified insurer or notified DFHC (Licensed Insurer) is expected to inform MAS of a material change to its business or structure immediately. Resolution planning is done before a financial institution goes into financial distress.

3.11. For communication to the public and policyholders, notified insurers and notified DFHC (Licensed Insurer)s should ensure that they provide the necessary contact information for the public and policyholders to reach them, as well as establish the necessary facilities and procedures to provide relevant information to the public and policyholders.

3.12. Information requirements set out under paragraph 4.2.3(b) of the proposed Guidelines are applicable to a notified DFHC (Licensed Insurer), which is defined in paragraph 2.1 as a designated financial holding company that has a subsidiary that is a licensed insurer incorporated, formed or established in Singapore. A notified DFHC (Licensed Insurer) is expected to maintain the information on a consolidated basis, i.e. to include the local and overseas subsidiaries and branches of the notified DFHC (Licensed Insurer). For information on material entities, including details of personnel, a notified DFHC (Licensed Insurer) should maintain such information regardless of the relationship with the Singapore licensed insurer.

3.13. The “unconsolidated financial statements” mentioned under paragraph 4.2.3(b)(iii) of the proposed Guidelines refer to financial statements prepared in accordance with the accounting standards of the jurisdiction in which the entity operates in, in line with the requirements relating to foreign insurance entity and non-insurance entity under FHC N-129 on Returns.

3.14. “Essential information” includes information mentioned in section 4.2 of the proposed Guidelines. MAS will engage notified insurers and notified DFHC (Licensed Insurer)s on the expectations with regard to the information required for resolution planning, which would take into account the specific circumstances of each notified insurer and notified DFHC (Licensed Insurer).

3.15. We have set out below further guidance and examples on the following terms used within the proposed Guidelines:

(a) Core business lines for life insurance business could include whole life, endowment, term, accident and health business etc.

(b) Critical shared services are activities performed within the firm or outsourced to third parties where failure would lead to the inability to perform critical functions, and therefore, to the disruption of functions vital for the functioning of the real economy or for financial stability. MAS will engage notified insurers and notified DFHC (Licensed Insurer)s in the critical functions and critical shared services identification assessments.

(c) Key staff/key support personnel generally include employees who are involved in the management of or perform critical work processes supporting the critical function or critical shared services.

(d) On the identification of material entity, an example of non-financial criteria is material operational dependency on the entity. If it is justified that a notified insurer does not have any material entity, then provision of such information is not required.

(e) In determining material operational dependency, a notified insurer or notified DFHC (Licensed Insurer) can consider, for instance, whether the disruption in the performance of the function will materially impair the financial soundness or the continuity of the notified insurer and notified DFHC (Licensed Insurer)'s services and activities.

(f) Reinsurance arrangements refer to both internal and external reinsurance agreements for a notified insurer and any insurance subsidiary and branch held by the notified insurer.

4. Management information systems

4.1. MAS sought views on the expectations with regard to the MIS that a notified insurer and notified DFHC (Licensed Insurer) should maintain. One respondent sought clarification on whether it would be sufficient to rely on a consolidated interfacing document instead of establishing a digital system to meet the expectations on MIS. Another respondent was of the view that expectations on MIS should be applicable only to information relevant for resolution planning and not recovery planning, as the considerations for recovery planning are mentioned under section 3 of the proposed Guidelines.

4.2. One respondent was of the view that a notified insurer's or a notified DFHC (Licensed Insurer)'s ability to produce the necessary information will depend on the frequency and granularity of the required information. Another respondent was of the view that some of the information are maintained as part of BCP documentation.

4.3. One respondent shared its view that several of the information requirement are already covered as part of the regular returns, reporting and dialogues between MAS and the insurers, the respondent also sought guidance on identification of critical functions and critical shared services.

MAS' Response

4.4. MAS expects notified insurers and notified DFHC (Licensed Insurer)s to establish MIS that are able to produce information necessary for recovery and resolution planning, resolvability assessment and the conduct of resolution in a timely manner. Notified insurers and notified DFHC (Licensed Insurer)s can rely on existing systems and processes if they are capable of meeting the expectations set out in the proposed Guidelines. Section 3.2.4 of the proposed Guidelines is on establishing sound MIS to monitor recovery triggers. In comparison, section 5 sets out the expectation for MIS to be able to produce the information necessary for recovery and resolution planning, including execution of recovery options.

4.5. Where information are in place as part of BCP documentation, notified insurers and notified DFHC (Licensed Insurer)s can leverage on them. Notified insurers and notified DFHC (Licensed Insurer)s should assess the information against the expectations set out in section 5 of the proposed Guidelines and address any information gaps accordingly. Where the information requirements overlap with existing regulatory returns, notified insurers and notified DFHC (Licensed Insurer)s can leverage on the existing regulatory returns.

4.6. On identification of critical functions and critical shared services, guidance can be taken from the three-step process as set out in the Financial Stability Board (FSB)'s June 2016 guidance on developing effective resolution strategies and plans for systemically important insurers. Under the three-step process, the criticality of a function is assessed based on (i) analysis of the impact of a sudden discontinuance of the function (impact assessment); (ii) evaluation of the substitutability for that function (substitutability analysis); and (iii) assessment of the impact of a failure of the continued performance of the function by a specific insurer (firm-specific test). A function must fulfil all three conditions to be considered a critical function. As part of resolution planning, MAS will engage notified insurers and notified DFHC (Licensed Insurer)s in the critical functions and critical shared services identification assessment.

5. Operational continuity

5.1. MAS sought views on the expectations on operational continuity plan and arrangements that should be put in place. Three respondents shared their views that operational continuity should be considered separately from recovery planning and the RCP which should focus mainly on management of capital and liquidity in severe adverse financial conditions. Furthermore, considerations of operational continuity are different under recovery and resolution situations. One of the respondents also shared its view that it would not be appropriate to include recovery actions and trigger framework within the underlying outsourcing contracts given the sensitivity and confidentiality of such information.

5.2. One respondent sought clarification on what are considered “crisis situations” as mentioned within the proposed Guidelines and whether this includes liquidation. The respondent also sought guidance on the expected timeline for the counterparty to maintain the contract in the event of a crisis. One respondent also sought clarification on whether the expectation is for notified insurers and notified DFHC (Licensed Insurer)s to work with their outsourced and third-party service providers to include the necessary provisions within the contractual agreements.

5.3. One respondent was of the view that operational continuity requirements are already covered as part of the BCM, crisis management plan and outsourcing register, and another respondent sought clarification on whether it would meet the expectation on operational continuity as set out in the proposed Guidelines by incorporating existing BCP.

MAS’ Response

5.4. Operational continuity is relevant to both recovery and resolution scenarios. Notified insurers and notified DFHC (Licensed Insurer)s have to consider the operational arrangements required to ensure continuity of critical functions and critical shared services while it restores its capital and liquidity positions during recovery or resolution.

5.5. Examples of “crisis situations” would include situations where the relevant recovery triggers are met and recovery actions are being implemented by the notified insurer or notified DFHC (Licensed Insurer). This does not include liquidation, which is an outcome if the crisis cannot be resolved. In terms of expected timeline for the counterparty to maintain the contract in the event of a crisis, notified insurers and notified DFHC (Licensed Insurer)s should ensure that the contractual provisions provide for the continued use of services and prevent termination from being triggered solely by recovery or resolution events as long as there is no default in obligations by the notified insurer and notified DFHC (Licensed Insurer). Notified insurers and notified DHFC (Licensed Insurer)s would have to incorporate the relevant terms in the contractual agreements with intra-group and third-party service providers which support critical functions and critical shared services. However, specific recovery actions and triggers need not be documented in these contracts.

5.6. Where appropriate, notified insurers and notified DFHC (Licensed Insurer)s can leverage on their BCM plan. For instance, end-to-end dependency mapping in meeting MAS' Guidelines on Business Continuity Management can be leveraged to identify critical shared services supporting critical functions. However, the BCM plan should be tailored accordingly to take into account the specific circumstances when planning for continuity under a recovery or resolution. For instance, it may be necessary to consider and ensure that contractual provisions governing the access to operational assets supporting critical shared services do not include terms that allow termination of access to be triggered solely by recovery or resolution situations.

Annex A

List of respondents to the consultation paper on New Guidelines to MAS Notice 134 on Recovery and Resolution Planning

1. AIA Singapore Private Limited
2. China Life Insurance (Singapore) Pte. Ltd. requested for confidentiality of submission
3. EQ Insurance Company Limited
4. Liberty Specialty Markets Singapore Pte Ltd requested for confidentiality of submission
5. Life Insurance Corporation (Singapore) Pte Ltd requested for confidentiality of submission
6. Manulife (Singapore) Pte Ltd requested for confidentiality of submission
7. MS First Capital Insurance Limited
8. MSIG Insurance (Singapore) Pte Ltd requested for confidentiality of submission
9. St. James's Place International plc (Singapore Branch) requested for confidentiality of submission
10. Swiss Re Asia Pte. Ltd. requested for confidentiality of submission
11. Swiss Re International SE, Singapore Branch
12. Utmost Worldwide Limited, Singapore Branch
13. Respondent 1 requested for confidentiality of identity
14. Respondent 2 requested for confidentiality of identity and submission

15. Respondent 3 requested for confidentiality of identity and submission

16. Respondent 4 requested for confidentiality of identity and submission

17. Respondent 5 requested for confidentiality of identity and submission

18. Respondent 6 requested for confidentiality of identity

19. Respondent 7 requested for confidentiality of identity and submission

Please refer to Annex B for the submissions.

Annex B

Submission from respondents to the consultation paper on New Guidelines to MAS Notice 134 on Recovery and Resolution Planning

Note: The table below only includes submissions for which respondents did not request confidentiality of submissions.

S/N	Respondent	Response from respondent
1	**AIA Singapore Private Limited**	**For questions 1 to 5, respondent requested for confidentiality of submission.** **Question 6:** No comments **Question 7:** No comments
2	**EQ Insurance Company Limited**	**Question 1:** The expectations on the governance and factors to be considered are relevant and comprehensive. **Question 2:** Factors considered are sufficient to formulate a robust recovery triggers. **Question 3:** No issue to consider these 2 points. But it would be helpful if we could have guidance to what degree of effectiveness and feasibility that we do not even consider the recovery option as an option. **Question 4:**

S/N	Respondent	Response from respondent
		Our communication plan would align with that of our Business Continuity Plan's communication flow, from which we will expand where relevant. **Question 5:** Just to clarify that as the size and structure of the organisations are different, for the required information that are not relevant or available to an organisation, can the requirement be waived? **Question 6:** We would like to clarify as to whether documenting all the components / data / processes / workflows, etc into a consolidated interfacing document is sufficient to meet this expectation, or we should look into building a digital system to hold and manage these information. **Question 7:** Would it meet the expectation if we incorporate existing BCP for this section?
3	**MS First Capital Insurance Limited**	**Question 1:** None in particular **Question 2:** We agree to the list of factors. **Question 3:** We agree. **Question 4:** We agree. **Question 5:** We agree. **Question 6:**

S/N	Respondent	Response from respondent
		The ability to produce the necessary information will depend on the frequency and granularity. **Question 7:** No comments
4	**Swiss Re International SE, Singapore Branch**	**Question 1:** We believe that recovery planning should be managed at a Group level, with the Group Recovery Plan covering all legal entities (LEs). This ensures a coordinated response to stress scenarios across the organization and avoids the risk of inconsistent or conflicting actions between entities. If entity-specific plans are required, they must align with the overarching Group strategy and be approved by the Group to ensure consistency. **Question 2:** On the recovery triggers, we recommend that the triggering recovery planning should remain a management decision (i.e., no mechanic triggering) once a trigger is breached. Management can decide to activate recovery planning pre- or post-breach of a recovery trigger. Further triggers should only be set around readily available internal metrics, just above regulatory intervention levels. External metrics with minor impacts on the capital position of the entity should only serve as additional consideration if anything. **Question 3:** We are of the view that the recovery options should be listed in the form of a menu, from which management can pick measures in stress depending on the situation (the list of options will be limited for subsidiary entities). Recovery options should also be available in normal operating conditions, they should not be reserved for recovery. **Question 4:** No additional feedback. **Question 5:** No additional feedback.

S/N	Respondent	Response from respondent
		Question 6: No additional feedback. **Question 7:** We would recommend the Recovery Plan to focus mainly on management of capital and liquidity in severe adverse financial conditions. Business Continuity Management considerations should rather be covered separately.
5	**Utmost Worldwide Limited, Singapore Branch**	**Question 1:** In 3.1.1, it states that the recovery planning should be on a consolidated basis. Please elaborate especially when 3.1.2 also need the notified insurer (in this case for us is the Singapore branch, if notified) to have our own recovery plan even if there is already a group plan, so how would the consolidation be expected? Is it having a group plan and within the group plan there is a comprehensive section dedicated to the Singapore specific recovery plan be deemed as a consolidation? If there are recovery and resolution processes documented in the governance structure standards and procedures, would this be considered sufficient? **Question 2:** Is there any timeline that the insurers need to comply with when notifying MAS in the event of a material change to its business structure? Does this change to its business or structure is only applicable during the event of a financial distress situation and not the normal change to its business or structure which it is already a requirement to notify as per the MAS licensing requirements? **Question 3:** No further comment. **Question 4:** No further comment. **Question 5:**

S/N	Respondent	Response from respondent
		Refers to 4.2.2, does a contact provided in the communication to the public sufficient for anyone to contact the entity if they want to assess to any information during resolution? Refers to 4.2.3(b), in terms of material entities, so therefore if a region contributes to the bulk of the group profit is considered a material entity even they are independent of a Singapore branch or subsidiary? In addition, do we also need to include the names of directors, executive officers and key crisis management personnel and their contact information of a related entity that is considered material by definition but is independent of the Singapore branch? Or the information can be limited at Group or head office level? Refers to 4.2.3(b)(iii), needs more guidance and illustrative examples for this requirement. **Question 6:** No further comment. **Question 7:** With this new recovery and resolution planning requirements, we will need to work with the outsourcing and third-party service providers to revise the contractual agreements to include such provisions if we are being notified?
6	**Respondent 1**	**Question 1:** No additional factors proposed. In general branches of overseas companies should be excluded as they are covered by their parent company, and would have a capital transfer plan in place. Therefore distinguishing for each type of insurer (eg re-/insurer, branch vs incorporated, etc) would be appreciated. Given the suggested annual review and update of the Recovery Plan, there is no need for an additional review in case of the occurrence of an event that could materially impact the Recovery plan. An annual review is deemed sufficient. Alternatively, the extraordinary review and update due to an event that could materially impact the recovery plan should replace the scheduled next regular update (to avoid two updates within one year).

S/N	Respondent	Response from respondent
		Question 2: In general branches of overseas companies should be excluded as they are covered by their parent company, and would have a capital transfer plan in place. Therefore distinguishing for each type of insurer (eg re-/insurer, branch vs incorporated, etc) would be appreciated. The guideline could distinguish further between Early Warning Indicators and Recovery Triggers. Early Warning Indicators should consist of quantitative and qualitative indicators and should be calibrated to signal emerging signs of stress. Recovery Triggers should be set to indicate when the situation has further deteriorated and to activate the recovery state / the recovery plan in line with regulatory requirements (e.g., available capital falls below capital requirement / capital ratio falls short of minimum capital ratio). **Question 3:** In general it is reasonable to have a framework to test the recovery plan and to use stress scenarios for this. It is not necessary to test all available recovery options but the most relevant ones only. **Question 4:** No further comments. **Question 5:** In general this makes sense. Several of the information requirements are already covered as part of the regular returns, reporting and dialogues between MAS and insurers. **Question 6:** In general this makes sense. Several of the information requirements are already covered as part of the regular returns, reporting and dialogues between MAS and insurers. Criteria for and examples of critical functions and critical shared services would be appreciated. **Question 7:** In general this makes sense. Some of the operational continuity requirements are already covered as part of BCM and Crisis Management plans, and Outsourcing register. Criteria for and examples of critical functions and critical shared services would be appreciated.

S/N	Respondent	Response from respondent
7	**Respondent 6**	**Question 1:** Agree **Question 2:** Agree **Question 3:** Agree **Question 4:** Agree **Question 5:** Agree **Question 6:** Agree **Question 7:** Agree