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Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes: Consultation report

Response to Consultation

Assuris

In general

- 1. Are the Draft Guidance and comments on the Draft Guidance clear? Where would commenters seek further discussion?**

Assuris is broadly supportive of the Draft Guidance and considers it a constructive and pragmatic step toward greater international consistency in the application of recovery and resolution planning (RRP) requirements for insurers. The proposed framework appropriately balances comparability across jurisdictions with flexibility to reflect domestic market structures and legal arrangements.

The Draft Guidance and accompanying explanatory comments are clear, well-structured, and logically sequenced. The distinction between the general assessment criteria (paragraph 3) and the specific “override” circumstances (paragraph 4) is particularly helpful. No major areas require further clarification.

Paragraph 3: Assessment criteria

- 2. How well-suited are the criteria in the Draft Guidance (nature, scale, complexity, substitutability, cross-border activities, interconnectedness) to determining which insurers should be subject to RRP requirements?**

The six criteria (nature, scale, complexity, substitutability, cross-border activities, interconnectedness) are well-suited and collectively capture the primary drivers of systemic relevance and criticality in the insurance sector. In particular, the inclusion of nature, substitutability and interconnectedness appropriately reflects insurance-specific transmission channels that differ from banking. The criteria are sufficiently comprehensive without being prescriptive.

- 3. What other criteria, if any, should be in the Draft Guidance for determining which insurers should be subject to RRP requirements? Discuss why any additional criteria should be added and the advantages and disadvantages of doing so.**

No additional high-level criteria are strictly necessary. Policyholder concentration and dependency are key drivers of impact in insurance resolution, particularly for long-duration life and annuity products, and underscore the importance of early involvement of Policyholders' Protection Schemes. These considerations are already captured within the existing criteria, notably scale, substitutability, and the assessment of impacts on policyholders, and therefore do not require the introduction of a standalone criterion.

4. What other indicators could be provided as examples of ways that authorities could assess the criteria in the Draft Guidance?

The illustrative indicators are helpful and appropriately non-exhaustive. To better inform the assessment of substitutability and scale, and, where relevant, the nature of the insurer's business criteria, authorities could also consider indicators related to policyholder behavior under stress (e.g. surrender dynamics, guarantees in force) and availability of policyholder protection mechanisms, as these factors materially influence resolution feasibility and outcomes. Such indicators would strengthen the operational relevance of the criteria without constraining supervisory judgment.

5. How could the comments to the Draft Guidance better explain the difference between any of the six criteria?

No additional comments.

6. How could the comments on the Draft Guidance be made clearer to explain how the six criteria should be applied, while still allowing authorities the flexibility to consider the criteria in a manner that aligns with the specific characteristics of their jurisdictions?

The Draft Guidance strikes an appropriate balance between clarity and flexibility. The emphasis on ex-ante, established criteria is particularly important to ensure transparency and consistency over time. Allowing authorities discretion in calibration supports a firm-specific risk assessment and ensures that RRP scope is not mechanically driven by jurisdictional readiness.

Paragraph 4: Specific circumstances that should necessitate RRP requirements

7. Should RRP requirements apply in the two sets of circumstances identified in paragraph 4 of the Draft Guidance, notwithstanding any other facts or circumstances?

Assuris supports applying RRP requirements in the two circumstances identified in paragraph 4, irrespective of the outcome of the broader criteria assessment. Where an insurer provides critical functions or its failure would materially affect policyholders or confidence, resolution planning should be mandatory as a matter of prudence. This reinforces the preventive and preparedness objectives of the Key Attributes.

8. What other circumstances should call for the application of RRP requirements to an insurer, notwithstanding any other facts or circumstances?

No additional comments.

9. **What are possible quantitative or qualitative thresholds concerning the six criteria or some combination of the six criteria that should necessitate RRP requirements, notwithstanding any other facts or circumstances? For example, should the Draft Guidance call for RRP requirements whenever the cross-border activities of an insurer exceed a certain threshold?**

While quantitative thresholds can support consistency, rigid thresholds risk under- or over-inclusion. A hybrid approach, combining indicative quantitative benchmarks with supervisory judgment, is preferable, particularly for cross-border activities and substitutability. In this context, the quantitative criteria used by the IAIS to identify Internationally Active Insurance Groups (IAIGs), including the presence of premium writing in multiple jurisdictions and thresholds based on gross written premiums, provide a useful reference point for assessing the materiality of cross-border activities. This approach allows authorities to reflect risk transmission and substitutability, rather than relying on scale alone.

Proposed revision to FSB guidance on critical functions

10. **What are the advantages and disadvantages of revising the FSB’s guidance on the definition of a critical function for insurers by changing the phrase “the sudden failure to provide the function would be likely to have a material impact on the financial system *and* the real economy” to “the sudden failure to provide the function would be likely to have a material impact on the financial system *or* the real economy”?**

Assuris supports revising the definition of critical functions to refer to impact on the financial system or the real economy. This change better aligns with the objectives of resolution planning and reflects the insurance sector’s primary transmission channels, including impacts on households and policyholders. The revision improves conceptual clarity and policy coherence across FSB and IAIS frameworks.