Insurance Europe response to EIOPA IRRD consultation on RTSs or the content of resolution plans and group resolution plans

Our reference:	ECO-SLV-25-302	Date:	31-07-2025
Referring to:	Consultation on the proposal for RTSs on the content of resolution plans and group resolution plans		
Related documents:	Consultation Paper		
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Pages:	5	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide feedback on the consultation on the Regulatory Technical Standards (RTS) on the content of resolution plans. Industry **supports the proposed high-level, structured thematic approach** to the contents of a resolution plan, which is clearly aligned to the criteria of the directive.

However, the draft RTS leave significant scope for interpretation, which may lead to inconsistent or overly rigid implementation by National Resolution Authorities (NRAs). Industry proposes that EIOPA explicitly reinforce the **importance of proportionality** in applying these standards, especially for insurers with simpler structures or limited systemic importance.

Nevertheless, the requirements for how the information should be presented **should not be overly prescriptive,** as size, needs, and approaches will vary among undertakings.

Furthermore, in light of the multi-year approach adopted within the scope of the Bank Recovery and Resolution Directive (BRRD), a progressive pathway is also recommended for the insurance sector. this should reflect the timing and specificities of the insurance operational context, allowing for a smoother and more effective transition, with adequate time to build internal infrastructures and embed the requirements into existing governance frameworks.

The consultation paper (CP) currently suggests a "Big Bang" approach, expecting insurers to implement all Insurance Recovery and Resolution Directive (IRRD) principles and mechanisms at once—despite these having been developed in the banking sector over several years under the BRRD. Such an approach may:

- Fail to allow adequate time for insurance companies to correctly integrate IRRD requirements into their governance, risk management, and business continuity planning processes.
- Lead to suboptimal solutions or hasty interpretations of the new regulations, with potential repercussions on the stability of the sector.

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A gradual and calibrated implementation, informed by lessons from the banking experience, would allow for more robust implementation. A three-year, stepwise integration of IRRD requirements would support a more organic and sustainable transition.

In addition, EIOPA should consider conducting a deep dive into the type and scope of information required by NRAs in resolution plans. This analysis should build on the preliminary work already developed by the International Association of Insurance Supervisors (IAIS), particularly the Application Paper on Resolution Powers and Planning, which outlines key elements of effective resolution planning. Leveraging this international guidance would promote consistency, reduce duplication, and support proportionality in supervisory expectations.

Finally, the industry highlights the following aspects:

- While Directive 2025/1 Article 4 (1) (a) explicitly mentions that **the contents of resolution plans may be subject to simplified obligations**, no further detail is provided in the consultation, **which would be useful to have.**

- **The impact assessment contains no quantitative cost assessment**. Without understanding the impact of regulations, it is very difficult to successfully reduce their burden, in line with the Commission's simplification agenda to reduce operational and reporting burdens on firms.

- In general, the **RTS should refer to "parents" rather than "ultimate parents"** as entities that are not subject to the Solvency II (SII) framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

Draft Technical Standards – Recitals

Q3. *Do you have comments on the Recitals?*

Insurance Europe recommends adding the following recital to acknowledge the specificities of the reinsurance business model based on the diversification of cross-border geographies and business lines:

"*When assessing the implications of cross-border activities for reinsurance undertakings, national competent authorities should give due consideration to the fact that the reinsurance business model is inherently cross-border. The diversification of risks achieved through such cross-border operations is a fundamental component of the reinsurance value proposition, enhancing both its efficiency and resilience. In this context, the cross-border activity criterion of reinsurance undertakings should not be misunderstood as an indicator of heightened risk.*"

Regarding the wording "consistent with the framework for banks" on Recital (1) neither the IRRD nor the mandate of EIOPA include a requirement for consistency with the banking sector. The IRRD only requires a certain degree of involvement of the resolution authorities of the banks.
The industry is concerned that too many requirements regarding the resolution plan or indirectly for the insurance undertakings will be formulated with the argument "*The same is done for banks*" without creating any significant benefit for the insurance sector and without a proper assessment of the differences between the two sectors.

Draft Technical Standards – Articles

Q4a. *Do you have comments on Article 1 – Definitions?*

The definition of "relevant services" should be more precisely aligned with the scope of business continuity management. One possible approach is to interpret "relevant services" as those provided by "essential service providers," as defined in Article 2(86) of the IRRD. This would ensure consistency with the Directive's terminology and intent.

Accordingly, the reference to "reinsurance services" should be removed. The term is vague, lacks a clear legal basis in either the IRRD or Solvency II, and does not correspond to the types of services envisioned under "operational continuity" in the IRRD Annex. That Annex refers to tangible operational enablers such as Information Technology (IT) services, premises and facilities management, and human resources—operational elements which are necessary to keep the undertaking functioning.

Furthermore, the second indent — "any other services needed to ensure undisturbed functioning of the undertaking during resolution" — is overly broad and unrealistic. By definition, resolution implies a degree of disruption. This provision risks creating unworkable expectations and should therefore be removed.

Q4b. *Do you have comments on Article 2 - Information to be included in resolution plans?*

Article 2(1)(b)(ii) – Critical interdependencies: The term is undefined in both the IRRD and RTS, with only examples provided. It would be helpful to reference Pillar 3 QRTs (where such exposures are already reported) and to clarify the distinction with Article 2(1)(d)(ii) on internal/external interdependencies, especially when such dependencies are considered "critical".

Article 2(1)(b)(iv) – Preliminary public interest assessment: This term is also undefined. It is unclear whether the requirement applies to each possible resolution action or the plan as a whole. This may conflict with the concept of minimum market coverage and should be clarified.

Article 2(1)(c)(i) – Third bullet: This repeats IRRD Article 9(6)(c) without adding clarity. Expectations for demonstrating legal and economic separation of critical functions and business lines should be specified.

Articles 2(1)(e)(ii) and 2(1)(f)(ii): These are direct repetitions of IRRD Articles 9(6)(h) and 9(6)(l), respectively, and offer no added value.

In the industry's view, the requirement in RTS Article 2 (1)(d)(ii) is already placed in RTS Article 2 (1)(b)(iii) as the latter also requires a description of relevant services.

Overlap – Articles 2(1)(b)(iii), 2(1)(d)(ii), and 2(1)(d)(iii): With the requirements in Articles 2(1)(b)(iii) and Article 2(1)(d)(ii), "relevant services" are effectively described twice. In addition, Article 2(1)(d)(iii) requires outlining "shared operations and systems, which are critical for operational continuity", while the definition of "relevant services" already includes services "to ensure undisturbed functioning". As the provisions largely overlap and the distinction between "relevant services" and internal/external interdependencies is unclear, the industry recommends EIOPA to consider removing this duplication.

Article 2(1)(e)(v): Potential funding sources are rarely available. Suggest inserting "*if any*".

Article 2(1)(f)(ii) – Communication Strategy: Article 9(6)(l) of the IRRD requires only a "plan for communicating with the media and the public". In the draft RTS, this plan is presented as a sub-item of a broader "communication strategy with critical stakeholder groups" in Article 2(1)(f)(ii). As the IRRD does not foresee such a stakeholder-specific strategy, this represents an extension. In our view, defining a preventive communication strategy per (possible) stakeholder group is not practical, as it must be tailored to the actual situation at the time of the crisis – a situation that is by nature difficult to foresee.

Other stakeholders - RTS Article 2 (1)(f)(ii) refers to "other relevant stakeholders referred to in (a)". There are no other stakeholders noted "in (a)" (understood as Article 2(a) of this RTS) and Article 9(6)(l) of IRRD does not provide for a communication strategy specific for certain stakeholder groups.

Insurance Europe supports the removal of the term "challenges" from Article 2(g)(iv) because the concept of "challenges to resolvability" is not grounded in the IRRD and introduces ambiguity regarding its legal and operational implications. The RTS should adhere to the terminology used in the IRRD, specifically the established concept of "impediments to resolvability."

According to Article 2(2) any background information, descriptions and analyses supporting the preparation of relevant points (1) - (8) (probably meant is a to h) shall be included in annexes to the resolution plan. In the industry's view, this should be restricted to key information.

Q4c. *Do you have comments on Article 3 - Information to be included in group resolution plans?*

Clarification of scope and structure: Article 3(1) refers to Article 2, implying that group resolution plans must include all solo-level content plus additional group-specific elements. While this reference is already made in IRRD Article 10(2)(f), further clarification from EIOPA could help ensure consistent implementation across the EEA. It is suggested to amend Article 3(1) as follows:
*"A group resolution plan shall contain the **aggregated** information prescribed in Article 2 of this Regulation, **material for the insurance or reinsurance group from a resolution planning perspective**, and should additionally contain the following elements:"*

Wording alignment: Since Article 3 covers group-level plans only, Article 3(1)(a)(iii) should refer solely to groups. Suggested change:
"…insurance or reinsurance group" instead of *"…insurance or reinsurance undertaking or group."*

Entity scope clarity: Given that the legal and operational implications of the IRRD vary for EEA insurance and reinsurance undertakings, to which the IRRD applies, and related third-country legal entities, whose winding-up is governed by local regulations, it is important that the RTS provides clarity on the type of entities referred to in Article 3.

Specifically, Article 3(1)(a)(ii) should be revised to state: "*information about all EEA insurance or reinsurance undertaking(s) and, where relevant, their branches operating under the freedom of establishment in the single market, (…)*".

Resolution strategy alignment: Article 3(1)(b) should be revised to state: "*a description of the group resolution strategy or strategies considered in the plan, including the identification of the EEA insurance or reinsurance undertaking(s) to which resolution tools or resolution powers may be applied."*

Distinction between internal and external service providers: to distinguish Article 3(1)(a)(iii) (which refers to group-internal providers) from Article 3(1)(e), it is recommended to clarify the latter as: *"…external essential service providers…"*

Annex: Impact assessment

Q5. *Do you have comments on Policy issue A: the structure, scope and level of detail when defining the content of the resolution plans?*

A purely qualitative impact assessment is insufficient. The RTS may trigger significant and unpredictable burdens on insurers. A quantitative estimate is needed to support an informed decision, considering costs for undertakings and policyholders.

The impact of pre-emptive resolution planning is highly underestimated. While in theory the burden is on the NRA to draft the pre-emptive resolution planning, experience from BRRD proves that the workload for insurance companies and groups will be very high. The requirements are already recognisable in the other consultation papers.

- Firstly, insurers will be required to deliver large volumes of data, often through ad-hoc requests.
- Secondly, the NRA will require the development of one or several playbooks (compare EIOPA CP "Guidelines on assessment of resolvability").
- Thirdly, insurers will be asked to perform multi-annual testing programs to verify resolvability and preparation of a self-assessment report with an evaluation of its own resolvability (compare EIOPA CP "Guidelines on assessment of resolvability").
- Provision of information to allow the detailed initial separability analysis (compare EIOPA CP "Guidelines on measures to remove impediments to resolvability").
- Lastly, day-to-day processes will have to be redesigned. A "resolution reflex" must be embedded throughout the organisation—from insurance policies to IT systems, and from reporting processes to risk management.

Any other comments

Q6. *Do you have any other comments?*

It is very important that there are clear boundaries with respect to the powers of NRAs. NRAs should only be allowed to request (additional) information when there is a clear legal basis and well-substantiated reasoning. A balance must be found between the importance of resolution planning and resolvability and the importance of the undertaking's efficient operations.

The industry suggests providing resolution plan templates, which will help reduce costs and discussions with NRAs while promoting uniformity across the EU.

Insurance Europe response to EIOPA IRRD consultation or Guidelines to specify further the criteria for the assessment of resolvability

Our reference:	ECO-SLV-25-303	Date:	31-07-2025
Referring to:	Consultation on the proposal for Guidelines to specify further the criteria for the assessment of resolvability		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	5	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide feedback on the consultation on the guidelines on the assessment of resolvability.

Industry supports the availability of necessary data and information to supervisory authorities in a potential resolution scenario, including clear communication plans, and notes that this should be largely already available, primarily from the supervisory authority. Resolution is clearly subsidiary to insolvency, which is in line with industry expectations. Effective information sharing should be reciprocal, with resolution authorities providing clarity on the design, context, and key elements of the resolution plan. This supports undertakings in assessing and demonstrating its feasibility and credibility.

While the Guidelines are addressed to resolution authorities, **the proposals risk leading to extensive direct and indirect requirements on undertakings, increasing the administrative burden** for the industry, including, but not limited to:

- Being subject to multi-annual testing programs to verify resolvability (1.20)
- Preparation of a self-assessment report with an evaluation of its own resolvability (1.20)
- Development of one or several playbook(s) (1.20)
- Identification of barriers for implementation of resolution actions in a cross-border context (1.30)
- Provision of information to allow the detailed initial separability analysis (GL7)

The costs of this burden must be quantitatively analysed in the impact assessment. Previous estimations, e.g. in EIOPA's opinion on the solvency review from 2020, are not relevant as they did not consider

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the level of administrative burden required and so significantly underestimate the costs to undertakings. Without understanding the impact of regulations it is very difficult to successfully reduce their burden.
The detailed requirements in Guidelines 4 to 12 on the assessment of feasibility are extensive and go well beyond Solvency II. They imply significant changes to legal, contractual, and organisational structures—not only within groups but also involving third parties, Financial Market Infrastructures (FMI), and staff. These guidelines also require a wide range of evidence and documentation from undertakings. It would be helpful to clarify whether these are already covered by the resolution reporting templates, or whether they are entirely additional. Placing the responsibility for demonstrating the feasibility and credibility of the plan on insurers would create a significant burden, potentially affecting the competitiveness of the EU insurance market, while delivering benefits only in very unlikely scenarios.

Moreover, the adequacy of such far-reaching requirements should be reconsidered in light of the low probability of resolution under Solvency II's 99.5% Value at Risk (VaR) confidence level. Applying such requirements, which go beyond Solvency II, risks undermining the level playing field with insurers not subject to resolvability assessments.

This is in addition to **the expected reporting of data and assessments** for the establishment of preventive resolution plans and the potential operational impact of the creation of colleges of resolution. This large potential burden goes against the Commission's simplification agenda and the Savings and Investment Union (SIU) and the recitals of the Directive (EU) 2025/1 (e.g. (17)), where it is explicitly stated that unnecessary administrative burdens and costs on undertakings and authorities are to be avoided. For that reason, industry recommends that the guidelines be clarified to:

- Make clear throughout how these guidelines should be proportionally applied.
- State clearly that these guidelines**, especially guidelines 4–12, should not be applied for those undertakings/groups where normal insolvency proceedings are expected to be used** for winding-up instead of the resolution tools.
- Experience with the BRRD shows that assessments risk becoming tick-the-box exercises. To avoid unnecessary red tape, National Resolution Authorities (NRAs) should have the flexibility to decide which guidelines are relevant for specific insurers and groups. Applying all guidelines by default (i.e. "should, at a minimum, consider") will result in a robotic checklist, contradicting the principles-based approach of Solvency II and the Insurance Recovery and Resolution Directive (IRRD) (notably the self-assessment report). It should, therefore, be changed in guidelines 4 -12 to that "…resolution authorities could consider…".
- Demonstrate how requirements for "ensuring an appropriate amount of eligible liabilities" interact with Solvency II capital requirements. There is a concern this could lead to resolution authorities imposing a requirement like Minimum Requirement for Own Funds and Eligible Liabilities (MREL) on insurance companies.

The RTS should refer to "parents" rather than "ultimate parents" as entities that are not subject to the Solvency II (SII) framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

For bank-insurance groups, which are already subject to Bank Recovery and Resolution Directive (BRRD), the introduction of IRRD will make recovery and resolution planning for insurance entities more granular. These groups will integrate IRRD planning into their BRRD framework. Therefore, **IRRD planning should apply only to the highest insurance entity in the group**, not to holdings above that level, which are already covered by BRRD. To avoid double reporting and planning, EIOPA is reminded of the European Commission's goal to reduce reporting burdens by 25%. In this context, avoiding duplication is essential.

Q3a. *Do you have comments on Subsection 'Introduction'?*

The definitions in point 1.4 should be aligned with the corresponding definitions in other RTS/GL. For example, the definition of 'alternative resolution strategy' differs from the definition in the proposed GL on measures to remove impediments to resolvability.

Q3b. *Do you have comments on Guideline 1 – General principles for the assessment of resolvability?*

Para 1.5: The stated "ongoing cooperation and dialogue" goes beyond Article 12 (1) IRRD, according to which "cooperate as much as necessary" is the requirement. "Ongoing cooperation and dialogue" provide an incentive to outsource the activities to be carried out by the resolution authority to the affected insurers. It is suggested to change this to "*cooperation as much as necessary* ***after using all the information already available to the authorities (including Solvency II reporting and the pre-emptive recovery plans)***".

Para 1.6: The authority should not be required to always identify multiple alternative strategies as one alternative strategy could be enough. With the current wording, there may be an obligation for insurance companies to prepare for several different strategies, which are not necessary.

Para 1.9 recommends that the resolution authority should consider reinsurance aspects, notably the reinsurance strategy and its impact on the preferred resolution strategy or strategies, and legal and economic aspects of the reinsurance contracts in place. However, reinsurance is not included among the resolvability dimensions of the Annex of the IRRD, and is a sound and essential risk mitigation tool. It should not be assumed to pose a barrier to resolvability by default. The guidelines should clarify that reinsurance should only be considered where there is a concrete and material link to a specific impediment to resolution, as per Article 15 of the Directive.

Q3c. *Do you have comments on Guideline 2 – Assessment of the credibility and feasibility of winding-up under normal insolvency proceedings?*

Winding-up under normal insolvency proceedings is presented as a potential preferred resolution strategy, as a result of the resolvability assessment. The assessment of whether winding up under normal insolvency proceedings would be feasible and credible should be considered before subjecting a group to preventive resolution planning**. It is not proportionate to apply resolution planning to a group for which winding-up under normal insolvency proceedings is the optimal solution.** To comply with the IRRD, resolution plans should be drafted only for groups for which the use of resolution tools is the preferred option.

Industry supports that insurance guarantee schemes should be included in the consideration of the need for public funds in accordance with Guideline 2 Para 1.12. In addition, operational aspects such as the transfer of information should also play a role regarding insurance guarantee schemes.

Industry supports that the requirements for the assessment of resolvability (Guidelines 7 to 13) are clearly based on the dimensions of resolvability in accordance with the Annex of Directive (EU) 2025/1, but note these are in some cases overly detailed.

Q3d. *Do you have comments on Guideline 3 – Identification of a preferred resolution strategy?*

GL 3 recommends considering "the enforceability of resolution tools that would be applied, in particular in third countries". However, it should be noted that the **IRRD is an EU framework** and that similar resolution frameworks may not exist in 3rd countries and the wording of this guideline should be amended to reflect this.

Q3e. *Do you have comments on Guideline 4 – Assessment of the feasibility and credibility of a resolution strategy?*

Para 1.20: While industry notes that the items suggested are optional for resolution authorities to consider, **these are potentially very onerous and could pass a significant part of the assessment of resolvability to undertakings**. This contradicts recitals of the Directive (EU) 2025/1 (e.g. (17)), where it is explicitly stated that unnecessary administrative burdens and costs on undertakings and authorities are to be avoided. In particular, self-assessments and playbooks can be burdensome to prepare and maintain, and multi-annual test programs may place considerable workloads on undertakings. If such items are to be introduced (which is not supported), a convergent approach should be imposed across Member States, to ensure a level playing field.

So far, it remains unclear what self-assessment reports, handbooks, and playbooks are expected to contain. These delivery items are undefined, and their link to the "effective implementation of the resolution tools listed in Article 26(3)" is not well explained. Under Article 12(1) IRRD, cooperation is required "as much as necessary," and the current requirements appear to go beyond this. It should be clarified that these delivery items must be limited to what is strictly necessary under Article 12(1) IRRD, and that the resolution authority must demonstrate such necessity in line with the Directive.

Q3f. *Do you have comments on Guideline 5 – Assessment of feasibility: operational continuity?*

It is important to note in this guideline that not all groups provide critical functions.

Para 1.22**: Industry would welcome greater clarity around what is meant by "clear parameters against which the performance of these services' provision can be monitored**", noting that insurance companies should not be required to create new parameters that go beyond SLAs.

Q3h. *Do you have comments on Guideline 7 – Assessment of feasibility: separability?*

It is important to note in this guideline that not all groups provide critical functions. The analysis on the market capacity to absorb the transfer perimeter(s) and the identification of specific counterparties would overlap with the substitutability analysis already performed for the purpose of the identification of critical functions. It is therefore suggested that this requirement be removed. Additionally, assessing potential buyers relies on synergy considerations, which supervisors are better placed to evaluate through market-wide surveys to gauge the interest of market participants in acquiring competitors' business.

Q3i. *Do you have comments on Guideline 8 – Assessment of feasibility: loss absorption and recapitalisation capacity?*

Industry would **welcome further clarity on how requirements for "ensuring an appropriate amount of eligible liabilities" interact with Solvency II capital requirements**. There is a concern this will lead to Resolution Authorities (RAs) practically imposing an MREL-requirement on insurance companies.

Industry **proposes that references made to short time periods are removed from the Guidelines** as these are less applicable to the long-term nature of insurance liabilities. Specifically, in Para 1.31, removal of the words "at short notice" and in Para 1.33b removing the reference to "overnight".

Q3j. *Do you have comments on Guideline 9 – Assessment of feasibility: liquidity and funding in resolution?*

Safeguarding access to critical financial counterparties that provide liquidity is already burdensome; estimating the liquidity needs linked to the resolution plan adds further complexity, as these needs will inherently depend on the specific resolution scenario.

Q3l. *Do you have comments on Guideline 11 – Assessment of feasibility: communication?*

Para 1.39: Industry proposes that the **reference to "local language" be amended to "should be disclosed in a language customary in the sphere of international finance".** This would remove a potentially burdensome requirement to translate into multiple local languages.

Information on the crisis management communication strategy is already expected in the Pre-emptive Recovery Plan. For resolution purposes, it is important that any additional requirements focus solely on specific communication elements unique to the resolution plan, ensuring added value rather than duplicating existing obligations.

Q3m. *Do you have comments on Guideline 12 – Assessment of feasibility: governance?*

Para 1.40: Industry notes that **requirements that endanger the independence of internal audit should not be imposed and proposes that this paragraph be amended** to clarify that internal audit decides independently on any reviews performed.

Insurance Europe response to EIOPA IRRD consultation on Guidelines on the removal of impediments to resolvability

Our reference:	ECO-SLV-25-304	Date:	31-07-2025
Referring to:	Consultation on the proposal for Guidelines on the removal of impediments to resolvability - IRRD - EIOPA		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	6	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide feedback on the consultation on the guidelines to remove impediments to resolvability. In the industry's view, **the draft guidelines are detailed, broad in scope, and could be interpreted as** giving resolution authorities considerable powers to intervene pre-emptively across various aspects of an insurer's business – ranging from product design to lines of business, reinsurance strategy, legal structures, intra-group structures, etc.

Against this background, the industry **urges EIOPA to keep these guidelines pursuant to Article 15 Insurance Recovery and Resolution Directive (IRRD) as generic as possible**. Details and circumstances will depend on the preferred resolution action, the nature of the impediment, if any, and it is difficult to determine in advance how measures would need to be applied in specific circumstances.

Industry welcomes the introduction that establishes **the principles of proportionality, cost/benefit and considerations given to limiting business disruption**. However, the language of those Introductory remarks could be strengthened. It should be made clearer **with a separate Guideline that Alternative Measures should be exceptional and as ultima ratio,** particularly given the low likelihood of resolution being necessary and hence imposed measures having a potential positive impact, while negative consequences of imposed measures (e.g. a required restructuring or forced sale of illiquid assets) have an immediate and certain negative impact on the financial situation of the undertaking or group as well as the customer value of products (e.g. through lower profit participation rates). Therefore, alternative measures can only be justified by the removal of real, demonstrable impediments to national resolution.

The adequacy of the imposed measures should be assessed in light of the very low likelihood of resolution, given the 99.5% Value at Risk (VaR) confidence level under Solvency II. The Guidelines may require far-reaching changes to the legal and organisational structures and may restrict business activities, extending even to third parties, reinsurers, and employees—not just intra-group entities. These requirements go beyond Solvency II

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and risk undermining the level playing field with insurers not subject to resolvability assessments or obligations to remove impediments. The broad scope of the alternative measures and powers available to resolution authorities further reinforces this concern. The assessment should primarily be part of the supervisory review and feedback process around the Own Risk and Solvency Assessment (ORSA). In addition, given **the exceptional nature of measures to remove impediments,** industry proposes the words 'could consider' rather than 'should consider' be used throughout the guidelines to better reflect this.

It is important to highlight that **timing constraints for insurance companies differ significantly from those in the banking sector**. Groups with Bank Recovery and Resolution Directive (BRRD) experience note that its requirements can be extremely burdensome — for example, some banks must simulate a full sale, including policyholder data transfer, within 24 hours to ensure continuity of banking services.
In contrast, **insurance does not require the same urgency**. While it is important coverage, delays of a few days in processing claims or transferring policies are unlikely to have an immediate impact on policyholders' lives. This distinction is explicitly acknowledged in **preamble 14 of the IRRD**, which states:
"The timescale of a resolution in an insurance and reinsurance context is different from a resolution in a banking context... Insurance and reinsurance resolution authorities... often have the benefit of having more time to find the proper solutions that are most beneficial for policyholders."

Therefore, **insurance companies and groups should not be required to establish specific BRRD-style reporting processes for resolution planning**. Instead, they should be permitted to **re-use existing business-as-usual processes** as much as possible. Additional data tracking requirements comparable to those under BRRD are not appropriate or necessary under the IRRD.

Measures should not make it harder for groups to create synergies by e.g. shared support functions. Unnecessary risks should be avoided but **resolution planning should not unduly constrain business opportunities or hinder the creation of operational synergies through intra-group arrangements**. In particular, intra-group financial and operational arrangements serve to generate capability, cost and customer service efficiencies in business as usual. Removing them ex-ante could greatly deteriorate an undertaking's competitiveness and ability to serve its customers effectively.

Industry would welcome further clarity on **circumstances where EIOPA would consider that an undertaking has insufficient loss-absorbency** to execute the preferred resolution strategy. If an insurer meets Solvency II capital requirements at solo and group level, the eligible own funds should be sufficient to absorb all relevant losses. The basis for an assessment of loss absorbing capacity by the resolution authority beyond that carried of the Solvency II supervisory authority is unclear and could lead to resolution authorities imposing a requirement like Minimum Requirement for Own Funds and Eligible Liabilities (MREL) on insurance companies.

The impact assessment contains no quantitative cost assessment. Without understanding the impact of regulations, it is very difficult to successfully reduce their burden, in line with the Commission's simplification agenda to reduce operational and reporting burdens on firms.

The Guideline should refer to "parents" rather than "ultimate parents" as entities that are not subject to the Solvency II (SII) framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

For bank-insurance groups, which are already subject to BRRD, the introduction of IRRD will make recovery and resolution planning for insurance entities more granular. These groups will integrate IRRD planning into their BRRD framework. Therefore, **IRRD planning should apply only to the highest insurance entity in the group**, not to holdings above that level, which are already covered by BRRD. To avoid double reporting and planning, EIOPA is reminded of the European Commission's goal to reduce reporting burdens by 25%. In this context, avoiding duplication is essential.

Guidelines

Q3a. *Do you have comments on Subsection 'Introduction'?*

Some parts of the guidance appear to duplicate or overlook existing Solvency II requirements. For example, Guideline 8 asks the resolution authority to consider the circumstances that could require a (re)insurer to change its reinsurance strategy. However, the elements listed here are also covered by Solvency II e.g. the strength of the reinsurer, the wording of the reinsurance agreement, and the nature of business reinsured. Therefore a (re)insurer which is compliant with Solvency II should also satisfy the guidance here. Where EIOPA considers that existing solvency requirements may not be sufficient, **it would be helpful for the guidance to clearly indicate where it intends to go beyond the existing Solvency II and provide the rationale for doing so**.

Industry proposes that the Introduction explicitly refer to the Directive's starting point (Recital 14) which states that **there is much more time in the insurance sector – compared to the banking sector – to find appropriate solutions** in case of failure of an undertaking.

Para 1.4c): This paragraph **introduces the concept of an 'alternative resolution strategy', which goes beyond the requirements set out in Article 13(2)a) and Article 14(3)a)** of Directive (EU) 2025/1. This requires the selection of a preferred resolution action, not more than one resolution action. Therefore, industry **request that this be deleted**. If this is maintained, it should be clear that the requirements in the Directive with respect to resolvability and the removal of substantial impediments can only be applied to the selected resolution action.

Para 1.5: should be amended to emphasise that changes to the business structure, which impact business as usual activities, **should only be implemented in exceptional circumstances with strong justification and as ultima ratio**. Industry suggests that this is **captured in a separate Guideline** to emphasise the importance of the point. The below wording is suggested:

"*It is essential to apply the alternative measures in a proportionate manner and as ultima ratio, trying to minimise, **limiting**, to the **maximum** extent possible, the interference with the insurance or reinsurance undertakings' or group's legal structure and financial or operational strategy. **Any such measures require detailed impact assessments clearly demonstrating how the expected benefits to resolvability outweigh any negative impacts, on ongoing operations, policyholder protection, financial stability, or the undertaking's broader economic role. Notwithstanding the right to appeal referred to in Article 15(7) of the IRRD, such assessments should be shared with the undertaking or group to provide an opportunity for appropriate engagement before measures are finalised."***

Para 1.7: **A company which does not meet the criteria for entry into resolution should not have to address impediments to winding up as part of the IRRD framework**. Para 1.7 should be amended as set out below:

The alternative measures may be applied if they are suitable, necessary and proportionate to address or remove the substantive impediments to the effective implementation of a preferred resolution strategy (and alternative resolution strategy, if applicable).

The decision to address impediments to wind-up for entities expected to undergo insolvency proceedings appears to go beyond what is strictly necessary and may exceed the mandate given by the Commission. Further clarification on the rationale and relevance of introducing this requirement is needed.

Para 1.10: Industry proposes that this **paragraph should clearly state that measures must not only be proportionate but also risk based, noting the points made above regarding interactions with Solvency II**. Removing impediments to resolvability can potentially be a heavy operational burden with capital impacts, and it would not be proportionate to do so for healthy companies with solid solvency buffers for whom the risk of resolution is very remote.

Q3b. *Do you have comments on Guideline 1 – Alternative resolution strategies?*

Industry suggests that the title '**Alternative resolution strategies' should be changed to 'Alternative measures'**. The measures referred to in Article 15(5) are not intended to be alternative resolution strategies, but alternative measures to remove substantial impediments to the preferred resolution action.

Q3c. *Do you have comments on Guideline 2 – Details and circumstances with respect to the power to require the insurance or reinsurance undertaking to revise any intra-group financing agreements or review the absence thereof, or draw up service agreements, whether intragroup or with third parties?*

Para 1.13a) and c): The **examples used appear to imply that mechanisms should exist to allow for loss-absorption beyond the NCWO-level. Industry does not consider this appropriate**. Such an approach could be interpreted that there might be circumstances in which more loss-absorption should be available within a group than Solvency II capital requirements prescribe, and that group entities could be exposed to more losses than their potential exposure existing prior to entry into resolution. This would raise concerns about consistency with existing prudential standards and the principle of limited liability within groups.

Para 1.13b) and d): **The examples given are of a rather generic nature and lack sufficient clarity to be operationally helpful as part of the guidelines**. In particular, it is unclear how to distinguish between complexities in the operational structures and structures not allowing loss absorption in accordance with general principles governing resolution as a going concern and in resolution. It also seems to be theoretical that insurance undertakings should install "a too complicated operational structure" of the group. There is also no definition of what is too complicated, considering that many operational structures are chosen based on regulatory, tax, liability, labour and other legal considerations, among others.

Para 1.14: While Article 15(5)(a) of the Directive allows resolution authorities to require service level agreements (SLAs), the drafting upfront of SLAs for all potential resolution scenarios may not be meaningful or proportionate, given the wide variety of circumstances in which resolution might occur. Industry suggests that this paragraph be modified to reflect that SLAs, where required, should be tailored, risk-based, and proportionate to the specific resolution strategy, and that a flexible approach is needed.

Q3d. *Do you have comments on Guideline 3 – Details and circumstances with respect to the power to require the insurance or reinsurance undertaking to limit its maximum individual and aggregate exposures?*

This guideline could risk undermining **the fundamental principle of diversification of risk in insurance** if not implemented proportionately. Limiting exposures without clear justification may reduce **the capacity of undertakings to accept risks**. In so doing it has the potential to damage the economic effectiveness of the (re)insurance undertaking and its contribution to the wider economy and internal market for a potential gain in a hypothetical resolution scenario. In particular, the guideline should include a requirement for the resolution authority to assess the potential economic costs for the group of such an action. Please also refer to the comments in the introduction section.

Q3e. *Do you have comments on Guideline 4 – Details and circumstances with respect to the power to impose specific or regular additional information requirements relevant for resolution purposes?*

It is essential that authorities ensure that all information already available to the supervisory or resolution authority is used before imposing additional data requests or reporting requirements on companies. The guideline should be amended as follows:

*Resolution authorities should consider imposing additional information requirements**, where this information is not already available to the supervisory or resolution authority in some form**, when the insurance or reinsurance undertaking is not able to provide up-to-date information required within the timeframe necessary under the preferred resolution strategy.*

Q3f. *Do you have comments on Guideline 5 – Details and circumstances with respect to the power to require the insurance or reinsurance undertaking to divest specific assets or to restructure liabilities?*

Para 1.21: Existing liquidity stress tests should be accepted by the resolution authority.

The second sentence could apply to all asset classes, except government bonds, given that resolution is likely to occur during period of extreme market stress. Insurers manage their asset portfolios in the interest of policyholders, sometimes aiming to secure an illiquidity premium for their benefit. A sub-optimal asset allocation imposed by the supervisor could undermine these objectives and potentially harm policyholder interests.
Para 1.22: The industry strongly supports that the resolution authority should consider the impact of divestments on profit participation of policyholders. However, it should also consider the economic impact of such a divestment on the insurance undertaking, in both the short and long term.

Para 1.23: **Further clarity would be welcomed on the circumstances in which EIOPA considers that an insurance undertaking or insurance group has insufficient loss-absorbency to execute the preferred resolution strategy**. If an insurer is adequately capitalised and meets Solvency II requirements, both at solo and group level, the eligible own funds should be sufficient to absorb all relevant losses. The Solvency II supervisory authority has responsibility to assess if sufficient loss absorbency is available and the basis for an additional assessment of loss absorbing capacity by the resolution authority is unclear.

Para 1.24: The issues raised in this paragraph are primarily of a supervisory nature. **Industry does not necessarily see the size of derivatives portfolios (used for hedging purposes) as complexity**, as these derivatives are generally used as a risk management tool in a going concern and any concerns would already be addressed by the supervisory authority.

Q3g. *Do you have comments on Guideline 6 – Details and circumstances with respect to the power to require the insurance or reinsurance undertaking to limit or cease specific existing or proposed activities?*

This guideline may risk limiting the ability of (re)insurance undertakings to support the real economy if not applied with due proportionality. In particular, if executed it would even bring forward the situation it aims to prevent. Please refer to the introductory comments.

Q3h. *Do you have comments on Guideline 7 – Details and circumstances with respect to the power to restrict or prevent the development of new or existing business lines or sale of new or existing products?*

This guideline may risk limiting the ability of (re)insurance undertakings to support the real economy if not applied with due proportionality. Please refer to the introductory comments

Para 1.29: This puts additional uncertainty on new product development, to the detriment of customers.

Q3i. *Do you have comments on Guideline 8 – Details and circumstances with respect to the power to require the insurance or reinsurance undertaking to change the reinsurance strategy?*

There is **significant overlap here with Solvency II requirements** (e.g. financial strength of the reinsurance counterparty). This section should be shortened to address points specific to resolution (if any) not already covered by Solvency II.

Para 1.33: **Industry suggests amending 'negatively affects' to 'poses a substantial impediment to'** for greater clarity that a significant impact is required. Many of the triggering events identified for implementing the measure are linked to scenarios that could occur in a moderately stressed environment. The list could be reconsidered to ensure the option is reserved for more severe and impactful situations.

Q3j. *Do you have comments on Guideline 9 – Details and circumstances with respect to the power to require changes to legal or operational structures of the insurance or reinsurance undertaking or any group entity, either directly or indirectly under its control, so as to reduce complexity to ensure that critical functions may be legally and operationally separated from other functions through the application of the resolution tools?*

Industry does not believe this power should include the ability to restructure group entities geographically or by business unit in the case of, inter alia, centralised risk management, liquidity management or other key financial functions of the group, noting that Directive (EU) 2025/1 Article 15(5)h) refers to legal and operational separation of critical functions. Some level of complexity should be accepted in case of resolution planning for EU entities belonging to a third country group, for which a resolution plan is in place at group level, outside the EU. The presence of such a set-up should never be cause for restructuring requirements.

The Guideline also sets very ambitious targets with regards to staff retention or Financial Market Infrastructure (FMI) access. For example, the assurance of availability of key staff to substitute the top management requested in point is not realistic from a practical perspective. It is not possible to prevent staff from leaving if they should choose to do so.

Insurance Europe response to EIOPA IRRD consultation on RTSs on criteria for pre-emptive recovery planning requirements and methods to be used when determining the market shares

Our reference:	ECO-SLV-25-305	Date:	31-07-2025
Referring to:	Consultation on the proposal for RTSs on criteria for pre-emptive recovery planning requirements and methods to be used when determining the market shares		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	4	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide comments to the consultation on Regulatory Technical Standards (RTS) on methods and criteria to determine the market share. **Industry supports having a clear definition and methodology for presenting the size of an undertaking**. It is also **positive that supervisory authorities are encouraged to use Own Risk and Solvency Assessment (ORSA) data to assess the risk profile and impacts on solvency margins**. As far as possible, reference should be made to existing reports to avoid duplicative reporting to supervisors.

The **RTS should clearly reflect that National Supervisory Authorities (NSAs) shall take subsidiaries/branches of a group that has a recovery plan into account** when the market coverage level is calculated. This should be amended in e.g. Article 10(2) and (3) as well as in Recital 3.

Against the backdrop of efforts at European level to reduce bureaucracy and cut reporting requirements by 25% as stated by the European Commission, the industry would welcome a statement from EIOPA that the minimum market coverage of 60% is sufficient to meet the objectives of the Insurance Recovery and Resolution Directive (IRRD) and that national supervisors should only require additional companies in exceptional cases.

The calculation method for market coverage levels, as outlined in the RTS and IRRD, remains unclear. When calculating the market share of at least 60%, **subsidiaries based in a different Member State covered by group pre-emptive recovery plans shall be considered** in the market coverage of the different Member State.

It would be **useful to clarify how often the market coverage level will be updated** to determine the scope of insurance undertakings under pre-emptive recovery planning.

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Articles 4 and 7 imply that diversification could be risky (e.g. having higher numbers of counterparties or operating in multiple countries). This contradicts the concentration risk assessment in Article 6. **Industry does not view diversification as increasing risk and recommends rewording** these Articles to remove this implication. In addition, Insurance Europe recommends the addition of a recital acknowledging the specificities of reinsurance in a cross-border context.

The **impact assessment contains no quantitative cost assessment**. Without understanding the impact of regulations, it is very difficult to successfully reduce their burden, in line with the Commission's simplification agenda to reduce operational and reporting burdens on firms. In addition**, the impact assessment should also tabulate the least number of undertakings/groups to fulfil the requirement** of market coverage of 60 % for each Member State (MS) with the chosen method and other possible methods to calculate the market coverage to enable comparisons to be made.

In general, **the RTS should refer to "parents" rather than "ultimate parents"** as entities that are not subject to the Solvency II (SII) framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

Draft Technical Standards – Recitals

Q3. *Do you have comments on the Recitals?*

Recital 2: Insurance Europe recommends increasing certainty around use of the "total assets" metric by removing the words "for example".

Recital 3 should clarify that when an NSA does not subject a subsidiary to recovery planning because it takes into account the group recovery plan drawn up by the ultimate parent undertaking in a third country, as regulated in Article 7(8) IRRD, the subsidiary should count towards the market coverage target. Article 5(2), 3rd subparagraph IRRD does not make a distinction between European Union (EU) and third county group plans. Recital 3 should further clarify that in the calculation of the market share of at least 60%, **subsidiaries based in a different Member State covered by group pre-emptive recovery plans** shall be regularly considered in the market coverage of the different Member State.

Please refer to comments to Q4g. Insurance Europe recommends adding the following recital to acknowledge the specificities of the reinsurance business model based on the diversification of cross-border geographies and business lines:

"*When assessing the implications of cross-border activities for reinsurance undertakings, national competent authorities should give due consideration to the fact that the reinsurance business model is inherently cross-border. The diversification of risks achieved through such cross-border operations is a fundamental component of the reinsurance value proposition, enhancing both its efficiency and resilience. In this context, the relative importance of the cross-border activity criterion for reinsurance undertakings should not be overstated or misunderstood as an indicator of heightened risk.*"

Draft Technical Standards – Articles

For Articles 1-4 and 7-8, the criterion is defined in relative terms e.g. 'larger', 'fewer', 'riskier', 'high' (presumably against the respective Member State insurer market as the peer group) resulting in a lack of harmonisation across the EU.

Q4a. *Do you have comments on Article 1 - Size criterion?*

The IRRD aims to minimise the impact of a failing re/insurer for the European Economic Area (EEA) policyholders, economy, financial system and public finances. Accordingly, the size criterion should be scoped to include the Gross Written Premiums (GWP) and technical provisions related to activities pursued within the EEA. This clarification is requested to avoid overstating the EEA impact of international re/insurer whose technical provisions or GWP include a large share of non-EEA activities.

Therefore, Insurance Europe recommends including in paragraph 1: "*The amount of gross technical provisions and gross written premiums, as the case may be, shall be determined in relation to the activity pursued in the Member State in which the insurance or reinsurance undertaking is established*."

Q4c. *Do you have comments on Article 3 - Risk profile criterion?*

Industry further notes that the **assessment of the risk profile in accordance with Article 3(2) refers primarily to the Solvency Capital Requirement (SCR) assessment, while Article 3(3) refers to the ORSA**. This means that far-reaching interpretations are possible for authorities, and industry would recommend that this wording is modified.

Q4d. *Do you have comments on Article 4 - Interconnectedness criterion?*

Article 4(3) implies that diversification could be considered risky, e.g. through having a high number of counterparties. This contradicts the concentration risk assessment in Article 6. **Industry does not view diversification as increasing risk and recommends rewording** this Article to remove this implication.

The RTS refers to insurance undertakings interconnectedness within a Group. However, **the financial strength of the parent company** is not mentioned as a criterion to assess the risk of the intra-group exposure. This should be considered, for example in Article 4.

Q4e. *Do you have comments on Article 5 - Substitutability criterion?*

There is an inconsistency between Article 5(1), which refers to products or policies, while Article 5(4) refers to activities.

Article 5(3) does not provide a clear safeguard against small and non-complex undertakings being subject to pre-emptive recovery planning requirements.

Q4g. *Do you have comments on Article 7 - v criterion?*

Article 7(1) should be amended to remove the words **"as well as by the subsidiary undertaking"** noting that the freedom of establishment and the freedom to provide services are considered as cross-border business for the purpose of this RTS. This means that business written by subsidiaries of an insurance group is not cross-border business.

The reference to significant cross-border business, as defined in Article 152aa of the Solvency II Directive, is often inappropriate, as it may result in a large number of undertakings being classified as such. This is because the threshold of EUR 15 million of Gross Written Premium (GWP) is applied in absolute terms, which is not

significant for larger companies. It would be helpful to clarify that the proportion of cross-border business relative to total premiums should also be considered. Moreover, cross-border activities can help avoid market concentration and, in some cases, may even reduce risk.
Article 7(2) implies that diversification could be considered risky, e.g. through having business in multiple countries. This contradicts the concentration risk assessment in Article 6. **Industry does not view diversification as increasing risk and recommends rewording** this Article to remove this implication.

The RTS should acknowledge the specificities of the reinsurance business model based on the diversification of cross-border geographies and business lines. Insurance Europe recommends adding the following comments:

"*When assessing the implications of cross-border activities for reinsurance undertakings, national competent authorities should give due consideration to the fact that the reinsurance business model is inherently cross-border. The diversification of risks achieved through such cross-border operations is a fundamental component of the reinsurance value proposition, enhancing both its efficiency and resilience. In this context, the relative importance of the cross-border activity criterion for reinsurance undertakings should not be overstated or misunderstood as an indicator of heightened risk.*"

Q4h. *Do you have comments on Article 8 - Combination of criteria?*

Article 8(1) should be changed to "laid down in Article 2 to Article 7", rather than referring to Article 8.

Industry recommends introducing **safeguards against an NSA being excessively conservative** in their assessments. Under the proposed text it is conceivable that an NSA puts all undertakings in scope for recovery planning, based on several of the above criteria.

In light of this, and against the backdrop of efforts at European level to reduce bureaucracy and cut reporting requirements by 25% as stated by the European Commission, the industry supports the inclusion of a statement in Article 8 (or elsewhere) that it must also be taken into account whether the minimum market coverage of 60% is already ensured. National supervisors should only require additional insurance companies in exceptional cases.

Q4j. *Do you have comments on Article 10 - Accounting for the market share of the subsidiary of a group based in a different Member State?*

It should be clearly stated in Article 10 that when calculating the market share of at least 60%, subsidiaries covered by group pre-emptive recovery plans **shall** be taken into account in the specific market of the Member State.

Q4k. *Do you have comments on Article 11 - Considerations regarding insurance undertakings pursuing both life and non-life activities?*

This article should be amended to make clear that **subsidiaries shall be accounted for when the market share is calculated**.

Insurance Europe response to EIOPA IRRD consultation on Guidelines on criteria for the identification of critical functions

Our reference:	ECO-SLV-25-307	Date:	31-07-2025
Referring to:	Consultation on the proposal for Guidelines on criteria for the identification of critical functions		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	6	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide comments to the consultation on guidelines on the criteria to identify critical functions. The industry **welcomes that the methodology for National Resolution Authorities (NRAs) to identify critical functions for their respective insurance markets in the proposed guidelines is high level with national discretion and flexibility**.

This discretion and flexibility are needed to cater to national features and differences such as the role of insurance in society and financial markets. Industry strongly agrees that what is classified as a critical function in one Member State should not by default be classified as a critical function in other Member States. It is **also important that the guidelines allow NRAs the discretion to conclude that there are no critical functions** performed by insurers in their market, based on the characteristics of the national insurance sector.

Article 2(25) of the Directive defines critical functions as insurance activities, services or operations whose default would likely have a significant impact on the financial system, the well-being of a large number of policyholders or lead to a loss of general confidence. Having this in mind, the industry expects that only a few central activities of insurance undertakings need to be covered in order to fulfil the purpose of Article 2(25) of the Directive.

Industry is concerned that the proposed requirement to consider all functions provided to a third party implies that contrary to the above assessment that **very few of an insurer's activities will be excluded from the scope** of potential critical functions. In this context, the industry notes that the draft Guidelines appear to go beyond the mandate provided in Article 9(9) of the Insurance Recovery and Resolution Directive (IRRD), which foresees the specification of clear criteria for the identification of critical functions. By potentially including any function provided to third parties, the Guidelines risk creating uncertainty about the intended scope. As such, industry supports more clarity in the Guidelines and closer relation to Article 2(25) of the IRRD.

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Industry agrees that it is **appropriate to consider the extent to which changes in third-party contracts, backup plans, and product mix adjustments could reduce vulnerabilities**. The emphasis on partial cessation or substitution is also very relevant and should therefore be addressed in more detail.

The assessment of critical functions should be carried out at the level of the individual undertaking. References to market-wide impact should be interpreted with caution, to avoid overstating the systemic relevance of a single entity. The Guidelines should clarify this to ensure a proportionate and objective approach. At the same time, the Guidelines should acknowledge that certain market-wide considerations may be relevant when determining the criticality of a function, particularly in relation to broader financial stability. This is in line with the Financial Stability Board's Recovery and Resolution Planning Guidance, which highlights that criticality is often linked to systemic relevance, including factors such as size and market share. While this concept originates from the banking sector, the underlying principle is also relevant for insurance. Therefore, while the primary assessment should remain at undertaking level, the Guidelines could clarify that market-wide factors can provide useful context when evaluating whether the failure of a function at entity level could have wider implications.
While industry recognises that the concept of "important and critical functions" under the Digital Operational Resilience Act (DORA) is distinct from "critical functions" under the IRRD — with different objectives and scopes — it would be helpful for the Guidelines to clearly state that no equivalence is intended between the two frameworks. This would avoid confusion and ensure that resolution planning under IRRD remains focused on functions whose discontinuation would have a systemic impact at market level, and not inadvertently extend to all ICT-related or operational functions defined under DORA. Moreover, the Recital 70 of DORA mentions a Bank Recovery and Resolution Directive (BRRD) definition of critical functions, which raises questions around the consistency between the two frameworks.

The **impact assessment contains no quantitative cost assessment**. Without understanding the impact of regulations, it is very difficult to successfully reduce their burden, in line with the Commission's simplification agenda to reduce operational and reporting burdens on firms.

In general, the **Guideline should refer to "parents" rather than "ultimate parents"** as entities that are not subject to the SII framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

Guidelines

Q3a. *Do you have comments on Section 'Introduction'?*

Para 1.3: The Financial Stability Board (FSB) 2023 paper Identification of Critical Functions of Insurers" does not identify reinsurance as a critical function for insurers. In particular, section 3.2.6 of this paper specifies that none of the case studies evaluated assessed reinsurance as a critical function. Industry suggests that this paragraph is reworded to reflect this.

In addition, Insurance Europe recommends adding the following paragraph to acknowledge the specificities of the reinsurance business model based on the diversification of cross-border geographies and business lines:

"*When assessing whether a reinsurance undertaking carries critical functions, the national competent authorities should give due consideration to the fact that reinsurance is a business-to-business activity between highly skilled reinsurance professionals, including reinsurance brokers. Consequently, the reinsurance activity has no direct implications for retail policyholders.*

Furthermore, national competent authorities should give due consideration to the fact that the reinsurance business model is inherently cross-border.

The diversification of risks achieved through such cross-border operations is a fundamental component of the reinsurance value proposition, enhancing both its efficiency and resilience. In this context, the cross-border activity of reinsurance undertakings should not be misunderstood as an indicator of heightened risk."

Q3b. *Do you have comments on Guideline 1 – Scope of potential critical functions?*

Guideline (GL) 1 covers an extensive set of activities to be deemed critical. In particular, the resolution authority's need to consider all functions provided to a third party implies that very few of an insurer's activities will be excluded from the scope of potential critical functions. This approach seems to be at odds with the underlying principle of the Directive which is to address failure situations, which requires to develop a more specific and tailored approach in the identification of critical functions, to avoid identifying the entirety of an insurer's activities as critical functions.

Industry proposes that the Guidelines should relate more closely to the text of Article 2(25) of the Directive and respecting the principle of proportionality. It should be made clear in the Guideline that **all the criteria stated in the Directive's definition must be met in order for a function to be considered critical**. **Resolution authorities should focus on the impact that a discontinuation of the function and inability to replace it would cause** and if the function "*cannot be substituted easily within a reasonable timeframe, or at a reasonable cost for policy holders*".

Para 1.13: Industry **does not support the inclusion of investing in and lending to the real economy** , as well as non-insurance-specific activities such as repo transactions, securities lending and the pooling of risks, as potentially critical functions. This is in line with the case studies in the FSB practices paper (2023): "*Critical functions in relation to investment and lending to the real economy and to acting as a counterparty in derivatives, repo and securities lending markets appear to be of less relevance or seem to be limited to the Chinese example*." Critical functions of insurers should be limited to (re)insurance activities.

While (re)insurers do play an important role as institutional investors, these activities are not considered a critical function within the meaning of Article 2(25) of the IRRD. Designating it as such would imply that its continuity must be supported through resolution tools such as bail-in. It is also unclear how their resolvability could be assessed ex ante in a meaningful way.

Furthermore, such investment and financing activities are carried out for the undertaking's own account and balance sheet, in order to meet (re)insurance obligations. As such, they do not meet the definition of a critical function under Article 2(25), which refers to functions performed for third parties.

Given the atomicity of financial markets, it is difficult to imagine investment activities of an insurer qualifying as critical. Existing safeguards — such as concentration risk frameworks and liquidity management tools (e.g. targets on low market footprints to mitigate fire sale risks)— already mitigate systemic risks. Therefore, the Regulation could clarify that such assessments are only required if there is a strong presumption that specific investments could be critical.

Finally, designating investment or lending roles as critical functions risks distorting competition with other institutional investors that are not subject to resolution planning, thereby undermining the level playing field.

Industry does not support the classification of reinsurance as a non-insurance function in this guideline. Para 1.13 rewrites the FSB list of the types of economic function of insurance, including a reference to reinsurance, each time there is a reference to insurance (e.g., "Insurance / reinsurance coverage as a precondition for individuals to go about their daily lives; Insurance / reinsurance payments that are vital to individuals' financial security").

Reinsurance is a Business-to-Business activity which does not provide direct coverage to individual customers. **Applying criteria designed for primary insurers may overstate the systemic relevance of certain reinsurance functions.** Instead, resolution authorities should take account of the specificities of the reinsurance model, which enhances market resilience rather than posing contagion risks. Therefore, the wording of the FSB's Practices paper should be reflected in Para 1.13.

Q3c. *Do you have comments on Guideline 2 – Geographical Level?*

Industry does not support that the impact assessment on the effects of discontinuation/non-substitutability must be carried out separately for each Member State. A requirement to assess impact separately for each Member State may result in artificial fragmentation of otherwise integrated markets, particularly for cross-border or group-level undertakings. A flexible, proportionate approach is needed.

The industry suggests the term 'Significant impact" and the following paragraphs which are rather vague and risk heterogeneous interpretation by the NSAs.

Q3d. *Do you have comments on Guideline 3 - Consideration of an insurance guarantee scheme, measures under normal insolvency proceedings, and use of public funds in the identification of critical functions?*

Industry would appreciate further clarity on why insurance guarantee schemes should not be considered when the authority makes an assessment of the criticality. Guarantee schemes differ from Member State to Member State, but that is why they should be taken into account when determining the critical functions in each Member State.

Q3e. *Do you have comments on Guideline 4 - Inability to provide the function?*

The proposal to "*use the assumption that these activities and operations cease completely and that the services are no longer provided*" is not in line with the impact assessment. The assumption should be a partial stop, for the same reasons (see comments on Q5).

The assessment is made at the level of an individual insurance undertaking. For example, the inability of one insurer to underwrite new business for certain risks may not be critical if other undertakings in the market continue to offer coverage for those same risks. This should be made clear by inserting the following clarification: "1.18. When assessing whether the inability of the insurance or reinsurance undertaking to provide a function that consists of certain activities, services or operations results in a significant impact, the resolution authority should use the assumption that these activities and operations cease completely and that the services are no longer provided **at the level of this undertaking"**.

Q3h. *Do you have comments on Guideline 7 - Impact resulting from effects on the social welfare of a large number of policy holders and from the systemic disruption in the provision of insurance services?*

The assessment is made at the level of the individual insurance undertaking, which should be made very clear. The following amendment to the wording is suggested:

"1.25. When assessing whether there are functions for which the inability of the individual insurance or reinsurance undertaking to provide them is likely to have a significant impact on the real economy or the financial system resulting from the systemic disruption of insurance services the resolution authority should consider, inter alia, functions where the inability to provide them **at the level of this individual undertaking** *creates a risk to the financial stability, in particular resulting from the systemic relevance of the insurance or reinsurance undertaking that provides the function, according to the criteria in point 1.18(a)."*

Q3i. *Do you have comments on Guideline 8 - Loss of general confidence in the provision of insurance services?*

It should be clarified whether the focus of paragraph 1.27(b) is on the actual availability of insurance coverage or on the loss of confidence in its availability. When assessing whether the inability of an individual insurance undertaking to provide certain functions is likely to have significant impact on the real economy or financial system due to a general loss of confidence in the provision of financial services, caution is needed. **This assessment should be made at the level of the individual undertaking, rather than assuming market-wide stress**. The risk of a loss of confidence "for the whole market or for one or more segments", and its potential, should be assessed based on objective criteria, as **the failure of a single undertaking is unlikely to trigger such widespread and major consequences.** This assessment is backed by the fact that the historical insurance failures have not led to significant insurance runs on other insurance companies. The Regulation could be amended to highlight that this analysis should only be performed if there is a strong presumption that the failure of a specific activity would lead to a general loss of confidence.

Q3l. *Do you have comments on Guideline 11 - Factors to consider when assessing the substitutability of a function within a reasonable time and at a reasonable cost?*

The industry fully supports the fact that the substitutability assessment is a based on multiple factors and should not be solely based on the market share. Because the list of potential critical functions is very extensive, a more in-depth analysis based on empirical data and case by case review will be needed.

Annex: Impact assessment

Q5. *Do you have comments on Policy Issue A: assumptions used for the assessment of the impact of the inability to provide a function?*

The impact assessment is based on a purely qualitative assessment performed by EIOPA. A quantitative cost-benefit analysis would allow stakeholders and policymakers to better assess the regulatory burden of the proposed Guidelines, in line with the European Commission's simplification agenda.

In practice, this assessment consists of comparing two policy options. The assumption of a partial rather than a complete stop of the function, recognising that there may be ways to partially continue the function, is realistic. However, this assessment cannot be considered as a full-fleshed assessment of impact of the proposed Guideline on criteria for the identification of critical functions.

In addition, in Guideline 4 on specific requirements for the assessment of the likelihood of a significant impact on the financial system or the real economy, the "resolution authority should use the assumption that these activities and operations cease completely and that the services are no longer provided" which is not in line with the impact assessment. Here also, the assumption should be a partial stop, for the same reasons.

Any other comments

Q6. *Do you have any other comments?*

The explanatory text presents a "non-exhaustive list of potential functions", intended to "serve as a reference for resolution authorities when deciding whether an insurance or reinsurance undertaking provides a critical function". This list comprises almost every (re)insurance activities and therefore serves limited purpose and should be removed from the Guideline. For instance, this list includes, as far as reinsurance is concerned, "(3) Lines of business and products related to Reinsurance, such as: Facultative or treaty reinsurance / Financial (re)insurance (Insurance of settlements between counterparties)". Facultative or Treaty reinsurance are types of reinsurance, not products or lines of business. Such an expansive list risks blurring the distinction between ordinary business functions and genuinely critical ones. **A non-exhaustive list should support—not replace—a case-by-case assessment grounded in the Directive's definition.**

Some groups with BRRD experience raise timing concerns regarding the identification of critical functions under IRRD. Insurance companies and groups are proposed to identify critical functions as part of the **pre-emptive recovery plan, in fact this should not be the case as critical functions must not be part of the PRP** (please refer to our consultation response on content of pre-emptive recovery planning). However, this identification would only challenged later by the NRA in the context of the **resolution plan**. As a result, in the first recovery plan cycle, the identification of critical functions will remain unchallenged.

Insurance Europe therefore asks for **clear guidance from EIOPA and NRAs** on the timing, process, and objectives of identifying critical functions under IRRD.

Insurance Europe response to EIOPA IRRD consultation on RTS on the content of (group) pre-emptive recovery plans

Our reference:	ECO-SLV-25-306	Date:	31-07-2025
Referring to:	Consultation on the proposal for RTSs on the content of (group) pre-emptive recovery plans		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	7	Transparency Register ID	33213703459-54

General comments

Q1. *Do you have general comments on the consultation document?*

Insurance Europe welcomes the opportunity to provide feedback on the consultation on the Regulatory Technical Standards (RTS) on the content of pre-emptive recovery plans. The industry has a number of strong reservations about the proposals outlined in the draft RTS which predominantly relate to the excessive and duplicative requirements. These are outlined in our response below.

The industry stands ready to provide further feedback and suggestions on how the pre-emptive recovery plans could be designed to ensure the requirements are proportionate to the potential benefits that may be achieved through pre-emptive recovery planning.

Extensive requirements

The proposed **required content of the pre-emptive plan is extensive and will create substantial workload for undertakings**, both initially and when the plan is updated. This goes against the Commission's simplification agenda to reduce operational and reporting burdens on firms. The information requested includes information that National Supervisory Authorities (NSAs) already have from their on-going supervision of insurance undertakings and groups. The principle of proportionality is hardly considered, and **the minimum content of the plan should be significantly reduced.** For example, some sections could be updated less frequently than the full plan, and certain analyses could be performed ad hoc if the supervisory authority raises specific concerns.

Critical functions not required in recovery plans

The Level 1 text of the Insurance Recovery and Resolution Directive (**IRRD) does not require the inclusion of critical functions in the pre-emptive recovery plan**. Industry therefore sees no need/justification for their inclusion in the draft RTS or in the pre-emptive recovery plan, particularly as this information is already provided to supervisory authorities by the resolution authority, who are responsible for the identification of critical functions, through the resolution plan under Article 9(7) IRRD.

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Language of the recovery plans
It should be clarified that the recovery plan of groups with cross-border business **could be drafted in English or in the common language of the group – depending on the choice of the group.**

Solo vs group-level clarity and avoiding duplication
Across several provisions, the draft RTS appear to introduce extensive new documentation and assessment requirements without always distinguishing between group-level and solo-level obligations or recognising the availability of equivalent information under existing Solvency II reporting. Industry strongly recommends that **the final RTS explicitly promote consistency with Solvency II disclosures, apply proportionality in line with the Directive, and avoid duplication in both solo and group contexts**.

Consistency with international standards
It is important to note that the **RTS appears significantly more prescriptive than international standards such as the IAIS Application Paper on Recovery Planning**, which advocates a more proportionate and flexible approach. Aligning the RTS more closely with these global standards would help avoid excessive administrative burdens and promote a level playing field.

Timing of first pre-emptive recovery plans
Given how extensive the proposed pre-emptive recovery plan, **the first pre-emptive recovery plans should be prepared in 2029 at the earliest**. In practice, this would mean by mid-2029 at the earliest, given existing reporting requirements in the first half of each year. Supervisory expectations on the first version of the plan should reflect that the development of the pre-emptive recovery plan will be an iterative process, and that this is expected to be fine-tuned over a period of years.

Insurance group issues
For bank-insurance groups which are already subject to Bank Recovery and Resolution Directive (BRRD), **IRRD planning should apply only to the highest insurance legal entity within the insurance group**. To avoid double reporting and planning, EIOPA is reminded of the EC goal to reduce reporting burdens by 25%.

It should be recognised that, currently, there is no specific and coherent regulatory framework governing financial conglomerates. The application of IRRD in such conglomerates—especially those already under the BRRD regime—could result in inconsistencies or conflicts, due to the overlapping scope and differing sectoral logics of the two directives.

Furthermore, it is recommended that entities within the group to be taken into account as part of the pre-emptive recovery planning should be based on a **materiality threshold**, identifying only those insurance entities that are substantively significant within the group.

Given the complexity of such structures, the industry also supports a **case-by-case supervisory assessment** by EIOPA and National Resolution Authorities (NRAs) to determine the most appropriate and proportionate application of IRRD, ensuring consistency with existing frameworks and proportionality to the risk profile of the entities involved. This is also intended to simplify matters when the insurance group is part of a conglomerate, and the latter already has governance measures in place as a result of the activities carried out on the BRRD side. Similarly, simplifications are required in the application of the IRRD to implement a single plan for the group/parent insurance company.

Other issues
The impact assessment contains no quantitative cost assessment. Without understanding the impact of regulations, it is very difficult to successfully reduce their burden, in line with the Commission's simplification agenda to reduce operational and reporting burdens on firms. Earlier performed cost assessments are not relevant, as the required content is far more extensive than considered in those earlier assessments.

In general, the RTS should refer to "parents" rather than "ultimate parents" as entities that are not subject to the SII framework as stated in the Level 1 text should not be in scope of Level 2 and 3.

Background and Analysis

Q2. *Do you have comments on the Background and Analysis section?*

It is important that any requirements of IRRD, including this RTS do not inadvertently hinder well-established and effective risk management practices—such as diversification—or introduce disproportionate burdens that could affect the competitiveness of EU insurers.

The assertion that crisis prevention and preparation is more efficient and less costly than crisis management should be carefully qualified. **Solvency II remains the global gold standard of insurance prudential supervision and provides a robust framework for early risk detection and mitigation**. Any new requirements should therefore be **very carefully assessed in light of their added value beyond SII**. Also while crisis prevention and preparation can be beneficial at the level of individual companies, it may lead to significant costs and administrative complexity **at industry level if the measures are not implemented proportionately**.

It is clearly stated that the goal of a pre-emptive recovery plan: "[…] *is not to forecast the factors that could prompt a crisis but rather to identify the actions that might be available to counter both an idiosyncratic and a system-wide crisis […]".* **The industry would expect this statement around the emphasis on recovery options to be reflected in the upcoming Guidelines on the scenarios and the indicators**.

Draft Technical Standards - Recitals

Q3. *Do you have comments on the Recitals?*

The RTS requests the documentation of any recovery plan that has been implemented in the last 10 years, including an evaluation of the measures taken. **Industry proposes reducing the history of the recovery plan required**, for reasons of relevance and cost. For example, reference could be made to Article 8 (Past breach of the Solvency Capital Requirement). As such history would take the form of an obligation to include information about breaches of the Solvency Capital Requirement in the last 10 years, as well as the measures taken by the group to restore compliance.

Recital 1 refers to a summary of the preventive recovery plan in an international language, a priori for all stakeholders while in Article 2, the summary is only to be produced in an international language by entities fulfilling certain criteria. **Industry suggests the synthesis should be in either English or the language of insurance company operations for cross-border undertakings and the language of insurance company operations for those in a single Member State** so that they are able to quickly understand the key elements of the preventive recovery plan and make decisions in crisis situations without language barriers.

Draft Technical Standards - Articles

Q4a. *Do you have comments on Article 1 – Definitions?*

Industry would welcome definitions being provided for "Governance Structure" and "Stakeholders".

Q4b. *Do you have comments on Article 2 - Summary of the key elements of the pre-emptive recovery plan or group pre-emptive recovery plan?*

The summary of the report should not include every item referred in points (b) to (g) of Article 5(6) of Directive (EU) 2025/1. Supervisors are expected to read the whole document. Undertakings/groups should have flexibility to decide on the most relevant information of the plan to be highlighted in the summary. If EIOPA wants to prescribe the content of the summary, it should be limited to the most relevant items of Article 5(6) (for example, a summary of indicators and remedial actions).

It should be clarified in Article 2(2) that the summary of the plan can be in English or in the common language of the group **– depending on the choice of the group**. It is also important to point out that according to Directive (EU) 2025/1 this summary shall not be disclosed to the general public, but it is only for NSAs and NRAs.

Industry would **welcome greater clarity on the criteria for significant cross-border activities** and how consistency with Solvency II will be ensured.

Q4c. *Do you have comments on Article 3 - Description of the insurance or reinsurance undertaking or the group?*

Most of the information required under this article is available in SFCR (Solvency and Financial Condition Report), RSR (Regular Supervisory Report) reports, QRTs (Quantitative Reporting Templates) and the ORSA (Own Risk and Solvency Assessment) report. While this is mentioned in Recital 1, i**t should be explicitly mentioned in the article that undertakings or groups can refer to these documents** to cover the requirements under this article, or alternatively the description of the insurance or reinsurance undertaking or group should be reduced as much as possible.

Industry sees no reason why critical functions must be addressed in the recovery plan. This is not mentioned in the IRRD for recovery plans, nor does it seem necessary, as supervisory authorities will receive the critical functions information through the resolution plan under Article 9(7) IRRD.

In addition, undertakings will not necessarily know whether and which activities are classified as critical functions by the resolution authority when preparing the recovery plan. If the assessment of critical functions in the resolution plan were to change, this would require constant updates to the recovery plan, creating unnecessary administrative burden. It is also unclear how firms outside the scope of resolution planning will have their identifications reviewed.

Therefore, the industry suggests deleting the references to critical functions in Article 3(1)(a) and (b) of the draft RTS.

Article 3(1)(c): Information on intra-group transactions (IGT) and inter-connectedness is already captured in detail in Solvency II reporting templates, 36.01 (IGT Equity-type transactions, debt and asset transfer), 36.02 (derivatives), 36.03 (off balance sheet and contingent liabilities), 36.04 (IGT insurance and reinsurance), 36.05 (P&L, including intra-group outsourcing or cost sharing) and should not be duplicated.

Article 3(1)(c) and 3.2 are unclear about what information should be provided in an entity level plan and what should be provided in a group plan, in particular in situations where both a group and (an) entity level plan(s) are required. This is not the regular situation foreseen by IRRD, but might still occur, for example in situations where the group plan was drawn up by an ultimate parent undertaking outside the EU. In that case, the undertaking drawing up an entity-level plan should not be required to provide group information. Further guidance on information sharing and co-ordination between NSAs in such cases would also be useful.

Overall, it may be useful to consider splitting this Article into two, covering solo and group undertakings, to avoid confusion.

Article 3(1)(d): Information from Solvency II reporting already includes extensive details on external transactions and should not be duplicated. **In Article 3(2) a new definition of "legal entities" is introduced. It is unclear why this is necessary** and what are the consequences for those that have been classified as "legal entities". Similarly, the **treatment of non-Solvency II legal entities is not entirely clear** in the RTS. Paragraph 2 should be amended such that the scope of reporting is aligned with Solvency II IGT reporting and other reporting. Otherwise, inconsistent and unduly burdensome frameworks are created.

Q4d. *Do you have comments on Article 4 - Framework of indicators?*

Article 4 mentions quantitative and qualitative indicators to be defined, as well as associated thresholds. It is important that these indicators are determined based on the undertaking's specific risk management framework. Other than the legally defined SCR and MCR, **no mandatory set of indicators or minimum number should be prescribed**. The concept of qualitative indicators could be clarified by giving examples.

Article 4 also mentions the need to define indicators at both parent company and subsidiary level. The **obligation to define indicators at subsidiary level should be applied in a proportionate manner** as indicated. For a recovery plan at group level, it is not appropriate to require indicators (triggers) at the level of individual subsidiary undertakings, and this requirement should be deleted. If an indicator is triggered at subsidiary level and this is material for the group, it will automatically result in a trigger at group level. In situations where both a group and (an) entity level plan(s) are required, the **group plan should not be required to include the triggers at the level of the individual subsidiary** undertakings. Moreover, placing stronger emphasis for some entities in the group plan would challenge the principle of equal treatment across subsidiaries that some insurers aim to maintain.

According to Article 5(11) of Directive (EU) 2025/1, EIOPA will issue guidelines on indicators and scenarios, but this is not referred to in the RTS. In order to remove any potential conflicts or overlaps with the guidelines, it is suggested that **Article 4 should be shortened and be less prescriptive**, e.g. by deleting Article 4(2)–4(3). If these are retained, a detailed description of the consistency of the indicators with the general risk management framework of the undertaking/group seems unnecessary. A brief description (if any) would suffice. An explanation of the rationale for choosing the specific indicators and triggers may also be unnecessary. In most cases, the rationale would be quite evident. The NSAs would always be able to request explanations where needed and to challenge the indicators and triggers identified in the plan.

Early warning indicators (EWIs) play a key role in triggering escalation processes when an insurer enters a risk recovery zone and should therefore be included in the pre-emptive recovery plan. However, to avoid duplication and unnecessary burden, undertakings should be allowed to reference EWIs if already defined in their Risk Management Framework.
Article 4(5): Whether indicators provide 'enough time' depends highly on the stress situation itself. **Scenario analysis is the only meaningful way to understand potential speed of deterioration**, thereby assisting in evaluating whether triggers and actions are calibrated to be 'early enough'.

Q4e. *Do you have comments on Article 5 - Description of how the pre-emptive recovery plan or group pre-emptive recovery plan has been drawn-up, how it will be updated and how it will be applied?*

The description of how the plan was drawn up should be simpler, confirming administrative, management or supervisory body (AMSB) approval and the involvement of other relevant functions. There is no need for information about the role and persons responsible for preparing, implementing and updating each section of the plan as well as overall responsibility for the plan.

The reference to external auditors should be removed, since external auditing of plans is not foreseen in Directive (EU) 2025/1. This item should focus on the process to ensure timely implementation of remedial actions.

Article 5(1)(c)(i) requires updating the pre-emptive recovery plan at least every 2 years. The 2-year-interval should be the regular case, and a shorter interval should only be specified **in exceptional cases**. If a shorter interval is specified in exceptional cases, regular updates should be omitted as the time required to review by the NSAs (nine months according to Article 6(1) IRRD) and to provide a new plan is longer anyway.

Q4f. *Do you have comments on Article 6 - Range of remedial actions?*

The assessment of whether remedial actions are credible/feasible/effective needs to be proportionate in light of the information available in the pre-recovery situation.

In line with Article 5(6)(e) of the IRRD, the recovery plan should contain a range of remedial actions but not require an excessive assessment of the feasibility of each individual action. **While the industry fully supports the need for a high-level assessment of credibility, feasibility, and effectiveness—consistent with sound risk management**— the industry considers that the level of detail required in Article 6(3)(c) and (d) is too extensive. Against this background, the industry proposes to delete the sub-items under these paragraphs.

In any case, **analysis should be prioritised on the measures that would be implemented under the stress scenarios** studied in the credibility and feasibility analysis referred to in Article 5(7) of Directive (EU) 2025/1.

Furthermore**, the assessment of the valuation of the business lines or portfolio to be divested**, which is a measure to be included in the preventive recovery plan, **is a complex and costly process requiring specialised resources**. Valuation estimates can be particularly volatile and dependent on market conditions. In addition, cession decisions are often driven by strategic and contextual considerations that go beyond simple valuation figures. In 3(c)(iii) the wording in bold should be added "**an overview of** the valuation assumptions and all other assumptions made for the purpose of the assessments in points (i) and (ii) if different".

As already mentioned above (see comment on Q4c), industry sees no reason why critical functions should be addressed in the recovery plan. This is not required under the IRRD for recovery plans and does not appear necessary, as supervisory authorities will receive the relevant information through the pre-emptive resolution plan under Article 9(7) IRRD. Therefore, the reference to critical functions in Article 6(3)(c)(ii) should be deleted.

In light of Article 6(3)b), it could be expected that the Guidelines on the indicators reflect the focus on the Capital and Liquidity items. Creating additional expectations on items such as profitability in the Level 2 could create inconsistencies with expectations set in the above-mentioned article.

Q4g. *Do you have comments on Article 7 - Communication strategy?*

The text of this Article should emphasise that the plan should not be so specific or tailored as to impede its utility for all potential recovery situations and action combinations. The requirements regarding differentiation by scenarios appear overly extensive and go beyond what is required under Article 5(6) of the IRRD.

More generally, the industry questions how a tailored communication strategy can reasonably be expected to form part of a pre-emptive recovery plan.

Q4h. *Do you have comments on Article 8 - Past breach of the Solvency Capital Requirement?*

Any recovery plan submitted in the past in accordance with Article 138(2) of Solvency II should be properly recorded at the NSA. Therefore, there is no need to replicate it here.