

## Final - Guidelines to specify further details on the criteria or simplified obligations under the IRRD

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### General Comments

#### Q1. Do you have general comments on the consultation paper?

- Insurance Europe welcomes the opportunity to engage in discussion and provide feedback on these draft Guidelines, both here in writing and via the series of webinars EIOPA has hosted. We look forward to continuing to support EIOPA's work as the implementation of the IRRD progresses, with the aim of ensuring the objectives of stronger policyholder protection and enhanced financial system stability are met in a proportionate and streamlined manner for supervisors, resolution authorities and (re)insurance undertakings.
- In general, the IRRD should be a risk-based framework that is proportionate to the low levels of systemic risk posed by the insurance sector. At present, the broad definitions lead to unclarity and uncertainty, and disproportionate requirements relative to the risks and benefits create burden for undertakings, particularly given the wide scope meaning even comparatively small organisations may fall under their requirements.
- In this context, the Guidelines provide important clarification on the application of simplified obligations under Article 4 IRRD. While the objective of supervisory convergence is supported by industry, the framework goes beyond Level 1 by bringing in detailed assessment criteria. There is a risk that proportionality becomes constrained by prescriptive elements, especially the single-failure-stop principle (Guideline 1.11) may be overly conservative. Flexibility and supervisory judgement should remain central.
- We note that providing feedback on proportionality when neither the scope nor the expectations of the resolution authorities are known poses challenges and so views may evolve as the situation develops.

## Consultation paper overview and next steps

**Q2.** Do you have comments on the section 'Consultation paper overview and next steps'?

## Draft Guidelines to specify further details on the criteria to determine whether simplified obligations can apply for certain insurance and reinsurance undertakings and groups

**Q3a.** Do you have comments on the Introduction?

- The Introduction appropriately anchors the Guidelines in Article 4 IRRD. The stated intention to ensure proportionality is welcome. However, clear confirmation that criteria are non-exhaustive is essential. Otherwise, simplified obligations may be applied too restrictively.

**Q3b.** Do you have comments on Guideline 1 – General principles regarding the assessment of the application of simplified obligations?

- Guideline 1 significantly extends IRRD by requiring assessment against all criteria. The single-failure-stop principle (Guideline 1.11) may be overly conservative. Authorities should retain discretion to balance criteria holistically.
- We understand that the criteria have been selected in a way that seeks to maximise the benefits of applying the full set of IRRD measures. This approach implicitly assumes a strong correlation between failing to meet the criteria and the usefulness of applying the full IRRD framework. In particular, it assumes that undertakings or groups with unstable business (Guideline 2) and/or a low solvency coverage ratio (Guideline 5) are more likely to require a resolution plan.
- However, these may be indicators of a potential **future insolvency**, rather than indicators of whether stakeholders would be better off under an IRRD-based resolution compared to conventional insolvency proceedings. Consequently, these criteria are **less relevant** for determining eligibility for simplified obligations and should be better aligned with the objectives of the IRRD.
- A similar argument applies to the **size criterion ("Guideline 6")**: the mere fact that an undertaking or group is large does **not** imply that stakeholders are worse off in the event of insolvency than stakeholders of a smaller entity. It seems that the underlying rationale is rather one of **efficiency from the perspective of the resolution authority**, in the sense that placing a large undertaking or group under the full IRRD framework immediately brings a large number of stakeholders under its protection. In addition, this is not stated in the IRRD directive under (e.g.) Article 5 (2).

**Q3c.** Do you have comments on Guideline 2 – Nature of business?

- The listed elements are highly granular. Concentration and business model stability are relevant but dependent on the specific context.

**Q3d.** Do you have comments on Guideline 3 – Shareholding structure?

- N/A

**Q3e.** *Do you have comments on Guideline 4 – Legal form?*

- **Paragraph 1.21 (c):** Legal form alone should not preclude simplified obligations. Mutuals and simple groups may still pose limited, if any, resolution risk. As noted under Policy Option A.1, no clear direction should be provided on mutual undertakings. Given this lack of guidance, this paragraph should be deleted. The reference to Article 26 (8) is also very unclear, as that article is about resolution tools and not about simplified obligations and proportionality.

**Q3f.** *Do you have comments on Guideline 5 – Risk profile?*

- **Paragraph 1.23(d):** As noted under Policy Option A.1, no clear direction should be provided on the use of internal models in the assessment of simplified obligations. Thus, this paragraph should be deleted.
- The risk profile indicators align with prudential supervision but extend the IRRD by linking them directly to simplified obligations. We note temporary fluctuations may distort outcomes and forward-looking judgement should be emphasised.

**Q3g.** *Do you have comments on Guideline 6 – Size?*

- Size is a useful proxy but not a sufficient indicator of impact. Larger undertakings may still be resolvable under simplified regimes. Size should be considered in context.

**Q3h.** *Do you have comments on Guideline 7 – Legal status?*

- The scope of authorisation is a relevant indicator. However, diversification can also reduce risk. Automatic exclusion from simplified obligations would be inappropriate.

**Q3i.** *Do you have comments on Guideline 8 – Interconnectedness to other regulated undertakings or to the financial system in general?*

- Interconnectedness is rightly highlighted as a key criterion. However, data availability and comparability may be limited. Qualitative assessment should be permitted.

**Q3j.** *Do you have comments on Guideline 9 – Scope and complexity of activities?*

- When assessing the impact of cross-border activities, supervisory authorities should consider the trade-off between a more complex crisis management, and diversification in cross-border insurance and reinsurance business. This is particularly true for certain insurance and reinsurance lines of business for which there is de facto a global market whose efficiency and resilience comes from its global nature (compare also Recital 4 of EIOPA-BOS-25-712 16 February 2026).

## **Compliance and reporting rules**

**Q4.** *Do you have comments on the section 'Compliance and reporting rules'?*

## **Annex I: Impact Assessment**

**Q5a.** *Do you have comments on Policy Issue A: Guidance on likelihood of simplified obligations for each criterion after listing the elements to be considered?*

**Q5b.** *Do you have comments on Policy Issue B: List of optional elements?*

- The decision not to include a list of optional elements is supported.

**Q6.** *Are there any elements in the proposed Guidelines which could be modified to reduce the administrative burden or improve the (cost) efficiency of the requirements? If so, please provide a (monetary) assessment of the expected efficiency brought by the proposed change.*

- Reusing assessments from recovery planning and other supervisory reporting could reduce duplication.

## **Any other comments**

**Q7.** *Do you have any other comments?*