

Final - EIOPA IGS Consultation

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Contact person	Prudential team	E-mail:	
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General comments

Insurance Europe welcomes the opportunity to respond to EIOPA's consultation on its Advice on Minimum Common Standards for Insurance Guarantee Schemes (IGS) in the EU.

Europe's insurers strongly support a regulatory environment which provides high levels of policyholder protection and fosters financial stability and trust in the insurance sector. Regulation of the sector must also be sufficiently balanced to ensure healthy competition, innovation and dynamism. This is consistent with the European Commission's wider policy objectives to strengthen the EU economy and encourage growth and competitiveness.

Insurance Europe takes note of the latest discussion and analysis on the potential for minimum harmonisation of IGS, which supplements previous extensive discussions on the topic.

EIOPA's Advice identifies a number of relevant issues, particularly in relation to cross-border failures and policyholder outcomes. However, in our view, it does not provide a robust basis for harmonised IGS standards at this stage, nor evidence that it would bring benefits that clearly exceed its costs.

In light of this, Insurance Europe does not support a legislative proposal to create minimum common standards for IGS for the following reasons:

- **The existing prudential framework already provides very high levels of policyholder protection, including for cross-border business.** Solvency II has recently been reviewed with many additional supervisory powers, including for cross-border business, being added. The Insurance Recovery and Resolution Directive (IRRDR) is also being implemented across the EU.
- **It would be premature to introduce further prudential requirements prior to a comprehensive assessment of the impact of the IRRDR.** Many member states are still developing their national

implementation of the IRRD, including resolution funding mechanisms, risking creating overlapping and duplicative protections, should minimum harmonisation of IGS be pursued.

- **The Advice does not provide a quantitative assessment of the need for minimum harmonised IGS.** As noted in the Commission’s Call for Advice, in order to discuss and assess policy options it is key to have an overview of the insurance market and the occurrence of insurer failures and near-failures in the EU, in particular from a cross-border perspective. This should take the form of quantitative assessment and should be made public to facilitate an informed discussion on the need for harmonised IGS.
- **The costs of harmonisation of IGS have not been appropriately quantified.** While we recognise EIOPA’s efforts to quantify the potential costs, the analysis included in the Advice is heavily assumptions driven and does not relate to the actual market situation. In line with the Commission’s commitment to better regulation, any policy proposal should be appropriately justified with a proper cost vs benefit analysis.
- **The Advice fails to take sufficient account of national differences with regard to product characteristics, welfare and tax systems.** The underlying assumptions that IGS harmonisation would increase consumers’ willingness to purchase insurance products, support cross-border activity, and so forth are not well founded and not borne out by experience.
- **The potential for increased moral hazard and detrimental impacts on market discipline should also be considered.** A more visible and more harmonised EU safety net can weaken incentives for policyholders, distributors, insurers and supervisors to assess financial soundness.

1. Introduction

Request for technical advice

Do you have any comments on the following paragraphs?

1.1

- Insurance Europe supports the objective of a high level of policyholder protection. However, common standards for IGS, and in particular any requirement to establish national IGS, should only be pursued where there is clear evidence of a real need and where the benefits materially exceed the costs. The Advice does not demonstrate this.
- In the absence of such an assessment, the pursuit of harmonisation will impose more costs and complexity for insurers, contrary to commitments to simplify and reduce burden and costs of regulations in the EU. New legislation should only be added when it is truly necessary.
- To avoid duplication, the case for any additional EU-level harmonisation should be assessed in light of the existing prudential and crisis-management framework, notably the recently reviewed Solvency II framework and the incoming Insurance Recovery and Resolution Directive (IRRD), together with existing supervisory monitoring and intervention powers.
- Any consideration of minimum harmonisation should take place only after the implementation and a thorough impact assessment of IRRD. Otherwise, there is a significant risk of overlap and duplication between IGS arrangements and the financing and crisis-management mechanisms established under IRRD.
- In our view, harmonisation of IGS should not be pursued as an objective in itself. Market fragmentation is primarily driven by other structural factors—such as taxation, contract law, consumer protection, language, and distribution—rather than IGS heterogeneity.

1.2:

- IGS harmonisation has been discussed for many years; however, the current policy context has materially changed with the implementation of the Solvency II framework, its strengthening under the Review and with IRRD adoption, which is not assessed in the Advice.
- The reference in the Advice to harmonised guarantee schemes in banking and investment services is not relevant. The insurance sector differs fundamentally from banking and investment services in ways that undermine the rationale for a harmonised compensation framework.
 - First, insurance does not give rise to the same systemic risks as banking. Deposit guarantee schemes are primarily designed to prevent bank runs and wider financial instability arising from the immediate withdrawal of deposits. Insurance liabilities, by contrast, are typically long-term, predictable and not redeemable on demand. The failure of an individual insurer is therefore unlikely to spread to the wider system, reducing the need for a harmonised safety net aimed at safeguarding financial stability.
 - Second, consumer protection in insurance is already primarily ensured through a robust prudential framework, including the Insurance Distribution Directive. The Solvency II framework imposes risk-based capital requirements, strong governance standards and early supervisory intervention, all aimed at ensuring very high levels of consumer protection. A harmonised IGS risks to duplicate existing requirements rather than address a genuine regulatory gap.
 - Third, insurance products and liabilities are highly heterogeneous across Member States and closely linked to national welfare, pension and tax frameworks. Even minimum harmonisation would therefore add complexity without delivering comparable outcomes.
 - Fourth, insurance markets remain largely national in nature. Unlike banking, insurance – particularly life insurance and pensions – remains closely linked to national legal and social frameworks, supporting the case for maintaining national flexibility.
 - Fifth, minimum harmonisation would impose additional costs and administrative burdens on insurers, which would ultimately be borne by policyholders through higher premiums. It could also create unintended consequences, including moral hazard and cross-subsidisation, without clear evidence of corresponding benefits.
 - Finally, existing national mechanisms – including guarantee schemes, priority rules in insolvency and other sectoral protections – already provide tailored solutions reflecting local market structures and consumer needs.
- In light of these factors, policy efforts should instead focus on ensuring the effective and proportionate implementation of Solvency II and the IRRD.

The Single Market works for insurers, but not yet for policyholders: the current landscape of IGS in the EU

Do you have any comments on the following paragraphs?

1.3:

- While IGS is not the only reason why policyholder protection levels differ between Member States, we recognise the heterogeneity of national IGS frameworks and that cross-border situations can create complexity for consumers. Any EU initiative should clearly distinguish between the prudential level playing field delivered through Solvency II and last-resort insolvency outcomes.
- The Advice's claim of a "structural imbalance" is not, in itself, sufficient to justify EU intervention. It remains unclear whether divergent national IGS have caused material problems in practice. Harmonised prudential supervision under Solvency II combined with the home-country principle, ensures a high level of policyholder protection across the EU through robust capital, governance and supervisory requirements.

- The evidence put forward by EIOPA suggests that insurer failures are very rare and policyholder losses tend to be limited and contained. This points to a residual risk rather than a systemic deficiency of the Single Market.
- Moreover, differences in protection levels reflect legitimate national choices. Insurance markets are closely linked to domestic social, pension and healthcare systems, and the appropriate level and form of protection cannot be defined uniformly across Member States. Divergence in outcomes is therefore not necessarily a market failure, but a reflection of subsidiarity and different policy preferences.
- There is also limited evidence that variations in IGS materially affect cross-border demand or undermine consumer confidence. Without such evidence, the claim that the Single Market is “not working for policyholders” remains largely theoretical.
- Harmonisation would also entail tangible costs. IGS are ultimately funded by insurers and costs passed on to policyholders through premiums. A harmonised framework could raise costs in well-functioning systems, lead to unfair cross-border redistribution and weaken market discipline by reducing incentives for appropriate risk management and supervision.
- Finally, proportionality should be carefully assessed. Given the limited number of failures and the effectiveness of existing frameworks in avoiding losses to customers, it is not evident that a far-reaching EU solution is warranted. A solid statistical basis for any new proposal on IGS is needed, particularly with respect to:
 - Identification of insurers that went bankrupt under Solvency II
 - Identification of the types of insurers and insurance products that face the greatest risk of insolvency
 - Main reasons for past insolvencies (such as management or supervisory failures, gaps in the prudential framework or extreme external events beyond Solvency II requirements)
 - What losses (if any) customers of the insolvent insurers sustained
 - What insolvencies could have been prevented through effective supervision/supervisory collaboration and other available measures
 - Assessment of the functioning of existing guarantee schemes
- Before proposing harmonisation, EIOPA should provide a clear and data-based assessment of the scale of the problem, including the frequency and impact of policyholder losses, the cross-border dimension, and the extent to which differences in national systems have led to measurable consumer detriment.
- Any issues with cross-border business identified should be solved in a more focused way that avoids new mandatory requirements and EU-wide costs. The Advice should explicitly analyse more efficient alternatives to IGS harmonisation to handle cross-border issues such as:
 - enhancing collaboration between the Member States’ national supervisors (which supervisors already do to some extent, especially for cross-border groups).
 - ensuring effective and consistent implementation of the Solvency II framework. This will provide even stronger consumer protection when the amendments to Solvency II ((EU) 2025/2) enter into force on 30 January 2027, through enhanced supervision of insurance companies conducting cross-border business and strengthened supervisory cooperation.
 - prioritising preventive supervisory efforts across the EU, especially increased monitoring of cross-border insurers with rapid growth, unusually low premiums, or narrow product ranges.

1.4:

- We do not agree there is a structural imbalance between companies and policyholders. Solvency II ensures very high levels of policyholder protection through risk-based capital requirements including substantial capital buffers, supported by extensive reporting obligations, governance rules, ongoing supervisory monitoring and intervention powers. Comprehensive regular reporting provides supervisors with early warnings of any deterioration in firms’ financial positions.
- In addition, Solvency II establishes a progressive ladder of supervisory intervention, designed first to allow for recovery planning and, where needed, to enable the authority to take control of the undertaking while there is still excess capital (i.e. with technical provisions valued on a prudent basis,

the risk margin and the minimum capital requirement). The ongoing review will further strengthen this prudential and supervisory framework, including enhanced cross-border supervision.

- The IRRD introduces a harmonised recovery and resolution framework which will start to apply from 30 January 2027 and is still awaiting national transposition. Since IGS arrangements cannot realistically be designed in isolation from the resolution fund and the financing mechanisms provided for under the IRRD, defining minimum standards for IGS at this stage risks duplicating the burdens placed on (re)insurers.
- Some national markets already provide a high level of policyholder protection through existing domestic mechanisms, limiting the additional benefits of introducing further harmonised schemes. For example, in Austria cross-border business plays only a small role and does not justify harmonisation of IGS. Customers of Austrian life insurers who are not resident in Austria are protected by the Deckungsstock System.

1.5:

- Past cases highlight that operational and procedural frictions (including language and coordination hurdles) can materially affect consumer outcomes. EU action should prioritise improving cross-border supervision through cooperation, information flows, and process interoperability, which will yield tangible benefits irrespective of the eventual IGS design and without prejudging IRRD implementation choices.
- In any event, minimum common standards of IGS will not provide uniform treatment of policyholders across the EU:
 - National differences in IGS coverage will remain, due to potential "topping up" and extension of the coverage of the schemes in individual Member States, as well as differences in national welfare and tax systems. IGS currently in place differ significantly across Europe but overall perform well within their local context and laws. Some Member States have arrangements equivalent to an IGS that protect policyholders in the same way, whereas other Member States do not have an IGS but consider that policyholder protection is nevertheless sufficient. Any decision to establish an IGS or to change the design of existing IGS should be left to the Member States.
 - Underlying differences between national legal systems and administrative practices will remain and continue to shape how and when claims are handled, leading to policyholders continuing to face different processes and timelines. Indeed, if harmonisation of IGS does not take these differences into account, it might create or exacerbate distortions of the European level playing field and lead to more unequal treatment of policyholders across the European Union, as well as contributing to the risk of regulatory arbitrage.
 - Claims handling depends on coordination between national authorities, access to data and the functioning of different IT systems. These technical and operational factors have a direct impact on timing and cannot realistically be standardised in a one-size-fits-all framework.

Taken together, minimum harmonisation may improve consistency to some extent, but will not eliminate the structural sources of delay and complexity in cross-border cases. Any improvement in consistency must be weighed against the substantial costs of harmonisation.

- IGS also raises concerns about moral hazard and cross-subsidisation. It may weaken incentives for policyholders, intermediaries and insurers to assess and manage risk, while shifting the costs of failure from weaker to stronger firms and, ultimately, their policyholders. This cross-subsidisation weakens market discipline, blurs the link between risk and cost, and raises legitimate questions of fairness for undertakings that have invested in prudent risk management and robust governance.
- Confidence in insurance depends more on sound product design and effective claims handling than the existence of an IGS. Individuals remaining uninsured or underinsured is not a consequence of the absence of guarantee schemes, but due to limited awareness of the risks of inadequate coverage.

1.6:

- We acknowledge that the current landscape is heterogeneous: however, this is not automatically a weakness. National IGS models reflect different legal systems, market structures and existing protection mechanisms. Consumer information and cooperation between authorities can address many practical issues without harmonised EU standards.
- The Nordic experience clearly demonstrates that the absence of harmonisation in IGS is not a barrier to cross-border activity. Different national approaches to policyholder protection have not prevented insurance undertakings from providing services across borders or establishing branches in other jurisdictions. This shows that single market integration can be achieved without a harmonised IGS framework.
- Furthermore, evidence from the Danish and Swedish pension market indicates that the absence of an IGS for life insurance has not undermined consumer confidence or demand for pension products. On the contrary, Denmark and Sweden have some of the most developed pension systems in the world. Measured relative to GDP, Danish and Swedish pension savings are among the highest globally. This reflects a high level of trust in the system, driven by robust regulation, prudent supervision, and strong institutional frameworks rather than reliance on a guarantee scheme.
- Taken together, these experiences indicate that consumer protection and the development of well-functioning markets with high consumer confidence can be effectively ensured without a standardised or even mandatory IGS framework, and that the introduction of harmonised IGS requirements should be justified with clear evidence of actual added value against the costs.
- However, we recognise that the absence of harmonised arrangements may have practical consequences in some cross-border failure cases and may contribute to differences in policyholder treatment. This reinforces the need for further evidence and careful sequencing with IRRD, rather than for an immediate policy decision.
- In any event, any proposed response should be carefully calibrated to avoid creating new overlaps with IRRD resolution financing arrangements. A “minimum standards” approach should remain genuinely minimum and principle-based, allowing Member States to address these issues in alignment with their IRRD transposition choices

1.7:

- We agree that policyholder protection should not rely solely on national historical experience. However, the Advice risks overlooking the fundamental point that precisely because Member States differ significantly in terms of market structures, products, welfare systems, taxation and supervisory frameworks, any meaningful EU-wide assessment must be firmly grounded in national experience. National realities represent legitimate diversity in policy choices and are not a secondary consideration—they are central to understanding both the risks faced by policyholders and the effectiveness of different protection mechanisms.
- A uniform approach that does not adequately reflect these differences risks being both disproportionate and poorly targeted. A level playing field does not mean identical solutions are needed across Member States. Any minimum harmonisation proposal must explicitly respect existing national mechanisms that provide policyholder protection and are functionally equivalent to IGS, ensuring that well-functioning national arrangements can be maintained.
- Some Member States may need IGS due to evidence of unacceptable levels of customer losses, insurance being closely tied to their welfare systems or the mandatory nature of some insurance policies. In others, such justification is lacking and mandatory establishment of IGS could even be harmful, especially if it leads to increased costs are eventually paid by the policyholders. Higher premiums might lead more consumers to go uninsured, thereby reducing the overall level of insurance protection in those Member States. This risk is not addressed in the Advice.
- In this context, national experience must carry significant weight. Ignoring it would risk designing an EU framework that is aligned in theory but misaligned with practice, potentially imposing unnecessary costs without delivering clear added value for policyholder protection.

- Any additional EU requirements should be based on evidence after IRRD is operational, since IRRD is designed to strengthen recovery and resolution outcomes and will, according to EIOPA and other EU policymakers, reduce both the probability and severity of failure impacts.

1.8:

- We share the view that insurance cannot be a “zero-failure” sector. Indeed, it was a political decision to set the expected failure rate of Solvency II to be 1 in 200. In reality, the expected failure rate of the sector is much lower than this due to the additional capital that companies retain above regulatory minimums.
- The Advice should reflect that failures are very rare. Solvency II already provides strong preventive and early-intervention mechanisms and ensures that, at the intervention point, excess assets will be available to shield customers against losses, including the risk margin and the MCR and conservatively discounted.
- IRRD may add further to the level of protection via resolution tools and planning. IGS should be established at the discretion of Member States as a last-resort mechanism for policyholder protection where additional protection is required in their market and where the benefits have been shown to outweigh the costs.
- Rather than pursuing harmonisation for its own sake, efforts should be focused where they are most effective:
 - The full and consistent implementation of the Solvency II framework, which already provides a comprehensive system for prudential regulation and policyholder protection.
 - Stronger and more structured cooperation between national supervisory authorities should be prioritised, particularly in the context of cross-border activities.
 - Stronger preventive supervisory measures across the Union, including enhanced monitoring of cross-border insurers that exhibit rapid growth, underpricing of risk or unusually narrow product offerings.
- The most effective way to protect policyholders is not through harmonisation of guarantee schemes, with their substantial associated costs, but through strong supervision, consistent implementation of existing rules, and closer cooperation between authorities.

An IGS framework that helps the Savings and Investments Union *Do you have any comments on the following paragraphs?*

1.9:

- We recognise the broader policy ambition to foster consumer confidence, including in the context of the Savings and Investments Union. Nevertheless, confidence should be supported through clear disclosure and consistent cross-border procedures, while ensuring that any new funding requirements do not create pro-cyclical effects or constrain insurers’ ability to allocate capital efficiently toward long-term investment.

1.10:

- We do not believe the behavioural study is sufficiently robust to support definitive policy solutions in the Advice. For example, from Figure 5, “not confident” is larger than “confident” for the group with IGS (i.e. TG), which is a counterintuitive result. In addition, as the difference between CG and TG is small in this graph demonstrates that IGS will not solve any trust problems with foreign providers. More fundamentally, behavioural experiments cannot demonstrate actual purchasing behaviour and therefore provide only limited evidence for legislative intervention. It is also unclear what is meant by “foreign providers”. Is it subsidiaries or branches of a foreign insurance company/group? Or is it foreign providers not currently active in that market? Given these and other limitations of the study, we do not believe conclusions can be drawn about the true effects of IGS, if any, on the behaviour of policyholders.

1.11:

- We do not consider IGS harmonisation necessary to support the Savings and Investments Union. Consumer trust in long-term savings products depends primarily on product value, legal certainty and sound market functioning, not on harmonised IGS.

2. Approach taken

Legal framework

Do you have any comments on the following paragraphs?

2.1:

- The methodology in the Advice implicitly embeds a pro-harmonisation bias, as it starts from the assumption that "remaining gaps" necessarily require EU-level solutions, rather than fully assessing whether existing frameworks are already sufficient. The analytical framework in the Advice should more explicitly test the "need for action" before moving to design options.
- See comments in section 1.4 regarding the IRRD implementation.

2.2:

- In the Advice, EIOPA has used policyholder protection, level playing field, transparency and burden reduction as objectives, but these objectives are not weighted, and trade-offs are not made explicit. The framework tends to prioritise harmonisation and protection over cost efficiency. Greater emphasis should be placed on proportionality, ensuring that additional harmonisation does not lead to disproportionate costs relative to the risk reduction achieved.
- We welcome that EIOPA defines eligible claimants here as "natural persons and micro-sized legal entities". However, the Advice then drifts between this precise term and the broader "policyholders" in several places. It is important that the narrow formulation is retained consistently.

2.3:

2.4:

- We reiterate that minimum harmonisation should not be pursued, but in the event that this path is chosen, the following features should be observed (further details about these features are also discussed in the relevant questions below):
 - The legal structure of policyholder protection schemes should be left to the discretion of Member States. National Competent Authorities should be allowed significant flexibility to choose the IGS features, including establishment, that best suit their market, to reflect that there are important differences across EU regarding, for example, 1) social welfare systems 2) winding-up process for insurers and 3) insurance product lines.
 - IGS cannot be conceived as a standalone mechanism, but should operate in close synergy with the resolution fund. Contributions should be structured so as to avoid duplication of burdens on (re)insurers and ensure that the system's overall resources are efficiently used. Structures should provide for a functional coordination that enables the two tools to mutually support each other in crisis management, combining in an orderly manner policyholder protection with the objectives of financial stability and orderly market exit. In the absence of such integration, there is a risk of overlaps, misaligned incentives and a lower overall effectiveness of the crisis management framework.

Thematic areas of policy advice

Do you have any comments on the following paragraphs?

2.5:

Objectives for policy assessment

Do you have any comments on the following paragraphs?

2.6:

2.7:

- While the Advice presents “simplification and burden reduction” as a core objective aligned with the Better Regulation agenda, the proposed approach raises serious concerns given fundamental EU principles.
 - From a proportionality perspective, we do not see evidence that harmonised IGS requirements would deliver sufficient added value to justify the significant costs for industry and authorities. Introducing complex funding mechanisms, new governance structures and additional supervisory layers risks creating disproportionate burdens, particularly where existing systems already provide effective protection or where Member States see no need for IGS.
 - The approach is in tension with the principle of subsidiarity. Insurance markets remain largely national in nature, shaped by domestic products, legal frameworks and welfare systems. Where risks and consumer outcomes are primarily national, regulatory solutions should also remain at national level. A harmonised IGS framework risks intervening beyond what is necessary at EU level, without clear evidence of need, of net benefit or that existing and soon-to-be implemented measures are insufficient.
 - There are important questions regarding the evidence base underpinning the assessment. National experience demonstrates that policyholder protection can be effectively achieved through different combinations of prudential regulation, supervision and market structures. A framework that does not fully incorporate this evidence risks overestimating the benefits of harmonisation and underestimating its costs.
 - Finally, there is a fundamental contradiction between the stated objective of simplification and the likely outcome of the proposed measures. Harmonisation of IGS frameworks is likely to introduce additional layers of regulation, increased administrative complexity and higher costs (particularly if ex-ante funding is implemented), undermining the objective of burden reduction. This is demonstrated in the Annex, where across the ten option-scoring tables, EIOPA's preferred option delivers no burden-reduction benefit in nine of them (six score negatively on Objective 4, three neutral, only one positive).
- Taken together, the current approach does not sufficiently align with the Better Regulation principles it seeks to support. A more proportionate and effective approach would focus on full implementation of existing rules, strengthened supervisory cooperation and targeted, risk-based monitoring, rather than introducing new harmonised structures with very uncertain benefits.

Preferred policy options

Do you have any comments on the following paragraphs?

2.8:

- The approach relies on qualitative comparisons and partial quantitative estimates, but cost estimates remain high-level and uncertain and benefits (e.g. trust, integration), and are largely behavioural and hypothetical. More importantly, estimated losses are low relative to the size of the sector and data limitations are explicitly acknowledged by EIOPA (e.g. LGD assumptions). Given the limited empirical evidence and low observed loss levels, the proportionality of harmonisation measures remains unclear.
- In our view, the baseline should explicitly reflect that IRRD implementation is imminent and will change the “status quo”; therefore, any cost-benefit assessment of IGS harmonisation should be revisited once IRRD is operational.

3. EIOPA’s advice for each thematic policy area

I General questions about the impact of minimum harmonized IGS

Do you have any comments on the sub-section of I. General questions about the impact of minimum harmonized IGS?

Do you have any comments on the following paragraphs?

3.1:

- We agree with the thematic breakdown. We emphasise that the assessment of “need” and “impact” should be anchored in a post-IRRD steady state, to avoid designing harmonised IGS standards that duplicate or conflict with IRRD resolution tools and funding mechanisms.
- Insurance markets across Member States are characterised by significant structural differences, as national insolvency regimes, existing mechanisms, contract law and policyholder protection frameworks vary widely. Markets also differ in terms of size, concentration, products, and broader social and fiscal organisation, while insurance products themselves present heterogeneous features.
- In this context, a harmonised IGS framework would risk ignoring these fundamental legal, economic and social determinants, leading to misaligned and poorly calibrated mechanisms. The existence of a limited number of relatively standardised products, such as motor insurance, cannot justify a broader harmonisation or the introduction of a one-size-fits-all framework, especially given that existing national systems have historically functioned adequately.

Analysis of the impact of covering different insurance policies

Do you have any comments on the following paragraphs?

3.2:

- We welcome the clarification that IGS minimum standards do not imply full product standardisation. Nonetheless, even a “risk-based” scope would create major practical challenges across heterogeneous products and legal environments.
- As noted in response to previous questions, heterogeneity of insurance products covered by a harmonised IGS framework means that a one-size-fits-all approach to coverage would be very difficult to implement in practice and could lead to inconsistent or inappropriate protection outcomes as well as unnecessary costs.

Level of standardization of the eligible insurance policies across the EU

Do you have any comments on the following paragraphs?

3.3:

- Assessed from a high level, as in the Advice, non-life policies in Member States can appear similar and standardised. However, if studied more in-depth it is evident that there are significant differences. For example, one significant difference is how non-life insurance products are sometimes bundled, i.e. a package of insurance. In some countries home/household insurance policies are very extensive and include not just property insurance (fire, theft etc.) but also coverage of claims that arise, for example, while traveling and due to liabilities, legal expertise, and natural catastrophes. In other countries, many of these insurance coverages are additional policies and must be bought separately to the home/household insurance.
- This heterogeneity has not been taken into account in the Advice and must be addressed via a deeper analysis before conclusions are reached.

3.4:

- Insurance-based investment products are particularly unsuitable for simplified harmonised treatment. IGS protection should not blur the distinction between insurer default risk and investment risk borne by the policyholder.
- It is true that IBIPs could have some high-level features that to some extent are common. However, on a more detailed level there are significant difference between IBIPs in terms of e.g. what underlying assets (investment funds, equities etc.) and if there are guarantees or not.

3.5:

- The Advice correctly identifies liability and health insurance as being highly dependent on national legal and social systems. However, this characterisation is incomplete, as the same dependency applies to a much broader range of core insurance and pension products.
- In particular, pension products are fundamentally shaped by national welfare systems, tax treatment and labour market structures, which determine contribution patterns, payout mechanisms and risk-sharing models. It is therefore difficult to argue that pensions are less dependent on national frameworks than, for example, health products.
- Similarly, occupational pension schemes are embedded in national employment law and collective bargaining arrangements. These schemes operate within highly specific institutional settings, making cross-country standardisation inherently difficult and often inappropriate.
- Moreover, life insurance products with savings and guarantee elements are closely linked to national tax regimes, inheritance law and long-standing savings traditions. These factors directly influence product design, consumer behaviour and the allocation of risks, further limiting comparability across Member States.
- Finally, other products such as disability and long-term care insurance, are inherently dependent on the structure and generosity of national social security systems. The role of private insurance in these areas cannot be understood independently of national policy choices.
- Against this background, focusing selectively on liability and health products risks understating the broader reality: a large part of the European insurance and pension market is deeply rooted in national legal and social systems. Any regulatory approach, including harmonisation of IGS, that does not fully reflect this will struggle to deliver proportionate and effective outcomes.

3.6:

- Member States are best placed to decide whether compulsory insurance requires an IGS: the existence of such insurances is not a valid reason to require IGS.

Cross-border relevance of the different insurance lines of business

Do you have any comments on the following paragraphs?

3.7:

- Solvency II already provides the prudential level playing field for cross-border activity, and its recent review explicitly addressed concerns related to cross-border and host-country supervision by strengthening cooperation, notification requirements and coordination mechanisms between home and host authorities. While we note that prudential convergence does not automatically ensure convergence of policyholder outcomes in resolution or insolvency, particularly in cross-border situations, as these revised provisions will only start applying from January 2027 onwards, it would be premature to introduce additional harmonised IGS requirements before the effectiveness of the strengthened supervisory framework and the IRRD framework can be properly assessed in practice.
- In addition, IGS harmonisation would not remove structural barriers hindering cross-border trade and could even reduce cross-border supply if it increases cost and complexity. The priority for consumers should be improved clarity on protection arrangements and more effective cross-border operational cooperation in failure cases, rather than detailed harmonisation that risks overlap with IRRD implementation.

Impact of the coverage of eligible policies in terms of protection for policyholders

Do you have any comments on the following paragraphs?

3.8:

3.9:

- We agree that insurer failures can have consequences for individual policyholders. However, this supports the case for effective policyholder protection, not EU-wide harmonisation of IGS.

3.10:

- We note the attempt to quantify potential losses and benefits, but also the data constraints and assumptions highlighted, which mean that the quantitative analysis should be interpreted with a lot of caution:
 - It relies on historical default probabilities, limited loss data and an assumed LGD, which does not have a robust backing in the study it is drawn from and relates to a period prior to the introduction of Solvency II.
 - There is no summary of recent failures (presented in a table or similar), making it very hard to judge whether the estimated loss of EUR 0.51 billion per year is reasonable. The examples provided in the Advice suggests that this may strongly overestimate these losses.
 - Many Member States already have IGS or equivalent arrangements, and thus any impact of minimum harmonisation would be lower than stated.
 - The costs of IGS harmonisation for the industry are underestimated as only initial set up costs and ex-ante funding are included, neglecting ongoing operational expenses.
 - The analysis does not adequately reflect the asymmetry between certain, recurring costs and uncertain, low-probability benefits, nor quantify the impact on premiums, the impact on competition, the risk of cross-subsidisation or incentives.
- Given its limitations, the modelling cannot provide a robust basis for imposing harmonised EU requirements. Before prescribing detailed EU minimum standards, it is important to refine the evidence base and assess the incremental benefits and total costs after the implementation of the IRRD at the Member State level, given that IRRD is expected to change outcomes materially.

- Introducing common standards and, in particular, requirements for a national IGS should only be done if a thorough assessment shows, on a national basis, strong evidence of a real need and of benefits materially exceeding costs: such an assessment is not carried out in this Advice.

3.11:

3.12:

- Past failures in some EU countries do not prove that EU-wide minimum harmonisation is justified – to be justified there needs to be evidence that the benefits outweigh the costs and alternative actions. Past failures remain rare, but they have shown that significant detriment and uneven outcomes may arise in some cases, especially where cross-border business is involved. However, case studies should not be generalised into a uniform regulatory solution, particularly where failures were driven by specific national, supervisory or business-model factors. The data provided also show that there have been only very few cases of material losses for consumers within the EU, which shows that – with very few exceptions – the current system works very well.

Impact of the coverage of eligible policies for the insurance sector

Do you have any comments on the following paragraphs?

3.13:

- We agree that economic impacts depend on starting points and national setups. This reinforces the case for proportionality and avoiding unnecessary implementation costs, particularly where Member States already have functioning arrangements, or which assess no need for IGS. Any EU initiative should ensure that costs are not duplicated through parallel IRRD financing arrangements and IGS funding requirements for those Member States which have them.
- The implementation of harmonised IGS rules would generate significant additional costs for insurers, including IT systems, compliance, governance and reporting requirements, as well as potential costs linked to extended coverage.
- These costs would ultimately be passed on to policyholders in the form of higher premiums, reduced product offerings or lower returns, particularly for long-term products.

3.14:

- We do not see that the case is made for the claim of long-term economic benefits for the insurance industry. The study does not prove that harmonisation would materially increase insurance uptake or offset the costs of setting up and operating IGS. Therefore, the expected long-term benefits for insurers appear speculative.
- For Member States that already have well-functioning and carefully calibrated IGS frameworks, tailored to national market conditions, any move towards harmonised EU standards could impose unnecessary and disproportionate costs and administrative burdens.
- From a proportionality perspective, the likely outcome is particularly problematic. Increased funding requirements, operational costs and regulatory complexity will ultimately be passed on to consumers, leading to higher premiums. This risks weakening well-functioning national protection systems and insurance markets rather than strengthening them.
- From a subsidiarity perspective, the case for EU intervention is equally unconvincing. IGS frameworks are closely linked to national legal systems, market structures and policy choices. Where policyholder protection is already effectively ensured at national level, and where risks are primarily domestic, there is no clear justification for EU-level harmonisation.
- The assertion that harmonised IGS would significantly reduce “contagion” effects and strengthen trust across markets is not convincingly substantiated. Insurance markets are structurally less prone to

systemic contagion than banking. Consumer trust is influenced by a wider set of factors (e.g. brand, supervision, claims experience), not solely by guarantee mechanisms. The argument that IGS harmonisation would materially stabilise the entire “insurance ecosystem” therefore appears overstated.

- In this context, harmonisation risks replacing efficient, targeted national solutions in Member States where consumer protection and trust are already very strong with more complex and less effective frameworks that increase costs and so premiums for policyholders. This would be contrary to both proportionality and subsidiarity, and ultimately to the detriment of policyholders.

3.15:

- We acknowledge that the existence of national IGS frameworks in several Member States may provide a starting point for further work. However, we do not agree that this, in itself, constitutes a strong argument in favour of EU level harmonisation. Existing diversity reflects structural differences, not inefficiency. The current “fragmentation” of IGS frameworks reflects different institutional and legal traditions, varying roles of insurance within social protection systems, and diverse market structures. Therefore, divergence should not be interpreted as a deficiency requiring harmonisation, but as a reflection of legitimate national policy choices.

3.16:

- The assessment of eligible policies in the Advice flags substantial technical hurdles, such as valuation of profit participation, distinction between insolvency protection and market risk for unit-linked policies, interaction with investor protection schemes, and health system coordination. These issues are material and argue strongly against premature, detailed harmonisation; further technical work would be needed before setting binding minimum scope and mechanics.
- The Advice’s assessment identifies a broad range of insurance products as eligible for IGS coverage. However, from an industry perspective, many of the proposed product categories are not appropriate for an EU-wide harmonised approach.
- This includes, in particular:
 - Pension and life insurance products, including occupational pension schemes, which are closely linked to national welfare systems, tax regimes and labour market structures.
 - Health and sickness products, where coverage and scope are determined by national healthcare and social welfare systems.
 - Suretyship and liability products, where risks and compensation are tied to national legal frameworks.
 - Occupational pensions offered by insurance companies should not be under the scope of an IGS, for level playing field considerations (as IGS requirements will not apply to IORPs).
 - Non-life products noted in the Advice as eligible candidates are often sold as packages with policies that are not eligible candidates (see also comment on Para 3.3). This is the case for some Member States with home/household insurance and would mean that just some parts of a policy are covered by IGS for these insurance products. If the IGS cover were extended to cover all insurance elements of the products, then the cost of IGS would be significantly higher.
- Insurance product types differ fundamentally across Member States and are often predominantly domestic. As a result, they do not lend themselves to harmonised IGS solutions.
- In short, EIOPA’s approach significantly overestimates the scope for harmonisation, as it does not sufficiently account for the extent to which most insurance and pension products are shaped by national legal and social systems. To avoid unnecessary and unjustified burdens and costs, it is key to maintain the current national discretion on the establishment and the features of the IGS, including coverage.

3.17:

- Refer to earlier comments regarding the recent enhancements to cross border supervision as part of the Solvency II review.

Reduction of fragmentation in the Single Market

Do you have any comments on the following paragraphs?

3.18:

- Please note the comments on the behavioural study made in relation to Para 1.10.
- We recognise the behavioural study results indicating potential effects on consumer choice. However, any confidence benefits should be weighed against implementation and funding costs, and against the risk of overlap with IRRD measures that also aim to improve outcomes in failure situations. The most immediate and least burdensome confidence gains may come from enhanced transparency and cross-border process improvements. The level of policyholder protection already differs across Member States, reflecting national preferences, historical developments and socio-economic contexts. There is no clear evidence of a collective willingness to align these levels upwards across all jurisdictions.
- Imposing a harmonised framework could therefore conflict with national choices and lead to disproportionate adjustments in certain markets.

3.19:

- Please note the comments on the behavioural study made in relation to Para 1.10.
- The Advice's finding that minimum harmonised IGSs would increase consumers' propensity to purchase insurance in practice is not proved by a reduction in the "neither" option in a behavioural experiment, and is not supported by our experience.
- For example, experience from the Danish and Swedish life and pension market directly contradicts the assumption. Denmark and Sweden have some of the most developed pension systems in Europe, with high consumer uptake and confidence, despite the absence of an IGS for these products. This indicates that consumer trust is primarily driven by strong prudential regulation, supervision and institutional frameworks – not by the existence of an IGS.

3.20:

- Please note the comments on the behavioural study made in relation to Para 1.10.
- The Advice's finding that minimum harmonised IGSs would enhance consumers' willingness to engage with cross-border insurance providers is not supported by our experience.
- Nordic markets demonstrate that cross-border activity can develop without harmonised IGS frameworks. Differences in national protection systems have not been a barrier to market integration or to consumers' willingness to purchase insurance products across borders.
- The behavioural study itself indicates that price competitiveness is a key driver of cross-border choice. Harmonised IGS would create additional costs that could increase premiums and might therefore reduce, rather than increase, the attractiveness of insurance products.

3.21:

- Please note the comments on the behavioural study made in relation to Para 1.10.

Evaluating different structural set-ups for IGS

Do you have any comments on the following paragraphs?

3.22:

3.23:

- A targeted approach is preferable to all-encompassing schemes. However, we would suggest that EIOPA's criteria to reach this approach should be modified. In our view, a genuinely targeted approach

must start by assessing whether there is a need for EU-level harmonisation of IGS coverage for the product in question.

- This depends on whether the products are comparable across Member States, involve meaningful cross-border activity, and – where relevant – are mandatory. Where these conditions are not met, the case for EU intervention is not justified.
- In the absence of these criteria, it should remain a matter for Member States to determine which policies require IGS protection and whether existing supervisory, insolvency or resolution tools are sufficient. Otherwise, there is a clear risk that harmonisation will be applied to product lines where national differences are fundamental and EU-level solutions are neither proportionate nor effective.

3.24:

- We do not support an EU requirement for an IGS covering all life policies and specific non-life policies. The establishment of IGS and the design, including the scope, should remain national.

3.25:

- The number and structure of IGS should remain a national decision. Some Member States may prefer separate schemes for life and non-life business due to different risk profiles, funding needs and operational objectives. A single scheme risks cross-subsidisation and may conflict with national market structures, including the separation of insurance lines.

II Operational functioning of IGS

Do you have any comments on the sub-section of II. Operational functioning of IGS?

Do you have any comments on the following paragraphs?

3.26:

3.27:

- Operational arrangements for the interaction of IRRD and IGS should be defined by clearly identifying the respective scopes of action in terms of resolution and direct protection of policyholders.

Trigger moment(s) for IGS activation

Do you have any comments on the following paragraphs?

3.28:

- We note the rationale for convergence in trigger moments and the consistency with the relevant IRRD concepts (failing or likely to fail). However, EIOPA also highlights incentive risks if activation differs between resolution and insolvency, potentially biasing outcomes. Given this, and given the ongoing IRRD implementation, we recommend avoiding rigid trigger prescriptions now and instead assessing coherence with national IRRD frameworks once transposed.
- Differences in company law, insolvency regimes and liquidation procedures across Member States result in diverse modalities for IGS intervention, including trigger mechanisms, payout processes and continuation of policies. These differences create significant alignment challenges with national bankruptcy and liquidation frameworks.

3.29:

- Differences in timing between supervisory or resolution actions and formal insolvency proceedings reflect national legal frameworks and do not in themselves imply unequal levels of policyholder protection. Also, differences in trigger timing reflect national legal frameworks and do not necessarily

lead to unequal policyholder outcomes. Harmonising trigger moments would not ensure genuine equality, while potentially constraining supervisory flexibility and duplicating the IRRD framework. Any convergence should therefore remain principles-based and proportionate.

3.30:

- The risk of authorities favouring insolvency over resolution due to IGS activation conditions is largely theoretical and not supported by evidence. Resolution decisions are governed by strict legal criteria under the IRRD and should not be influenced by the design of IGS frameworks. Any concerns regarding funding availability in resolution should be addressed directly within the IRRD framework rather than through harmonisation of IGS trigger conditions.

3.31:

- We do not support a mandatory harmonised EU trigger for IGS activation. The preferred option in the Advice (activation when an insurer is failing or likely to fail) may appear aligned with the IRRD, but risks importing resolution concepts into national IGS frameworks in a way that is not always appropriate.
- An IGS should intervene only as a last resort, after prudential and supervisory measures have failed and after viable private-sector solutions have been explored. Its role is not to prevent failure or restore viability; it is to protect eligible policyholders in a winding-up or equivalent last-resort scenario, or to support continuity where that is the nationally chosen protection mechanism, and trigger design should reflect the chosen function. A harmonised FOLTF trigger could cause premature activation, unnecessary operational mobilisation and confusion about the boundary between supervision, resolution and guarantee protection, as well as conflict with national legal concepts, especially insolvency law.
- In any event, the framework of triggers should be aligned with the overall design of IRRD financing and resolution mechanisms, including the national resolution fund. A coherent ex-ante coordination between IGS triggers and resolution tools is essential to avoid structural duplication of interventions, overlapping mandates and unnecessary additional costs for undertakings and policyholders. We consider that a principles-based approach (minimum expectations and coordination) is preferable to rigid harmonisation.

Time for submission of claims in compensation cases

Do you have any comments on the following paragraphs?

3.32:

3.33:

3.34:

- The current flexibility around timelines should be maintained and explicitly confirmed, allowing Member States who want to introduce an IGS to determine – in light of the specific features of their legal and market frameworks – the exact time limits and procedural arrangements for the submission of claims. Any attempt to impose harmonised deadlines at EU level would risk interfering with existing national insolvency and claims-handling regimes, generating unnecessary complexity and potential inconsistencies.

3.35:

- A reasonable opportunity for policyholders and beneficiaries to submit claims is essential. However, this does not require harmonised EU deadlines. Claim submission periods are closely connected to national civil law, limitation periods, insolvency procedures, communication requirements and the nature of the insurance claim. A harmonised minimum period may look simple, but it would go far beyond insurance

regulation and would require harmonisation on a core level of national procedural and substantive civil law.

Deadline for payouts to policyholders in compensation cases

Do you have any comments on the following paragraphs?

3.36:

3.37:

3.38:

3.39:

- We overall support the objective of timely payments to policyholders if there is a need for IGS. However, we do not support a strict harmonised maximum payout deadline. In practice, pay-out speed depends on factors that vary by jurisdiction and case, especially on the applicable insolvency and administrative law and processes. Further, the type of insurance contract and claims verification requirements may also have an influence.
- The experience of the Danish non-life guarantee fund, in the case of cross-border business, is that it is very difficult to obtain relevant data from claims handlers across the EU. In addition to this, there may be operational hurdles, e.g. data only being available in local languages, and different deadlines for different products may be required, e.g. longer deadlines for life insurance products with a significant financial component or for life insurance policies with complex surrender value calculations.
- Strict payout deadlines can also create operational risks. They may incentivise premature or inaccurate payments and require excessive liquidity buffers. It should be left to Member States to find workable solutions within their national contexts.

Conditions and timing for continuation of policies by IGS

Do you have any comments on the following paragraphs?

3.40:

3.41:

- We support maintaining the current flexibility for Member States.

3.42:

3.43:

- Continuation can be more valuable than immediate compensation, especially in life insurance where replacement protection may be difficult to obtain. Continuation, portfolio transfer and solvent run-off can preserve policyholder value and avoid disruptive cancellation.
- However, the conditions and timing for continuation must remain case-specific and national. Continuation can require significant decisions regarding asset transfer, IT continuity, claims handling and funding decisions, among others. It may be appropriate in life insurance, but is generally unnecessary in property and casualty cases. Any EU framework must be function-neutral: compensation and continuation should both be accepted as legitimate and equivalent forms of policyholder protection.

- Any IGS role in continuation should be confined to policyholder protection and should not be used to restore the viability of the failed insurer.

Insolvency ranking

Do you have any comments on the following paragraphs?

3.44:

3.45:

3.46:

3.47:

- To avoid unnecessary and unjustified burdens and costs, it is key to maintain the current national discretion on the establishment and the features of the IGS. This includes the insolvency ranking of the IGS.

3.48:

3.49:

- We do not agree with the Advice that the insolvency ranking should be harmonised.

3.50:

- We do not support the preferred option in the Advice of mandatory harmonised ranking at the same level as insurance claims. We acknowledge that subrogation can facilitate faster payments to policyholders and allow the IGS to recover from the insolvency estate over time. However, this practical benefit does not require EU-wide harmonisation of insolvency ranking. The design should remain aligned with national insolvency frameworks. We support maintaining the flexibility provided by Article 277 Solvency II.

III Conditions for effective funding of IGS

Do you have any comments on the sub-section of III. Conditions for effective funding of IGS

Do you have any comments on the following paragraphs?

3.51:

- Harmonisation initiatives could create a risk of indirect mutualisation between national markets, particularly through funding arrangements. This is not appropriate given the diversity of insurance markets, players and policyholder needs across the EU.

3.52:

- To avoid unnecessary and unjustified burdens and costs, it is key to maintain the current national discretion on the establishment and the features of the IGS. This includes if the funding of the IGS should be ex-ante, ex-post or a hybrid model. Thus, as with the financing arrangements under IRRD, it should be decided by the Member States as recognised in this paragraph. However, in the following paragraphs minimum requirements are proposed for the funding of IGS, for example in 3.56. The Advice should only state that Member States shall decide on their national funding model if they establish IGS.

- In addition, it is important to highlight that ex-ante financing would mean that funds that the insurance companies could use to make investments to strengthen the competitiveness of EU in line with the ambition of SIU would not be available. This is not discussed in the Advice.
- In the framework outlined in the previous paragraphs, ex-ante contributions paid into the guarantee fund should be able to be allocated to the resolution fund, and only if these resources prove insufficient should an ex-post contribution to the resolution fund be envisaged to avoid the risk of double funding.

Adequate safeguards to ensure that liquidity is immediately available

Do you have any comments on the following paragraphs?

3.53:

3.54:

- Ring fenced assets already play a central role in protecting policyholders under national insolvency and Solvency II frameworks. Their immediate transfer to IGS cannot be assumed, as it depends on national legal arrangements and may raise issues related to creditor hierarchy, legal certainty and operational feasibility. Such mechanisms should be seen as complementary rather than substitutive to existing safeguards.

3.55:

- A uniform IGS framework would likely result in miscalibration across Member States, leading either to over-calibration in some markets or under-calibration in others. This is due to structural differences in market size, risk exposure, product design and existing protection mechanisms.
- Such an outcome could ultimately reduce the efficiency of policyholder protection rather than improve it, and lead to unnecessary costs for policyholders via increased premiums.

3.56:

- Liquidity matters, but mandatory EU liquidity-safeguard rules should not be introduced. The Advice identifies possible safeguards such as credit lines, borrowing powers, operational buffers and additional ex-post levies. These tools can be useful, but their relevance depends on national market size, concentration, product mix, existing IGS design and the likely use of compensation versus continuation.
- A requirement to establish safeguards could become a de facto funding obligation. Even flexible requirements can create supervisory pressure to maintain costly standby facilities or operational buffers. Costs for credit lines, governance, reporting and operational readiness would ultimately be borne by insurers and policyholders. Mandatory safeguards may therefore increase costs even in markets where the probability and expected scale of relevant failures are low or where alternative national mechanisms already exist.
- Member States should therefore retain discretion. EU-level work could identify best practices and stress-testing approaches, but should not require specific safeguards or minimum liquidity architecture. Existing national protection mechanisms such as segregated or preferentially protected assets, such as *Sicherungsvermögen* in Germany, should be recognised as part of the protection architecture.

Specific situations which need to be considered for ex-post levy collection

Do you have any comments on the following paragraphs?

3.57:

3.58:

3.59:

- In terms of funding timing, the design of IGS funding mechanisms, including the choice between ex-ante, ex-post or hybrid approaches, should be left to the discretion of Member States, taking into account the specific features of their national markets.
- Funding arrangements should be calibrated at national level, considering factors such as market structure, the likelihood of correlated failures, the financial strength of the sector and the capacity to mobilise resources in a timely manner.
- Any EU framework should neither prescribe nor implicitly favour any particular funding approach and should avoid imposing minimum conditions that would de facto constrain Member States' choices or lead to disproportionate or unnecessary costs.

Considerations on combined or hybrid funding

Do you have any comments on the following paragraphs?

3.60:

3.61:

- We highlight the importance of proportionate and sustainable funding mechanisms that limit the risks of procyclicality, any ex-ante contribution and double contributions between any IGS and resolution funding arrangements in Member States.

3.62:

- We believe the design of IGS funding should be left to Member States in consultation with local stakeholders. We strongly oppose a mandatory ex-ante funding requirement or operational buffer as a minimum standard. EIOPA's preferred option does not prescribe a fixed percentage or EU target level, but it nevertheless implies that hybrid funding should include a sufficient ex-ante component or operational buffer. This might move Member States away from pure or predominantly ex-post systems even where those are proportionate and credible.
- Locking up capital in ex-ante funds has opportunity costs. It can reduce capital available for underwriting, investment and innovation; it can increase premiums or reduce benefits; and it may disproportionately affect smaller undertakings. It may also create moral hazard by signalling a broad industry-funded safety net. These consequences of ex-ante funding are not addressed in the Advice.
- Given that the IRRD framework is still in the process of implementation, it would be premature to introduce far-reaching harmonised requirements on the involvement and funding role of IGS before the practical interaction between resolution financing arrangements and national IGS frameworks can be properly assessed.
- Funding design must therefore be left to national calibration, with a strong presumption in favour of ex-post funding. When a Member State considers an IGS to be useful, they should ensure that the IGS has funding systems that would deliver adequate and effective consumer protection if an insurance company fails. This is consistent with the approach to resolution funding under the IRRD, with Member States deciding on the funding system.

IV Interaction between IRRD and harmonized IGS

Do you have any comments on the sub-section of IV. Interaction between IRRD and harmonized IGS?

Do you have any comments on the following paragraphs?

3.63:

- We strongly agree that interaction with IRRD is the pivotal issue and that timing is challenging. In the Advice, it is noted that IRRD applies from 30 January 2027 and remains under transposition, with key aspects—particularly financing—still not fully settled across Member States. This supports our view that prescriptive IGS harmonisation is premature and, if it is clearly shown there is a need for it, should be discussed only after IRRD implementation has stabilised.

3.64:

3.65:

- Recognising the jurisdictional differences that exist, an important point that should be brought out in the Advice is the need for a clear delineation of roles and responsibilities between supervisors, resolution authorities and IGS. Overlapping or unclear roles will create uncertainty, potential conflicts of interests and could exacerbate any potential problems which arise from a failing insurer.

Involvement of IGS in funding and application of resolution and insolvency proceedings

Do you have any comments on the following paragraphs?

3.66:

- We agree that divergent national approaches could create inconsistent outcomes, but this is an issue which would persist under minimum harmonisation. Also, the advice recognises the wide range of possible IGS roles and abstains from a preferred option due to uncertainty in Member States' IRRD implementation. This reinforces the need for caution: before further discussions of stronger IGS roles or funding obligations, the functional boundary between IRRD financing arrangements and IGS should be clarified to avoid overlap and inefficiency, and to ensure that the choice between resolution and insolvency is not distorted by funding availability.

3.67:

3.68:

- We emphasise the need to prevent duplications among IGS (*see the Fondo di Garanzia Vita case*) and resolution funding mechanisms, while considering an evolution of the IGS towards a framework that can, where necessary, carry out functions of supporting resolution procedures.

3.69:

3.70:

- The Advice should provide greater clarity on how existing IGS should interact with the requirements of the IRRD.

3.71:

- In our view, there is a strong case against harmonisation regarding involvement of IGS in funding and application of resolution and insolvency proceedings. The IRRD is still being transposed and will apply only from early 2027. The Advice itself does not provide a preferred option on IGS involvement in

funding and application of resolution and insolvency proceedings because of the ongoing implementation and diversity of Member State choices.

- If a Member State has chosen to have an IGS, that IGS should intervene only as a last resort, after all other measures—primarily prudential and supervisory actions—have been exhausted and a crisis cannot be averted. IGS should not be used to restore the viability of insurers in distress. Doing so would effectively shift the costs of failure to well-managed and well-capitalised competitors and undermine market discipline.

Institutional set-up and arrangements: levels of coordination and cooperation between NRAs and IGS

Do you have any comments on the following paragraphs?

3.72:

3.73:

3.74:

- Our preferred option is to maintain the status quo, leaving Member States with complete flexibility regarding establishment and design of IGS.

3.75:

- Again, the IRRD timing matters. National resolution authorities, financing arrangements and cooperation processes are still being designed. It would be premature to impose IGS-specific coordination requirements before the IRRD architecture has settled and before its practical effectiveness has been assessed.

4. EIOPA’s advice: overview

Do you have any comments to the overview of preferred policy options?

Please provide your comment to the overview of preferred policy options and specify the policy issue.

- Insurance Europe does not agree with EIOPA’s preferred policy options, with the exception of that regarding continuation of policies. We do not see evidence justifying harmonisation legislation.
- EIOPA’s recommendation that the IGS should be triggered “at the latest” when an undertaking is FLOF appeared to be particularly problematic as the IGS would trigger prior to any policyholder losses being incurred.
- In particular, any operational and funding prescriptions should be assessed for overlap with IRRD financing arrangements and for feasibility in light of national insolvency procedures, to avoid implementation churn and unnecessary costs.

5. Conclusion

Do you have any comments to the Conclusion?

Do you have any comments on the following paragraphs?

5.1:

- While we recognise that the Advice identifies a number of relevant issues, particularly in relation to cross-border failures and policyholder outcomes, it does not provide a robust basis for harmonised IGS standards at this stage, nor evidence that it would bring benefits that clearly exceed its costs.
- In our view, it fails to take sufficient account of national differences with regard to product characteristics, welfare and tax systems etc., which call for far greater national flexibility than the Advice envisages. The underlying assumptions that IGS harmonisation would increase consumers' willingness to purchase insurance products, support cross-border activity, and so forth are not well founded and not borne out by experience, for example in Nordic countries (see above).
- The Advice also does not provide evidence that minimum harmonisation would avoid "excessive burden on insurers, the market and society". Nor does the Advice demonstrate why additional EU-level requirements are necessary in light of the Commission's objectives on simplification, competitiveness and burden reduction. To the contrary, if implemented, the proposed minimum common standards will lead to significant costs which will in the end be paid by the policyholders through increased premiums. For most policyholders, the costs of harmonisation are likely to exceed the benefits.
- In our view, the objectives EIOPA seeks to achieve through IGS harmonisation could be pursued far more effectively by instead focusing on:
 - ensuring that all Member States have fully implemented Solvency II;
 - strengthening cooperation between national supervisory authorities; and
 - prioritising preventive supervisory measures across the EU, in particular enhanced monitoring of cross-border undertakings characterised by rapid growth, unusually low premiums or a narrow product offering.
- We stress that priority should first be given to the effective implementation and assessment of IRRD before considering any harmonised IGS requirements, which must consider existing national mechanisms. Premature action risks creating unnecessary operational complexity, overlapping funding obligations and duplicative structures, ultimately increasing costs for insurers and policyholders without delivering commensurate benefits.

5.2:

- We recognise that the available evidence and case experience indicate that policyholders may suffer detriment in certain failure situations, especially in some cross-border cases. However, the evidence base remains insufficient to justify harmonised standards, and should be reassessed once the review of Solvency II is operational. At present, there is not evidence that the costs of harmonisation of IGS would be outweighed by the benefits.
- In addition, evidence should be assessed net of IRRD effects, given that IRRD will introduce resolution planning and tools specifically to improve outcomes. A post-implementation evaluation would help determine what additional IGS measures are truly necessary.

5.3:

- Insurance Europe recognises that EIOPA has identified relevant issues, notably in certain cross-border failure situations where policyholder protection and equal treatment may be affected.
- Our core position remains that IGS can play an important role in countries where there is a clear need, where they are nationally calibrated and limited to the protection of policyholders in exceptional failure cases. It can strengthen policyholder confidence and provide an orderly, predictable backstop in the rare event of insurer failure. In Germany, there are well-established IGS for life (Protector) and health insurance (Medicator) and further schemes are being developed in the context of IRRD implementation.

Any future EU initiative must preserve such well-functioning national systems. EU rules must not require structural changes to such systems or undermine their nationally calibrated design. Imposing harmonised standards risks reducing flexibility, creating unintended incentives, and complicating the interaction with existing national arrangements without a clear additional consumer benefit.

- We strongly oppose any IGS harmonisation action before IRRD has been fully implemented by the Member States and sufficient time has passed to assess how resolution planning and financing arrangements operate in practice. Only then will a proper assessment of any residual policyholder-protection gaps be possible. Premature IGS harmonisation risks additional costs, moral hazard, market distortions and an inappropriate blending of IGS with the newly created IRRD framework. Any consideration of minimum harmonisation of IGS should be done only after the implementation and evaluation of IRRD.
- We agree that costs depend on design choices and may be offset by benefits in some circumstances. We underline the need to avoid cumulative cost burdens and double-layered funding requirements alongside IRRD financing arrangements, particularly given broader economic priorities and the need for efficient capital allocation and EU competitiveness. In addition, the costs of IGS harmonisation would have negative implications on the value-for-money profile of insurance products, as additional costs for insurers will eventually be borne by policyholders via increased premiums.
- The issues of moral hazard and market discipline should also be considered in the Advice. A more visible and more harmonised EU safety net can weaken incentives for policyholders, distributors and insurers to assess financial soundness.
- The appropriate next step is therefore to implement IRRD, observe its practical operation, and then reassess whether any targeted additional EU action on IGS is justified. This would allow policy decisions to be based on a clearer understanding of any residual policyholder-protection issues and of the interaction between insolvency, resolution and guarantee arrangements.

Introduction to the Technical Annex

Do you have any comments to the introduction to the technical annex?

Please provide your comments to the introduction to the technical annex. Specify in your answer the paragraph the comment refers to (1.1-1.6).

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Technical Annex - Section 1: General questions about the impact of minimum harmonized IGS

Please provide your comments to the subsection Extract from the Call for Advice.

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Please provide your comments to the subsection Relevant IRRD-provisions, previous EIOPA Advice, and regulatory background.

Specify in your answer the subsection and paragraph the comment refers to: Relevant legal provisions (2.4), Previous EIOPA work (2.5-2.6).

•

Please provide your comments to the subsection Impact of covering different insurance policies.

Specify in your answer the subsection and paragraph the comment refers to: Analysis (2.7-2.12), Level of standardization of relevant insurance policies across the EU (2.13), Standardization in terms of coverage and product design (2.14-2.17), Mandatory status of the eligible policies across EU (2.18-2.19), Cross-border relevance (2.20-2.22), Impact of the coverage of those policies in terms of protection for policyholders and additional costs for the insurance sector (2.23), Benefits of the IGS coverage of eligible policies (2.24-2.30), Impact of the eligible policies for the economy (2.31-2.33), Impact of the eligible policies for the policyholders (per capita) (2.34-2.36), Impact of the coverage of eligible policies in terms of protection for policyholders (2.37-2.52), Impact of the coverage of eligible policies for the insurance sector (2.53-2.56, Case study, 2.57-2.60), Overall impact (2.61, table, 2.62-2.66).

- Para. 2.49: The statement “that funding needs of the IGS will mostly become the (economic) benefits for policyholders” is questionable. It risks conflating actual transfer payments with genuine economic costs, including administration, governance, liquidity safeguards and the opportunity cost of prefunding. IGS sitting idly for years produce significant cost. Moreover, in Member States with existing schemes, the incremental benefit of harmonisation may be significantly lower than the gross amount of protected claims and the cost of introducing the changes.

Please provide your comments to the subsection Pensions.

Specify in your answer the subsection and paragraph the comment refers to: Occupational pensions (2.67), Pan-European Personal Pension Product (PEPP) (2.68-2.69).

•

Please provide your comments to the subsection Reduction of fragmentation in the single market.

Specify in your answer the subsection and paragraph the comment refers to: (2.70-2.75), Household insurance (2.76-2.78), Supplementary health insurance (2.79-2.81), Life insurance (2.82-2.85).

•

Please provide your comments to the subsection Advantages and disadvantages of different levels and approaches to IGS coverage.

Specify in your answer the subsection and paragraph the comment refers to: Analysis (2.86-2.87, table, 2.88), Policy options (2.89-2.93), Impact of each policy option on relevant stakeholders (Option A, B, C, D, 2.94-2.96), Comparison of the policy options (2.97-2.103), Single IGS versus multiple IGSs (2.104-110), Potential areas of additional work, Stakeholder's view.

•

Technical Annex - Section 2: Operational functioning of IGS

Please provide your comments to the subsection Extract from the Call for Advice.

•

Please provide your comments to the subsection Relevant IRRD-provisions, previous EIOPA Advice, and regulatory background.

Specify in your answer the subsection and paragraph the comment refers to: Relevant legal provisions (3.3-3.5), Previous EIOPA advice (3.6), Other regulatory background (3.7-3.10).

•

Please provide your comments to the subsection Trigger moments for IGS activation.

Specify in your answer the subsection and paragraph the comment refers to: Identification of the issue (3.11-3.13), Analysis (3.14-3.19), Policy Options (Policy option 1: 3.20, Policy option 2: 3.21-3.24), Comparison of policy options, Preferred policy option (3.25), Stakeholder's view.

•

Please provide your comments to the subsection Time for submission of claims in compensation cases.

Specify in your answer the subsection and paragraph the comment refers to: Identification of the issue (3.26-3.29), Analysis (3.30-3.32), Policy Options (Policy option 1: 3.33, Policy option 2: 3.34-3.36), Comparison of policy options, Preferred policy option (3.37), Stakeholder's view.

•

Please provide your comments to the subsection Deadline for payouts to policyholders in compensation cases.

Specify in your answer the subsection and paragraph the comment refers to: Identification of the issue (3.38-3.40), Analysis (3.41-3.43), Policy Options (Policy option 1: 3.44, Policy option 2: 3.45-3.46), Impact of the policy options, Comparison of policy options, Preferred policy option (3.47-3.48), Stakeholder's view.

•

Please provide your comments to the subsection Conditions and timing for continuation of policies by IGS.

Specify in your answer the subsection and paragraph the comment refers to: Identification of the issue (3.49-3.54), Analysis (3.55-3.60), Policy Options (Policy option 1: 3.61-3.62, Policy option 2: 3.63-3.64), Impact of the policy options, Comparison of policy options, Preferred policy option (3.65-3.66), Stakeholder's view.

•

Please provide your comments to the subsection The place of IGS in the insolvency ranking.

Specify in your answer the subsection and paragraph the comment refers to: Identification of the issue (3.67-3.69), Analysis (3.70-3.74), Policy Options (Policy option 1: 3.75-3.76, Policy option 2: 3.77-3.79), Impact of the policy options, Comparison of policy options, Preferred policy option (3.80), Stakeholder's view.

•

Technical Annex - Section 3: Description of conditions for effective funding of IGS

Please provide your comments to the subsection Extract from the Call for Advice.

•

Please provide your comments to the subsection Relevant IRRD-provisions, previous EIOPA Advice, and regulatory background.

Specify in your answer the subsection and paragraph the comment refers to: Previous EIOPA work (4.2-4.4), Status quo in Member States (4.5-4.6), Identification of the issues (4.7)

•

Please provide your comments to the subsection Adequate safeguards to ensure that liquidity is immediately available.

Specify in your answer the subsection and paragraph the comment refers to: Analysis (4.8-4.13, Potential areas of additional work).

•

Please provide your comments to the subsection Specific situations which need to be considered for ex-post levy collection.

Specify in your answer the subsection and paragraph the comment refers to: (4.14-4.18).

•

Please provide your comments to the subsection Considerations for combined or hybrid funding.

Specify in your answer the subsection and paragraph the comment refers to: (4.19-4.25).

•

Please provide your comments to the subsection Policy issues and options.

Specify in your answer the subsection and paragraph the comment refers to: (4.26-4.29).

•

Please provide your comments to the subsection Impact of each policy option on relevant stakeholders.

Specify in your answer the subsection and paragraph the comment refers to: Policy Issue 1: Adequate safeguards to ensure that liquidity is immediately available, Policy Issue 2: Specific situations which need to be considered for ex-post levy collection, Policy Issue 3: Combined or hybrid funding, Stakeholder's view.

•

Technical Annex - Section 4: Interaction between harmonized IGS and the IRRD

Do you have any comments to paragraph 5.1 and/or 5.2?

-

Please provide your comments to the subsection Extract from the Call for Advice.

-

Please provide your comments to the subsection Relevant IRRD-provisions, previous EIOPA Advice, and regulatory background.

Specify in your answer the subsection and paragraph the comment refers to: Relevant legal provisions (5.4), Previous EIOPA advice (5.5-5.7), Other regulatory background (5.8-5.16), Identification of the issues (5.17-5.20).

-

Please provide your comments to the subsection Involvement of IGS in resolution: inconsistencies with insolvency proceedings.

Specify in your answer the subsection and paragraph the comment refers to: (5.21-5.26).

-

Please provide your comments to the subsection Levels of coordination and cooperation between NRAs and IGS.

Specify in your answer the subsection and paragraph the comment refers to: (5.27-5.33), Case study, (5.34)).

-

Please provide your comments to the subsection Policy issue 1.

Specify in your answer the subsection and paragraph the comment refers to: (5.35-5.38), Impact of the policy options, Comparison of policy options.

-

Please provide your comments to the subsection Policy issue 2.

Specify in your answer the subsection and paragraph the comment refers to: (5.39), Case study, (5.40-5.43), Impact of the policy options, Comparison of policy options, Stakeholder's view.

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Technical Annex: Additional information

Do you have any comments to tables, graphs and and/or illustrations in the Additional information?

Please provide your comments to the Additional information. Specify in your answer the specific table, graph and and/or illustration the comment refers to.

- **Table 4/5:** public medical insurance is indeed mandatory in Germany, but private medical insurance is not. Accordingly, Table 5 is not correct in showing red for medical insurance, as the private health insurance covered by Medicator is not a mandatory insurance.