

FINAL REPORT

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on the Guidelines to specify further the matters
and criteria for the assessment of the
resolvability of undertakings or groups

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EXECUTIVE SUMMARY

INTRODUCTION

On 29 April 2025, EIOPA launched a public consultation on Guidelines to further specify the criteria for the assessment of the resolvability of undertakings or groups, including the feasibility and credibility of their resolution strategy. This final report sets out the final text of the Guidelines including an impact assessment and a feedback statement on the public consultation.

CONTENT

Articles 13 and 14 of the IRRD set out the requirements for resolution authorities to assess the resolvability of undertakings and groups subject to resolution planning requirements. The Guidelines specify further the matters and criteria for the assessment of resolvability, with a focus on the resolvability dimensions specified in the Annex of the IRRD, which resolution authorities are required to examine as a minimum, in accordance with Article 13(3). The dimensions include i. operational continuity, ii. access to financial market infrastructures, iii. separability, iv. loss-absorption and recapitalisation capacity, v. liquidity and funding in resolution, vi. information systems and data requirements, vii. communication, viii. governance, ix. credibility and impact. The Guidelines promote a level-playing field between Member States by providing a minimum framework of elements to be considered in the assessment of resolvability, while retaining discretion for resolution authorities to adjust the assessment to the specifics of the undertakings and groups under their remit.

PUBLIC CONSULTATION

EIOPA conducted a public consultation on the Guidelines between 29 April 2025 and 31 July 2025. A stakeholder workshop was held on 23 May 2025 to discuss the Guidelines. Following the publication of the consultation paper, eleven stakeholders provided feedback on the consultation paper. Based on the stakeholder feedback, the drafting of the Guidelines was refined and streamlined. These revisions did, however, not lead to a change in the general approach set out in the consultation paper.

NEXT STEPS

EIOPA shall, by 29 January 2027, issue these Guidelines in accordance with Article 16 of Regulation (EU) No 1094/2010.

GUIDELINES TO SPECIFY FURTHER THE MATTERS AND CRITERIA FOR THE ASSESSMENT OF THE RESOLVABILITY OF UNDERTAKINGS OR GROUPS

INTRODUCTION

1. In accordance with Article 16 of EIOPA Regulation¹ and with Article 13(5) of IRRD², EIOPA issues these Guidelines to specify further the matters and criteria for the assessment of the resolvability of undertakings or groups.
2. These Guidelines are addressed to resolution authorities as defined in Article 2(12) of the IRRD.
3. These Guidelines apply from 30 January 2027.
4. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction. For the purposes of these Guidelines, the definitions of the ‘resolution strategy’, ‘preferred resolution strategy’, ‘alternative resolution strategy’ and ‘relevant services’ apply as defined in the relevant regulatory technical standards on the content of resolution plans and group resolution plans.
5. For the purposes of these Guidelines, the following definitions have been developed:
 - a) ‘operational continuity’ means the ability to effectively implement the resolution strategy from an operational perspective, which requires undertaking to have in place appropriate arrangements to ensure the continued provision of relevant services;
 - b) ‘transfer perimeter’ means the scope of activities of the undertaking and related assets, liabilities, technical provisions as well as other resources and items that create a comprehensive portfolio to be potentially transferred as part of the resolution strategy.
6. These Guidelines do not prevent the resolution authorities from applying a proportionate approach, most primarily through the application of simplified obligations in accordance with Article 4 Directive (EU) 2025/1. The specifications of these aspects are not included in these Guidelines, since they fall outside the scope of the legal empowerment.

GUIDELINE 1 – GENERAL PRINCIPLES FOR THE ASSESSMENT OF RESOLVABILITY

7. Where an undertaking or a group is subject to resolution planning, the resolution authority should identify a preferred resolution strategy or strategies on the basis of the criteria set out in these Guidelines. For cases where the resolution authority considers it is difficult to implement the preferred resolution strategy or strategies, it should also identify an alternative resolution strategy or strategies.

¹ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48-83).

² Directive (EU) 2025/1 of the European Parliament and of the Council of 27 November 2024 establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (hereafter “undertakings”) and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) No 648/2012, (EU) No 806/2014 and (EU) 2017/1129 (OJ L, 2025/1, 8.1.2025, p. 1).

8. The resolution authority should assess the feasibility and credibility of at least the preferred resolution strategy or strategies. Feasibility refers to the likelihood of an effective implementation of the preferred resolution strategy, as assessed in context of the resolvability dimensions (1-8) listed in the Annex to the IRRD. Credibility refers to the potential impact of the implementation of the preferred resolution strategy on the financial system and real economy, as assessed in the context of resolvability dimension 9 listed in the Annex to the IRRD. The resolution authority may also conduct the assessment of resolvability for any alternative resolution strategy.
9. If resolution authorities and group-level resolution authorities decide to also perform a resolvability assessment of an alternative resolution strategy, they should decide to what extent all the resolvability dimensions (listed in Guidelines 5-13) that are part of the assessment of the preferred resolution strategy need to be considered.
10. Considering the important role of reinsurance as a risk-management tool, the resolution authority should appropriately take into account reinsurance aspects when assessing the resolvability of an insurance undertaking or group. The consideration of these aspects does not preclude whether reinsurance aspects are deemed as an impediment. When they are relevant in the context of resolution, the following aspects should be considered :
 - a) the reinsurance strategy and its potential impact on the preferred resolution strategy or strategies, including its overall structure, and its impact on the business model and risk management system in potential resolution;
 - b) legal and economic aspects of the reinsurance contracts in place (contract conditions, specific clauses, exit and/or renewal agreements, intra-group arrangements);
 - c) risks related to the activities and exposures stemming from the reinsurance contracts in place, in particular the potential impact on the application of resolution tools and powers;
 - d) risks related to intra-group reinsurance and similar arrangements.
11. To improve resolvability and facilitate the implementation of the resolution strategy or strategies, resolution authorities should assess the undertakings' resolvability for which undertakings or groups are required to cooperate as much as necessary with the resolution authorities, in accordance with Article 12(1)a of the IRRD Directive (EU) 2025/1.

GUIDELINE 2 – ASSESSMENT OF THE CREDIBILITY AND FEASIBILITY OF WINDING-UP UNDER NORMAL INSOLVENCY PROCEEDINGS

12. Resolution authorities should assess the feasibility and credibility of winding-up of the undertaking or group under normal insolvency proceedings, including the potential need to use extraordinary public financial support, considering the tools and powers available under the provisions of the respective national insolvency framework. The outcome of this assessment is one of the elements of the public interest assessment, which is conducted at

various stages in the resolution planning and execution framework.³ In that regard, it should be noted that only in cases where the resolution authority concludes that winding-up under normal insolvency proceedings would not meet the resolution objectives of Article 18 of the IRRD to the same extent as resolution, the undertakings or group should be taken into resolution, in accordance with the conditions for resolution as listed in Article 19 of the IRRD.

13. When assessing the credibility of winding-up, resolution authorities should consider the likely impact of the winding-up of the undertaking or group on the financial systems of any Member State or of the Union to ensure the continuity of critical functions provided by the undertaking or group and achieving the other resolution objectives of Article 18 of the IRRD. For this purpose, resolution authorities and group-level resolution authorities should take into account the functions performed by the undertaking or group and assess whether winding-up would be likely to have a material adverse impact on any of the following:
 - a) policyholders, beneficiaries and other stakeholders and their social welfare;
 - b) insurance coverage and protection provided by the insurance policies in place;⁴
 - c) functioning of financial markets and market confidence;
 - d) other financial institutions, in particular:
 - i. whether winding-up would raise the funding costs of or reduce the availability of funding to other financial institutions in a manner which presents a risk to financial stability;
 - ii. the risk of direct and indirect contagion and macroeconomic feedback effects;
 - e) the real economy and in particular the availability of critical functions.
14. When assessing the feasibility of winding-up, resolution authorities should consider whether the undertaking's or group's systems are able, taking also into account operational aspects, to provide the information relevant to the insurance guarantee schemes (in case one exists) for the purposes of providing payment to covered risks in the amounts and time frames specified in the relevant national legislation. Where relevant, resolution authorities and group-level resolution authorities should consider whether the undertaking's or group's systems are able to provide the information for the third-country insurance guarantee schemes.
15. Resolution authorities and group-level resolution authorities should also assess whether the undertaking or group has the capability required to support the insurance guarantee schemes' operations (in case one exists), in particular by distinguishing between covered and non-covered risks and claims.
16. When assessing the feasibility of winding-up, resolution authorities and group-level resolution authorities should consider whether the undertaking or group has made appropriate organizational arrangements to provide the administrator with the necessary information to settle creditors and close the winding-up process.

³ Please note that some undertakings or groups for which a resolution authority assesses that resolution would be less likely to be in the public interest may nonetheless have to be subject to resolution planning to ensure compliance with Article 9(2) of Directive (EU) 2025/1.

⁴ The existence and availability of an IGS should also be taken into account in this regard, as it could mitigate any material adverse impact on the insurance coverage and protection provided by the insurance policies. Nevertheless, the continuation of coverage might not necessarily be guaranteed by an IGS.

GUIDELINE 3 – IDENTIFICATION OF A PREFERRED RESOLUTION STRATEGY

17. When assessing whether a resolution strategy is appropriate to achieve the resolution objective or resolution objectives, resolution authorities and group-level resolution authorities should take into account the size, business model, risk profile, interconnectedness, substitutability and in particular the cross-border activity of the undertaking or group, and the resolution regimes applicable to the legal entities in a group.
18. When selecting the preferred resolution strategy, resolution authorities and group-level resolution authorities should preliminary consider at least the following:
 - a) what resolution tools or resolution powers would be used under the preferred resolution strategy and whether those resolution tools or resolution powers are feasible to be implemented for legal entities to which it is proposed in the resolution strategy;
 - b) the likely availability of a transferee or purchaser for any business activities of the undertaking in resolution, taking into consideration the ability to use a bridge undertaking to operate the business on a temporary basis;
 - c) the amount of eligible liabilities under the resolution strategy and the risk that these liabilities cannot be used to absorb losses or recapitalize the undertaking or group;
 - d) the amount and characteristics of the insurance liabilities, their potential to contribute to the loss absorption or recapitalization capacity and the potential impact of the contribution to the loss absorption or recapitalization capacity on the undertaking's creditors and policyholders, beneficiaries and injured parties;
 - e) the existence of an insurance guarantee scheme or other financing arrangements;
 - f) the operational structure and business model of the undertaking or group, and in particular, whether it is highly integrated or interconnected with other entities (not only from the group) or has a decentralized structure with a high degree of separation between different parts of the undertaking or group;
 - g) the enforceability of resolution tools which would be applied, in particular, in third countries;
 - h) whether the resolution strategy requires supporting action by other authorities, in particular in third countries, or requires such authorities to refrain from independent resolution actions; and whether any such actions are feasible and credible for those authorities.
19. Considering the different consecutive stages of the resolvability assessment in accordance with Article 13(2) of the IRRD, when setting out the resolution strategy, the resolution authority should firstly take into account the structure and business model and the different service delivery models used by a given undertaking or group and how they interact. At least the following service delivery models should be listed: (i) outsourcing the provision of services to an external party (third-party provision of services), (ii) allocation of the provision of services to another entity within its group, or (iii) operation as a business unit within the entity itself that provides services to one or more of its business units (intra-entity or in-house provision of services).

GUIDELINE 4 – ASSESSMENT OF THE FEASIBILITY AND CREDIBILITY OF A RESOLUTION STRATEGY

20. Resolution authorities and group-level resolution authorities are responsible for the monitoring and assessment of the undertakings' or groups' degree of resolvability. This monitoring and assessment should allow for the verification whether it is feasible and credible to apply the preferred resolution strategy effectively in an appropriate time frame and should identify potential impediments to the implementation of the preferred resolution strategy.
21. Resolution authorities and group-level resolution authorities should, as a minimum, examine the resolvability dimensions specified in the Annex of the IRRD (as described in Article 13(3) and Article 14(4) of the IRRD).
22. Resolution authorities and group-level resolution authorities should consider, especially once resolution plans have reached a certain level of maturity, and in cooperation with undertakings or groups that are subject to resolution planning requirements, the development of additional tools and introduce measures to improve the resolvability of the undertaking, and operationally facilitate the implementation of the preferred resolution strategy or strategies or any alternative resolution strategy, in particular, to ensure the effective implementation of the resolution tools listed in Article 26(3) of the IRRD, including:
 - a) a self-assessment report prepared by the undertaking, with an evaluation of its own resolvability;
 - b) a multi-annual testing program prepared by the resolution authority to verify the degree of the undertakings' resolvability (in particular with regard to the resolvability dimensions described in Guidelines 5-13);
 - c) playbook(s), which are typically operational documents owned by the undertakings with the aim of supporting the execution of the resolution strategy and the application of resolution tools selected by the resolution authority. The playbook is expected to address all internal and external actions that must be undertaken by or on behalf of the undertaking to ensure effective application of the resolution tool;
 - d) handbook(s), which are typically drafted by the resolution authority to describe procedural issues specific to the use of certain resolution tools in order to ensure an effective application of those tools.

GUIDELINE 5 – ASSESSMENT OF FEASIBILITY: OPERATIONAL CONTINUITY

23. When conducting the resolvability assessment in the area mentioned in point 1(a) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:
 - have developed capabilities to carry out a comprehensive identification of all relevant services, including reinsurance services, as well as relevant operational assets and staff roles, necessary for the continuity of critical functions and the core business lines and;
 - have ensured, in their regular business processes, to map these elements to legal entities (where relevant) and to critical functions and core business lines.

24. When conducting the resolvability assessment in the area mentioned in point 1(b) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have in place adequate operational arrangements ensuring that all relevant services and the adopted service delivery model can continue during the implementation of the resolution strategy;
- document the relevant contractual arrangements for all relevant services, and have clear parameters against which the performance of these services' provision can be monitored and reported to the resolution authority;
- have in place adequate operational arrangements to ensure that the terms of relevant contracts and service level agreements (SLAs) on service provision, including third-party contracts governed by third-country or international laws (e.g. clauses, alternative measures), and pricing do not alter solely as a result of the entry into resolution of a party to the contract (or affiliate of a party);
- maintain comprehensive, searchable and up-to-date management information system (MIS) and databases (service catalogues) containing the necessary information about relevant services, for the successful implementation of the tools envisaged in the resolution strategy, including information on ownership of assets and infrastructure, pricing, contractual rights and agreements, as well as outsourcing arrangements;
- have in place a comprehensive and searchable repository of contracts servicing all relevant services, that is updated on a regular basis and is timely accessible;
- have in place operational arrangements:
 - to ensure that relevant services, are operationally resilient and have sufficient capacity, in terms of human resources and expertise, to support both the resolution and post-resolution restructuring (such as contingency plans, succession plans, retention plans). Regarding third-party service providers, they should be subject to proper due diligence;
 - to ensure that business continuity planning and contingency arrangements for the providers of relevant services take into account resolution-related conditions and are appropriate to ensure that services continue to be provided in resolution, without needing to rely on staff from business lines that may no longer be part of the same undertaking or group as a result of resolution;
 - to ensure that a swift and efficient decision-making process covers all elements affecting operational continuity, in particular the provision of relevant services.

Group-level resolution authorities should also verify whether groups are able to ensure that intra-group providers of relevant services have contingency arrangements to ensure that relevant services continue to be provided in resolution and that the provision of relevant services within the group is structured to avoid preferential treatment upon the failure or resolution of any group entity.

25. When conducting the resolvability assessment in the area mentioned in point 1(c) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a

minimum, consider whether undertakings or groups have developed capabilities to properly and comprehensively assess risks to operational continuity in resolution, such as the interruption of relevant services, loss of access to relevant operational assets and potential vacancy or unavailability of relevant staff. The risk analysis needs to take into account at least the adequacy of the:

- contractual provisions for relevant services taking into account the law applicable to the relevant contracts;
- MIS, databases and repositories related to operational continuity;
- arrangements ensuring sufficient financial resources allowing the continuity of the provision of relevant services during and after resolution;
- arrangements allowing for access to relevant operational assets, taking into account the location and legal status (e.g. owned or leased) of the assets;
- contingency arrangements for key staff, including instances where relevant staff are employed by a group legal entity that could be wound up or divested in resolution.

26. When conducting the resolvability assessment in the area mentioned in the point 1(d) of the Annex to IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings have developed capabilities to ensure that the risks to operational continuity in resolution, identified in line with the point above, are addressed, through appropriate mitigating actions and measures to improve preparedness for resolution and to facilitate post-resolution restructuring.

GUIDELINE 6 – ASSESSMENT OF FEASIBILITY: ACCESS TO FINANCIAL MARKETS INFRASTRUCTURES (FMIS)

27. When conducting the resolvability assessment in the area mentioned in point 2 of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have identified all material relationships (including related to any membership requirements) they have with FMIs and FMI intermediaries, including key systems and personnel required to maintain access to FMI services and arrangements to ensure they remain available or can credibly be replaced in resolution;
- draw up and update a contingency plan describing how they will maintain access to relevant FMI service providers in stress situations, in the run-up to, during and after resolution for the full range of plausible actions that each relevant FMI service provider could take during resolution, and the undertaking's or group's potential mitigating actions. This also includes anticipated collateral, liquidity, or information requirements and how the undertaking or group would expect to meet them and the communication conditions with each FMI service provider to provide any additional information that may be required for access to be facilitated;
- map the relationships of FMI service providers to: (a) critical functions; (b) core business lines; (c) relevant services; (f) legal entities.

GUIDELINE 7 – ASSESSMENT OF FEASIBILITY: SEPARABILITY

28. When conducting the resolvability assessment in the area mentioned in point 3(a) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- conduct an initial separability analysis of critical functions and core business lines to identify sources of undue complexity in their structure and information systems, including at least the following areas:
 - a) a description of closely interrelated activities (as well as associated services) which could be separated from the rest of the group without undue delay and disproportionately high costs;
 - b) an assessment whether assets, liabilities, services, staff, and, where relevant, other supporting infrastructure, which are related to relevant services, and which are part of possible transfer perimeters could be transferred to third parties;
 - c) an assessment of whether assets and liabilities which are not related to relevant services, but earmarked for a possible transfer perimeter, can be transferred;
 - d) a description of the IT systems and license ownerships, people and other services that are necessary to support the transfer perimeter(s);
 - e) a description of operational efforts and of the expected time necessary for the delivery of information about the transfer perimeter relevant for the implementation of the preferred resolution strategy or strategies;
 - f) a description of the liquidity and funding needs for the transfer perimeter(s).
- are capable of identifying potential impediments to resolution related to separability posing a risk for the implementation of the resolution action, e.g.:
 - a) the nature and extent of intra-group exposures and their impact on resolution;
 - b) the time needed to evaluate policyholder liabilities and the assets supporting or backing those liabilities or to be otherwise transferred.
- where relevant, provide explanations about actions taken to reduce or remove the sources of undue complexity in the structure and information systems.

29. When conducting the resolvability assessment in the area mentioned in point 3(b) of the Annex to IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- analyse the market capacity to absorb the transfer perimeter(s) (including the existence of third-party investors with sufficient funds, competition and strategic considerations, in case of undertakings or groups with excess capital and/or sufficient market access, previous integration experience);
- consider the possibility of different potential acquirers for different parts of the transfer perimeter(s) according to the markets concerned, their absorption capacity or the geography of the activities, in order to maximise the chances of success of the transfer strategy and support the resolvability of the undertaking or group.

GUIDELINE 8 – ASSESSMENT OF FEASIBILITY: LOSS ABSORPTION AND RECAPITALISATION CAPACITY

30. When conducting the resolvability assessment in the area mentioned in point 4(a) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:
 - have sufficient loss absorption and recapitalisation capacity to apply the preferred resolution strategy;
 - have an accurate overview of the eligible liabilities that may contribute to the loss absorption or recapitalization capacity, considering the potential impact on the undertaking's creditors and policyholders, beneficiaries and injured parties as well as reinsurers;
 - ensure that their capital, liability and technical provisions' structures would permit a write-down or conversion, in particular by having in place an effective internal loss transfer and recapitalisation mechanism between subsidiaries and parent undertakings, where relevant, taking into account the nature of the holder of the instruments and the need for appropriate subordination;
 - identify any liabilities which are likely under the preferred resolution strategy not to contribute to loss absorption or recapitalisation, considering at least the following factors:
 - a) maturity;
 - b) subordination ranking;
 - c) the types of holders of the instrument, or the instrument's transferability;
 - d) legal impediments to loss absorbency such as a lack of recognition of resolution tools under foreign law or existence of set-off rights;
 - e) other factors creating risk that the liabilities would be exempted from absorbing losses in resolution;
 - f) the amount of qualifying eligible liabilities or other liabilities and an identification of the issuing legal entities which would absorb losses;
 - g) whether appropriate arrangements are specified for losses to be transferred to legal entities to which resolution tools would be applied from other group companies, including where relevant an assessment of the amount and loss-absorbency of intragroup funding.
31. Resolution authorities and group-level resolution authorities should also consider the availability of any insurance guarantee schemes or financing arrangements that can contribute to the loss absorption or recapitalization of the insurance or reinsurance undertaking or group.
32. When conducting the resolvability assessment in the area mentioned in point 4(b) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:
 - properly identify any barriers for the implementation of resolution actions in a cross-border context, especially identify any obstacles to the effective application of Articles 47-54 of the IRRD;

- provide a list of contracts, including financial contracts, concluded under third country law or law of another Member State, identifying the counterparty, the obligations for the undertaking or group and whether the contracts include the contractual recognition of resolution tools and powers;
- identify any barriers for the write-down or conversion of technical provisions in the cross-border context.

33. When conducting the resolvability assessment in the area mentioned in point 4(c) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- are capable of conducting the process, implementing the write-down and conversion exchange mechanic, which is compliant with the applicable national regulatory framework.⁵ This includes the ability to:
 - a) address the discontinuation, cancellation or suspension from the listing or trading of securities;
 - b) address the risk of non-settled transactions;
 - c) deal with the listing or relisting, and admission to trading of new securities or other claims;
 - d) enable the delivery of equity to written-down creditors;
 - e) account for a potential adjustment that may be required at a later stage once the full extent of the undertaking's or group's losses is known, for instance, based on the outcome of the final valuation;
 - f) allow for potential residual unclaimed equity to be claimed beyond the initial exchange period. New shareholders or new owners of the equity may not be immediately identified and contacted during the early stage of the write-down and conversion execution. Therefore, the write-down and conversion exchange mechanic should enable them to claim their rights at a later stage;
 - g) comply with their disclosure obligations under Regulation (EU) No 596/2014.
- can demonstrate how they would be able to update their balance sheet on the basis of the provisional valuation within a reasonable timeframe.

GUIDELINE 9 – ASSESSMENT OF FEASIBILITY: LIQUIDITY AND FUNDING IN RESOLUTION

34. When conducting the resolvability assessment in the area mentioned in point 5(a) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups are able to identify any impediments to resolution related to the business model and how it may give rise to liquidity needs in resolution, taking into account at least the following factors:

⁵ When setting out the internal aspects of write-down and conversion, undertaking or group should at least consider the following aspects: legal impediments, accounting impediments, tax impact, instrument specific features, SPVs, hedges, accrued interest, liabilities held by the undertaking or group itself, and adjustments to assumptions.

- a) the characteristics of insurance liabilities and related assets portfolios, with particular consideration of long-term assets and liabilities on the balance sheet;
- b) the reinsurance strategy;
- c) the size of funding needs during resolution, the availability of sources of funding, taking into account liquidity of assets and coverage of technical reserves by assets, especially in the unit-linked business, and impediments to the transfer of funds as required within the undertaking or group;
- d) the ability to, if applicable, obtain the support from an insurance guarantee scheme or other financial arrangements, and the capacity of the respective insurance guarantee scheme or other financing arrangements to support the resolution strategy;
- e) the ability to maintain a risk management framework, including asset and liability management and hedging strategies, which ensure the fulfillment of insurance liabilities.

35. When conducting the resolvability assessment in the area mentioned in point 5(b)(i) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have adequate mechanisms in place to determine the liquidity needs in the run-up to and during resolution, and to make forecasts, as well as arrangements to safeguard access to critical financial counterparties in resolution;
- identify the entities and currencies that they consider material on the grounds of liquidity, and the potential locations of liquidity risk within the group;
- simulate cash flows, for on and off-balance sheet items under different resolution scenarios:
 - a) in case of group resolution, for each material entity and, when relevant, for specific branches within the perimeter of the group on an individual basis;
 - b) over a range of time periods.

36. When conducting the resolvability assessment in the area mentioned in point 5(b)(ii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- can demonstrate in going concern their ability to measure and report to the resolution authority their liquidity position within a reasonable timeframe and have capabilities to perform a liquidity analysis of current positions at the level of material entities and of the group, including to identify liquidity drivers, in the run-up to and during resolution;
- identify the liquidity drivers during resolution;
- ensure that the liquidity analysis is updated as necessary at the level of material entities.

37. When conducting the resolvability assessment in the area mentioned in point 5(b)(iii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have the capacity to:
 - a) identify all assets that could potentially qualify as collateral eligible to support funding in resolution;

- b) differentiate between encumbered and unencumbered assets, determining legal rights to both pledged and unpledged collateral;
- c) monitor available and unencumbered collateral at the level of each material entity, subsidiary or branch;
- d) report information on available collateral at a granular level (including on central bank eligibility, currency, type of assets, location, credit quality), even under rapidly changing conditions.
- have built-up the ability to mobilise the available collateral, including developed and documented all necessary operational steps to mobilise collateral that may be located in subsidiaries and/or branches operating in different currencies.

GUIDELINE 10 – ASSESSMENT OF FEASIBILITY: INFORMATION SYSTEMS AND DATA REQUIREMENTS

38. When conducting the resolvability assessment in the area mentioned in point 6(i) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups are able to report to resolution authorities and group-level resolution authorities about:

- the receipt of relevant services based on the developed service catalogues (as provided in Guideline 5), in which all the granular service information⁶ is gathered and ensure these can be accessed in a reliable way, including in a stress situation, to support the implementation of the preferred resolution strategy;
- any relations (and their conditions) with FMIs (as provided in Guideline 6) that need to be maintained to support the implementation of the preferred resolution strategy;
- loss absorption and recapitalization capacity (as provided in Guideline 8);
- potential liquidity needs (as provided in Guideline 9).

39. When conducting the resolvability assessment in the area mentioned in point 6(ii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have capabilities (including MIS and technological infrastructure) to support the timely provision of valuation data at a sufficient level of granularity to enable valuations to be performed within a suitable timeframe;
- are able to demonstrate that they have quality assurance arrangements, through periodic testing and upgrading of MIS capabilities both in normal times and under stress scenarios, in place and ensure that their MIS capabilities achieve preparedness for resolution. The testing exercises aim to assess and provide validation whether MIS capabilities comply with the below principles, and should cover:

⁶ This should include at least: information on ownership of assets and infrastructure, pricing, contractual rights and agreements, as well as outsourcing arrangements.

- a) the swift provision of data and information to the resolution authority, competent authorities, the valuer and other relevant stakeholders;
- b) the consistent aggregation of data across the different areas of the undertaking or group, also in compliance with any additional guidance;
- c) the sensitivity and flexibility of their internal valuation models as well as whether they assure a fair, prudent and realistic valuation.

The results of these tests and exercises should be immediately reported to the management body of the undertaking or group and to the respective resolution authority. Validation reports should identify possible shortcomings and remedial actions.

40. When conducting the resolvability assessment in the area mentioned in point 6(iii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups have processes and infrastructure in place to provide resolution authorities and group-level resolution authorities with a complete set of data regarding:

- types and characteristics of assets, in particular those related to unit-linked insurance products;
- types and characteristics of insurance liabilities and their potential to be written down or converted;
- loss absorption and recapitalization capacity of a wide range of liabilities;
- provision of relevant services within a reasonable timeframe, upon request.

Resolution authorities and group-level resolution authorities should also consider whether undertakings or groups can demonstrate the ability to (i) adequately assess the level of their loss absorption capacity and (ii) provide information needed to execute the write-down and conversion tool, taking into account national provisions (iii) change insurance policies as instructed by the NRA. In this respect, insurers and reinsurance undertakings or groups are expected to have established a repository that includes a list of minimum information about each capital instrument and every other security issued by any group entity within the scope of the IRRD, and a process for keeping this information up-to-date.

GUIDELINE 11 – ASSESSMENT OF FEASIBILITY: COMMUNICATION

41. When conducting the resolvability assessment in the area mentioned in point 7 of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- developed adequate and comprehensive communication plans and have in place governance arrangements to ensure an effective execution of those plans, taking into account relevant roles, responsibilities, all internal and external stakeholders and including, as appropriate, template documents and emails, frequently asked questions and answers and other tools to be used at key stages of the resolution period;
- identify critical external and internal stakeholder groups, including, policyholders, beneficiaries, injured parties, creditors and market actors which need to be informed in

- the resolution process, including providers of relevant services or operational assets and keep up to date the list of these stakeholder groups;
- have arrangements in place that ensure confidentiality requirements;
- ensure that the expectations set out in this guideline are enshrined in the governance arrangements, which allow for a consistent, efficient and effective execution of the communication plan in different jurisdictions, taking into account, *inter alia*, local language, disclosure requirements and time differences;
- ensure to proactively inform the resolution authority where disclosure requirements may unduly impact the implementation of the resolution strategy;
- have identified any communications to market participants that they may be required to make under applicable national legal disclosure regimes.

GUIDELINE 12 – ASSESSMENT OF FEASIBILITY: GOVERNANCE

42. When conducting the resolvability assessment in the area mentioned in point 8(i) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:
 - ensure that their governance structures, arrangements and procedures adequately address the process of data collection and aggregation across different areas of the undertakings or groups, and for their timely delivery;
 - ensure that their governance structures adequately address the efficient flow and exchange of information about resolution matters (process, channels, allocation of responsibilities) within the undertaking (i.e. between the management board, the responsible senior level executive and all other relevant staff) and between undertakings or group, resolution authorities and group-level resolution authorities and other authorities, enabling them to perform their respective roles before, during and after resolution;
 - have established a quality assurance process to ensure the completeness and accuracy of information (including for the purpose of the continuity of MIS capabilities) sent to resolution authorities for resolution planning purposes.
43. When conducting the resolvability assessment in the area mentioned in point 8(ii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:
 - ensure that resolution planning and resolvability are embedded in their governance. This requires adequate and clear lines of responsibility, reporting lines and escalation mechanisms up to and including the board and senior management, as well as adequate approval mechanisms (for both resolution planning and crisis management) and the consideration of resolvability aspects when making decisions materially impacting their legal structure, business model, reinsurance policy and reinsurance transactions (and their material changes), IT-infrastructure, governance, risk and capital management or any other material aspect of the undertaking. The resolution authorities and group-level

resolution authorities should consider whether those aspects are sufficiently documented;

- have in place internal operational structures to facilitate resolution planning, in particular whether there is a person designated to be in charge of resolution planning, to facilitate the contacts with the resolution authority (executive director designated as in charge of resolution planning)⁷, a senior-level executive responsible for resolution planning issues in the undertaking⁸ and whether there are arrangements and procedures in place to ensure the quality of data submitted to the resolution authority;
- ensure that strategic decisions take into account resolution-related interconnections impacting resolvability, and inform resolution authorities and group-level resolution authorities without undue delay about material changes planned to elements such as the business model, financing model (especially funding by bonds and other debt instruments), the structure, the operational set-up (including changes to the IT infrastructure) and the governance having an impact on resolution planning activities or the implementation of the preferred resolution strategy and resolvability;
- ensure that intra-group providers of relevant services and essential service providers have their own governance structure and clearly defined reporting lines, do not rely excessively on senior staff employed by other group entities;
- in the case of a group headquartered in a third country, ensure that the entity is well staffed and its management is well informed about the group resolution strategy, including the decision-making processes in a crisis, and is able to balance decision-making by the group headquartered in a third country in going-concern, by taking into account the resolvability of local entities.

44. When conducting the resolvability assessment in the area mentioned in point 8(iii) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, consider whether undertakings or groups:

- have governance procedures in place to support timely decision-making in resolution for an effective preparation and timely implementation of the resolution strategy by resolution authorities and group-level resolution authorities;

⁷ The executive director should be in charge of at least the following tasks: ensuring the accurate and timely provision of information, ensuring the undertaking is and remains in compliance with resolution planning requirements, ensuring that resolution planning is integrated into the overall governance processes, amending existing committees or establishing new committees to support resolution activities, signing off on the main deliverables and ensuring adequate delegation arrangements in this respect, as part of appropriate internal control and assurance mechanisms (such as the resolution reporting templates), updating on a regular basis the other members of the management body and of the supervisory body on the state of resolution planning activities and the resolvability of the undertaking or group, which is documented by means of minutes.

⁸ The experienced senior-level executive should be in charge of at least the following tasks: coordinating and managing resolution activities (including preparation of workshops, questionnaires and other resolution authority requests), serving as the main point of contact for the resolution authority to ensure a coordinated approach for resolution planning and as the main point of contact for the implementation of the resolution strategy across the group, ensuring consistent and well communication with resolution authorities, coordinating the operationalization of the resolution strategy, participating in dry runs and, where necessary, establishing dedicated work streams to address resolution topics.

- have in place a swift and efficient decision-making process commanding elements that can impact operational continuity, including, but not limited to, the following elements: activation of business continuity plans and/or contingency arrangements in resolution and during any re-organisation, allocation of access rights to back-up staff and to a potential special manager under Article 44 of the IRRD; essential service providers' access to potential pre-funding, and communication of operational continuity elements to the authority and within the group to support any restructuring;
- ensure that resolution activities are adequately staffed to ensure that decisions in the context of resolution before, during and after a resolution action can be made in a timely manner.

GUIDELINE 13 – ASSESSMENT OF CREDIBILITY OF A RESOLUTION STRATEGY AND ITS IMPACT

45. When conducting the resolvability assessment in the area mentioned in point 9(a) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should, at a minimum, assess whether the preferred resolution strategy meets the resolution objectives and whether there are any obstacles or risks for meeting those resolution objectives. In conducting this assessment, resolution authorities and group-level resolution authorities should take into account the activities performed by the undertaking or group and assess whether implementation of the preferred resolution strategy or strategies would be likely to have a material adverse impact on any of the following:

- a) policyholders, beneficiaries and other stakeholders and their social welfare;
- b) insurance coverage and protection provided by the insurance policies in place;
- c) employees of the undertaking or group;
- d) financial market functioning, and in particular market confidence;
- e) financial market infrastructures, and in particular:
 - i. whether the sudden cessation of activities would constrain the normal functioning of financial market infrastructures in a manner which negatively impacts the financial system as a whole;
 - ii. whether and to what extent financial market infrastructures could serve as contagion channels in the resolution process (in particular compared to winding-up);
- f) other financial institutions, and in particular:
 - i. whether resolution would raise the funding costs of or reduce the availability of funding to other financial institutions in a manner which presents a risk to financial stability (in particular compared to winding-up);
 - ii. the risk of direct and indirect contagion and macroeconomic feedback effects;
- g) the real economy and in particular on the availability of financial services.

46. When conducting the resolvability assessment in the area mentioned in point 9(b) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should consider the likely impact of the implementation of the resolution strategy on the financial systems or real economies of any Member State, its region or of the Union. For this purpose, resolution

authorities or group resolution authorities should verify whether undertakings or groups identify any potential contagion channels.

47. When conducting the resolvability assessment in the area mentioned in point 9(c) of the Annex to the IRRD, resolution authorities and group-level resolution authorities should consider:

- a) the existence of adequate processes for coordination and communication and assurances on actions to be taken between home and host authorities, including in third countries, to enable the implementation of the resolution strategy;
- b) whether existing laws in relevant home and host jurisdictions override contractual termination rights in financial contracts that are triggered solely by the failure and resolution of an affiliated company.

COMPLIANCE AND REPORTING RULES

48. This document contains Guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, resolution authorities are required to make every effort to comply with guidelines and recommendations.
49. Resolution authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or resolution framework in an appropriate manner.
50. Resolution authorities are to confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, within two months after the issuance of the translated versions.
51. In the absence of a response by this deadline, resolution authorities will be considered as non-compliant to the reporting and reported as such.

FINAL PROVISION ON REVIEW

These Guidelines will be subject to a review by EIOPA.

ANNEX I: IMPACT ASSESSMENT

OBJECTIVES

In accordance with Article 29 of the EIOPA Regulation, EIOPA carries out, where relevant, analyses of costs and benefits during the policy development process. The analysis of costs and benefits is undertaken according to an impact assessment methodology.

The starting point for this impact assessment is that existing provisions following from the level 1 text are already in place and that the other provisions included in these Guidelines will be implemented as proposed. As a result, this assessment only considers the additional impact of each specific policy issue under discussion.

This impact assessment covers the appropriate level of detail of the requirements connected to the resolvability dimensions (policy issue A) and the approach to the resolvability assessment for the alternative resolution strategies (policy issue B). It is based on a qualitative assessment performed by EIOPA.

In drafting these Guidelines, EIOPA sticks to the general objectives of the IRRD, as agreed by the legislators.

These general objectives are to enable the authorities to:

- Enhance preparation, coordination and cooperation;
- Meeting the resolution objectives;
- Proper functioning of the internal market and ensuring level-playing field.

In view of the specific purpose of these technical standards, the following more specific objectives were identified, for resolution authorities to ensure:

- an adequate degree of preparedness for crisis situations;
- an effective and efficient policyholder protection in resolution and/or liquidation with a sufficient level of flexibility for resolution authorities which allows for the adjustment of the assessment of resolvability to the specificity of national markets, including the needs of policyholders;
- a level playing field through common minimum harmonisation rules with regard to the framework of the assessment of resolvability.

POLICY ISSUES

POLICY ISSUE A: APPROPRIATE LEVEL OF DETAIL OF THE REQUIREMENTS CONNECTED TO THE RESOLVABILITY DIMENSIONS

Article 13(5) of the IRRD mandates EIOPA to specify further the matters and criteria for the assessment of resolvability of undertakings or groups. In this regard the Annex to the IRRD already provides a

categorized list of resolvability dimensions together with some aspects that should be assessed within each resolvability dimension. That provides the general scope for the assessment of resolvability. However, within each resolvability dimension it is possible to create even more detailed provisions setting out more prescriptively the aspects that need to be assessed by resolution authorities and the specific activities to be carried out by the undertakings or groups. For this, the experiences from the implementation of the BRRD could be used to more closely align with existing good practice. In 2022, the European Banking Authority (EBA) published guidelines on improving resolvability, which provide a broad scope of potential requirements that should be met by the institutions to be resolvable. These guidelines are the main tool to ensure the operational readiness to apply resolution tools. However, they have been developed at a more advanced stage of the banking resolution framework's development. The question arises whether such a detailed framework should also be prepared for the insurance industry at the very outset of the development of its resolution framework, when certain essential aspects, such as the preferred resolution strategies, are still to be determined in the resolution planning process. Therefore, finding the appropriate level of detail of the requirements at the beginning of building the entire framework has been a key topic.

POLICY ISSUE B: APPROACH TO THE RESOLVABILITY ASSESSMENT FOR THE ALTERNATIVE RESOLUTION STRATEGIES

The RTS on the content of the resolution plans assumes that it is possible to identify multiple preferred resolution strategies (for various resolution scenarios) in the resolution plan, to ensure a high level of optionality. It is necessary to assess the resolvability for every preferred resolution strategy, to ensure that these are feasible and credible. However, the RTS on the content of the resolution plans foresees that the resolution authority may also identify alternative resolution strategies (in case that the preferred resolution strategies are not feasible or credible to implement). This raises the question whether also these alternative resolution strategies should be subject to the same level of assessment of resolvability (considering that already several assessments might be conducted by the resolution authorities for the preferred resolution strategies).

POLICY OPTIONS

POLICY ISSUE A: APPROPRIATE LEVEL OF DETAIL OF THE REQUIREMENTS CONNECTED TO THE ASSESSMENT OF THE RESOLVABILITY DIMENSIONS

Policy option A.1: Detailed approach

With this approach the Guidelines provide a detailed and comprehensive list of requirements for each resolvability dimension creating the most complete resolvability assessment's framework, taking full advantage of the practical experiences from the implementation and application of the BRRD. In this regard, for all resolvability dimensions all lessons learned from the already existing frameworks for assessing the resolvability in other sectors of the financial system are taken into account. At the same time the resolvability assessment framework is fully aligned with the specificity of the (re)insurance sector.

Policy option A.2: Fundamental approach

With this approach only the most important provisions for each resolvability dimension from the Annex of IRRD will be included. This means only those provisions that are necessary to ensure a minimum level of resolvability of undertakings and leaving a sufficient level of flexibility for the resolution authorities to decide on further details. This approach is also most reflective of the fact that the IRRD framework is still in its early stages and some requirements might be too advanced to already include in these Guidelines.

POLICY ISSUE B: APPROACH TO THE RESOLVABILITY ASSESSMENT FOR THE ALTERNATIVE RESOLUTION STRATEGIES

Policy option B.1: No requirement for the assessment of resolvability for alternative resolution strategies

This approach assumes that there is no requirement for resolution authorities to conduct the assessment of resolvability for all alternative resolution strategies that they identify. Under this approach, the Guidelines explicitly state that there is no requirement that resolution authorities conduct the assessment of resolvability for the alternative resolution strategies.

Policy option B.2: Requirement for a full assessment of resolvability for alternative resolution strategies

This approach assumes that, apart from the assessment of resolvability for all preferred resolution strategies, resolution authorities must conduct the assessment of resolvability for all alternative resolution strategies as well. This approach also assumes that the resolvability assessment for all alternative resolution strategies includes all the requirements under the resolvability dimensions. In principle, with the described approach, the resolvability assessment for alternative strategies is conducted under the same conditions as the assessment of the preferred resolution strategies.

Policy option B.3: Flexible requirement for the assessment of resolvability for alternative resolution strategies, allowing resolution authorities to decide on the extent of assessment

This approach assumes that the resolution authority may conduct a resolvability assessment for the alternative resolution strategies (i.e. there is no obligation, but the resolution authority decides about the application of the requirement). In that regard, the resolution authority decides also about the extent of the application of the requirements for the resolvability assessment. The resolution authority decides to what extent the requirements in these Guidelines are applicable to the resolvability assessment of alternative resolution strategies.

IMPACT OF THE POLICY OPTIONS

In assessing the impact of the policy options, special attention is devoted to the potential areas or functions where the costs could arise as a result of the different policy options. A more detailed estimation of the (monetary) costs would depend on several different variables, such as the company-specific process and procedures, the size and nature of the entity and the applicable resolution framework at national level, including the potential contribution to financing arrangements.

POLICY ISSUE A: APPROPRIATE LEVEL OF DETAIL OF THE REQUIREMENTS CONNECTED TO THE ASSESSMENT OF THE RESOLVABILITY DIMENSIONS

| Policy option A.1: Detailed approach | | |
|--------------------------------------|------------------------|---|
| Costs | Policyholders | Risk of higher premiums, if the requirements create additional costs for the undertakings. |
| | Industry | Potentially higher administrative costs for the undertakings to meet the expectations and higher degree of intervention in the business' operations. |
| | Resolution authorities | Lower flexibility leading to extensive resources needed for the assessment of the resolvability of the undertakings. Additional resources needed to monitor the application of powers to remove or address impediments (since the probability to apply such powers is higher under a more detailed resolvability assessment framework) |
| | Other | No impact |
| Benefits | Policyholders | Resolvability assessed in more detail and therefore less risk of unexpected impediments to the access to the insurance products and services in case of failure. |
| | Industry | Higher preparedness of undertakings against future crises. |
| | Resolution authorities | Comprehensive set of requirements that need to be met by the undertakings. |
| | Other | Higher harmonization. |

Policy option A.2: Fundamental approach

| | | |
|-----------------|------------------------|---|
| Costs | Policyholders | Some risk of higher premiums, if the requirements create additional costs for the undertakings but limited in comparison with the detailed approach. |
| | Industry | Relatively lower administrative costs compared to the detailed approach, as a result of higher flexibility and better adjustment of the requirements to the business model. |
| | Resolution authorities | Some resources needed for the assessment of the resolvability of the undertakings but limited in comparison with the detailed approach. |
| | Other | No impact |
| Benefits | Policyholders | Resolvability assessed to a certain degree and therefore limited risk of unexpected impediments in case of failure, but more risk than with the detailed approach. |
| | Industry | Increased resilience with limited costs and impact on the functioning of the undertaking, but less preparedness compared to the detailed approach. |
| | Resolution authorities | Higher flexibility leads to a lower number of resources needed for the assessment of the resolvability of the undertakings, compared to the detailed approach. |
| | Other | Higher harmonization of the regulations of the sector, but limited compared to the detailed approach. |

POLICY ISSUE B: APPROACH TO THE RESOLVABILITY ASSESSMENT FOR THE ALTERNATIVE RESOLUTION STRATEGIES

| Policy option B.1: No requirement for the assessment of resolvability for alternative resolution strategies | | |
|--|------------------------|---|
| Costs | Policyholders | Potentially higher losses in crises due to weaker preparation for resolution. |
| | Industry | Potential risks of contagion and reputational risks in crises due to weaker preparation for resolution. |
| | Resolution authorities | Potential reputational costs related to weaker preparation for resolution. |
| | Other | Potentially higher risk to financial stability in case of crisis due to less robust preparation for resolution. |
| Benefits | Policyholders | No impact |

| | | |
|--|------------------------|----------------------------|
| | Industry | Potentially lower costs. |
| | Resolution authorities | Low administrative burden. |
| | Other | No impact |

Policy option B.2: Requirement for the full assessment of resolvability for alternative resolution strategies

| | | |
|----------|------------------------|---|
| Costs | Policyholders | Potential impact on price of policies and premiums due to higher costs related to additional requirements for undertakings. |
| | Industry | Potentially higher administrative costs resulting from additional formal requirements Potentially higher operating costs resulting from the necessity for broader adjustments of the operational structure (to meet the requirements resulting from multiple strategies) |
| | Resolution authorities | Higher costs related to building additional capacity to assess also alternative resolution strategies. |
| | Other | No impact |
| Benefits | Policyholders | Potentially lower losses in crises due to better preparation to resolution. |
| | Industry | Less risks of contagion and reputational risks in crises, due to stronger preparation for resolution. |
| | Resolution authorities | Better preparation for potential crisis across the EU |
| | Other | Potentially lower risk to financial stability in case of crisis due to better preparation for resolution. |

Policy option B.3: Flexible requirement for the assessment of resolvability for alternative resolution strategies, allowing resolution authorities to decide on extent of assessment

| | | |
|-------|---------------|--|
| Costs | Policyholders | Potential impact on price of policies and premiums due to higher costs if resolution authorities decide to apply the requirements more broadly for alternative resolution strategies, but lower in comparison with option B.2. |
| | Industry | Potentially higher costs, but lower in comparison with option B.2. |

| | | |
|----------|------------------------|--|
| | Resolution authorities | Higher costs related to building the additional capacity to assess also alternative resolution strategies, but lower in comparison with option B.2. |
| | Other | No impact |
| Benefits | Policyholders | Potentially lower losses in crises due to a better preparation for resolution |
| | Industry | Less risks of contagion and reputational risks in crises, due to stronger preparation for resolution, but potentially higher risk in comparison to option B.2., dependent on the approach taken by resolution authorities. |
| | Resolution authorities | More proportionate and rational allocation of administrative costs and resources with a higher level of flexibility and more possibilities to consider national specificities. |
| | Other | Potentially lower risk to financial stability in case of crisis resulting from the necessity to support failing undertakings due to better preparation for the resolution, but potentially higher risk compared to option B.2., dependent on the approach taken by resolution authorities. |

COMPARISON OF POLICY OPTIONS

POLICY ISSUE A: APPROPRIATE LEVEL OF DETAIL OF THE REQUIREMENTS CONNECTED TO THE ASSESSMENT OF THE RESOLVABILITY DIMENSIONS

| EFFECTIVENESS | | | |
|-------------------|---|--|--|
| | Adequate degree of preparedness for crisis situations | Level playing field through common minimum harmonisation rules | Flexibility for the resolution authorities and potential for the consideration of national specificities |
| Policy option A.1 | ++ | ++ | 0 |
| Policy option A.2 | + | + | ++ |

EFFICIENCY

| | | | |
|-------------------|---|--|--|
| | Adequate degree of preparedness for crisis situations | Level playing field through common minimum harmonisation rules | Flexibility for the resolution authorities and potential for the consideration of national specificities |
| Policy option A.1 | + | 0 | 0 |
| Policy option A.2 | ++ | ++ | ++ |

Although under option A.1. a potentially higher level of preparedness for the crisis situation is preserved while ensuring a level-playing field through higher harmonization, this option is expected to result in additional costs and a higher burden for both the industry and supervisors. The costs for industry would result mainly from the obligation to report more granular data on a broader scope of topics, while considering the business model of a particular undertaking these data might be of lower importance for the resolution planning of that undertaking. Option A.1., which contains a reduced possibility to apply a proportionate approach, is also expected to result in higher costs on the side of the resolution authorities, since it would require more resources to process and analyse the data received for the purpose of resolution planning.

POLICY ISSUE B: APPROACH TO THE RESOLVABILITY ASSESSMENT FOR THE ALTERNATIVE RESOLUTION STRATEGIES

| EFFECTIVENESS | | | |
|-------------------|--|--|--|
| | An adequate degree of preparedness for crisis situations | Level playing field through common minimum harmonization | Flexibility for the resolution authorities and potential for the consideration of national specificities |
| Policy option B.1 | 0 | + | + |
| Policy option B.2 | ++ | ++ | 0 |
| Policy option B.3 | + | 0 | ++ |

| EFFICIENCY | | | |
|-------------------|--|--|--|
| | An adequate degree of preparedness for crisis situations | Level playing field through common minimum harmonization | Flexibility for the resolution authorities and potential for the consideration of national specificities |
| Policy option B.1 | 0 | ++ | ++ |

| | | | |
|-------------------|----|----|---|
| Policy option B.2 | + | 0 | 0 |
| Policy option B.3 | ++ | ++ | + |

Although already available resolution experiences show that having a broad range of options should be the key feature of a resolution plan to increase the optionality to be prepared for several possible resolution scenarios, introducing an obligation to conduct full resolvability assessments for all alternative resolution strategies (policy option B.2.) is expected to result in higher costs and administrative burden for both the industry and the resolution authorities, compared to the other available policy options. On the industry's side, this is expected to result in a broader scope of reported data and, depending on the alternative resolution strategy selected by the resolution authority, a broader scope of actions to be taken by the undertakings to improve its resolvability. On the side of the resolution authorities, an obligation to conduct a full resolvability assessment for all identified alternative resolution scenarios is expected to result in higher need for resources. No requirement to consider any alternative resolution strategies in the resolvability assessment (policy option B.1.) may negatively impact the resolution preparedness. Therefore, from the perspective of potential costs and additional burden for industry and resolution authorities, the optimal solution seems to be a flexible approach, where resolution authorities retain discretion to adopt the scope of the resolvability assessment (policy option B.3.). The conclusions from the resolvability assessment for the preferred resolution strategy might be also applicable (in full or in part) to the resolvability assessment of alternative resolution strategies, thus, in such cases, a narrower scope of the assessment might be sufficient. Additionally, some alternative resolution strategies might be less probable to be implemented than others. Consequently, ensuring the flexibility in this area for the resolution authorities seems to be most cost efficient.

PREFERRED OPTION

Based on the impact assessment, it was decided to take the fundamental approach regarding the level of detail of the requirements connected to the assessment of the resolvability dimensions (**policy option A.2**), and to include a more flexible requirement for the assessment of resolvability for alternative resolution strategies, allowing resolution authorities to decide on the extent of the assessment (**policy option B.3**).

Even though more detailed provisions could be developed, selecting a detailed approach would more strongly burden resolution authorities and undertakings at this early stage of regulatory implementation and would allow less for the consideration of national specificities. Furthermore, considering the development and implementation of the recovery and resolution framework is a lengthy process with some operational steps to be taken still, such as the selection of resolution strategies, it would be more proportionate to keep the level of detail of the Guidelines more limited to what is necessary to ensure a level-playing field at this stage. The detailed approach to the assessment of resolvability is expected to result in a higher level of costs and administrative burden for the industry and the resolution authorities. At the same time, such higher costs may not always ensure a better

level of resolution preparedness, since the scope of required aspects of the resolvability assessment could be dependent on the business model followed by the undertaking.

A full assessment of all resolvability dimensions' requirements for any resolution strategy (both preferred and alternative) would ensure a higher level of resolvability and, consequently, may support more strongly a successful application of the resolution strategy. However, a full application of the resolvability assessment's requirements may create an excessive administrative burden on both resolution authorities and undertakings, that is not proportionate to the objectives of the guidelines. This increased administrative burden would be translated into higher costs for both the industry and the resolution authorities, mostly through broader reporting requirements. Therefore, a balanced approach with regard to alternative resolution strategies, with a responsibility for resolution authorities to decide on the extent of the assessment, is preferred.

ANNEX 2: FEEDBACK STATEMENT

This feedback statement sets out a high-level summary of the consultation comments received and EIOPA's assessment of them. The full list of all the non-confidential comments provided can be found on EIOPA's website.

EIOPA received comments from its Insurance and Reinsurance Stakeholder Group (IRSG) and from ten other stakeholders, mainly insurance industry and associations.

As part of the consultation EIOPA held a stakeholders workshops on 23 May 2025 to discuss the Guidelines.

EIOPA would like to express its appreciation for the feedback of the stakeholders during the preparation of the Guidelines.

ALTERNATIVE RESOLUTION STRATEGIES

Stakeholder comments

Some of the stakeholders commented that the requirement to develop alternative resolution scenario(s) is too excessive, considering low likelihood of failure and the strongly expected application of the preferred resolution strategy.

Assessment

Alternative resolution strategies are important to maintain optionality in resolution and in EIOPA's view, resolution authorities should be prepared for multiple scenarios. However, despite the need to develop alternative resolution strategies, the Guidelines do not require a resolvability assessment for them.

OPERATIONALIZATION OF RESOLUTION STRATEGIES, SUCH AS BY PLAYBOOKS

Stakeholder comments

Additional requirements for the purpose of operationalizing the resolution strategies, such as reports, testing, handbooks and playbooks impose excessive administrative burden and should be deleted from the Guidelines.

Assessment

The operationalization of the resolution strategies at the side of the undertaking is a key aspect of resolution planning. However, to minimize the burden, wording has been changed to reflect that the options in this paragraph should primarily be considered for resolution plans that reached a certain level of maturity.

EXCESSIVE BURDEN

Stakeholder comments

Most of the stakeholders, including the IRSG, commented that the Guidelines would create an excessive and disproportionate burden on insurance undertakings.

Assessment

Since the start of the work, EIOPA has sought to minimize the burden to national authorities and undertakings. Following the public consultation, we have continued assessing if further reduction in burden or simplifications is possible, which led to some Guidelines being streamlined. However, the dimensions are directly derived from the Level 1's Annex, which provides the underlying framework and justification for their inclusion. Furthermore, compared to the requirements currently in place for banks under the BRRD, EIOPA has deliberately included significantly fewer requirements.

LOSS-ABSORPTION CAPACITY

Stakeholder comments

Some of the stakeholders commented that further clarity was required on the circumstances where EIOPA would consider that an undertaking has insufficient loss-absorption capacity to execute a resolution strategy, so that resolution authorities do not impose “Minimum Requirement of Eligible Liabilities (MREL)” like requirements.

Assessment

In response to these comments, the wording was adjusted to clarify resolution authorities should analyse the “amount and characteristics of the eligible liabilities” to, for example, assess the amount of such liabilities in the context of the preferred resolution strategy and identify potential barriers for the write-down or conversion of such eligible liabilities. It should be stressed that neither the Level 1 text nor these Guidelines require resolution authorities to impose MREL-like requirements.

TIMEFRAME OF CERTAIN REQUIREMENTS

Stakeholder comments

Some stakeholders expressed the view that the words “at short-notice” or “overnight” used in the document were too demanding for undertakings, especially since it does not reflect the nature of the insurance business or the long-term insurance liabilities, considering that in general, and compared to the banking sector, the timeframe in which insurance crises unfold is slower and should provide greater flexibility to intervene.

Assessment

Whilst EIOPA is of the view that a crisis in the insurance sector may unfold fast, as recent cases have shown, it is agreed that more flexibility was needed regarding the timeframe of some requirements.

Therefore, in the Guidelines, words indicating a too short timeframe, such as “at short notice” or “overnight” were replaced by “within a reasonable timeframe”.