FINAL REPORT

Guidelines on qualitative and quantitative indicators in pre-emptive recovery planning

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European Insurance and
Occupational Pensions Authority

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EXECUTIVE SUMMARY

INTRODUCTION

On 9 December 2025, EIOPA launched a public consultation on Guidelines to specify further the qualitative and quantitative indicators in pre-emptive recovery planning. This final report sets out the final text of the Guidelines including an impact assessment and a feedback statement on the public consultation.

CONTENT

These Guidelines are developed in line with the mandate conferred to EIOPA in Article 5(11), point (b) of Directive (EU) 2025/1[1], to further specify the qualitative and quantitative indicators to be considered by undertakings and groups in pre-emptive recovery plans, including indicators related to capital and liquidity positions, asset quality, profitability, market conditions, macroeconomic conditions and operational events.

Undertakings are required to set up a framework of qualitative and quantitative indicators among those referred to in Article 5(8) of Directive (EU) 2025/1 to identify the points at which remedial actions should be considered or taken. These Guidelines specify further these indicators, with the objective of ensuring a consistent, proportionate, flexible, and operational framework across the Union. The Guidelines aim to support undertakings and groups in establishing indicator frameworks that are aligned with their existing risk management systems, while providing competent authorities with relevant and comparable information.

PUBLIC CONSULTATION

A public consultation was conducted between 9 December 2025 and 20 March 2026, and feedback was received from a broad range of stakeholders, including industry associations and undertakings. A workshop was held on 6 February 2026 to discuss the consultation paper. Nine stakeholders provided feedback on the consultation paper. Based on the stakeholder feedback, the Guidelines were refined, clarified and streamlined, without changing 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.

[1] 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 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

GUIDELINES ON THE QUALITATIVE AND QUANTITATIVE INDICATORS IN PRE-EMPTIVE RECOVERY PLANNING

INTRODUCTION

1. In accordance with Article 16 of Regulation (EU) No 1094/2010 (EIOPA Regulation)2 and with Article 5(11), point (b), of Directive (EU) 2025/13, EIOPA issues these Guidelines to specify further the qualitative and quantitative indicators, identifying the points at which remedial actions should be considered or taken, contained in the pre-emptive recovery plans of insurance and reinsurance undertakings (hereafter: “undertakings”) and groups.

2. The structure of these guidelines follows the criteria listed in Article 5(8) of Directive (EU) 2025/1 (“the criteria”).

3. These Guidelines have been developed in line with EIOPA’s views for better regulation and supervision4, thereby enhancing supervisory convergence through simpler, more efficient frameworks.

4. When selecting indicators, undertakings and groups should ensure consistency with their overall risk management framework and select indicators that are proportionate to their nature, scale and complexity of the activities of the undertaking and group concerned taking into account Article 4 of Commission Delegated Regulation (EU) on the content of pre-emptive recovery plans[5].

5. Undertakings and groups may, to the extent possible, use existing tools and analysis used for risk management purposes including ORSA indicators, stress testing results or risk appetite frameworks.

6. Undertakings and groups may decide not to include one or more indicator categories set out in these Guidelines within their pre-emptive recovery plan, taking into account their nature, scale, complexity of their activities and risk management framework, provided that the set of indicators includes, at a minimum, any breach of SCR in accordance with Article 5(8) of Directive (EU) 2025/1.

7. Qualitative indicators are non-numerical indicators that capture elements of risk which cannot be readily expressed in quantitative terms but are relevant to an undertaking’s business model,

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[2] Regulation (EU) 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

[3] 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 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).

[4] Bolder, Simpler, Faster: EIOPA’s views for better regulation and supervision (EIOPA-BoS-25/118), 8 April 2025.

[5] Commission Delegated Regulation (EU) supplementing Directive (EU) 2025/1 of the European Parliament and of the Council with regard to regulatory technical standards on the content of pre-emptive recovery plans and group pre-emptive recovery plans

risk profile and consistent with its internal risk management framework. The calibration of these indicators typically relies on expert judgment or undertaking-specific characteristics. Undertakings and groups may include such indicators, where relevant, to support the timely identification of a deterioration.

8. These Guidelines are addressed to competent authorities as defined in Article 4(2), point (i), of the EIOPA Regulation and to financial institutions as defined in Article 4(1) of that Regulation.

9. The Guidelines apply from 30 January 2027.

10. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction.

GUIDELINE 1 – CALIBRATION OF RECOVERY PLAN INDICATORS

11. The calibration of the pre-emptive recovery plan indicators should ensure that appropriate levels are set to alert the undertaking or group early enough and can allow the undertaking or group to react promptly and effectively in a crisis situation, ahead of the adoption of the supervisory measures foreseen in Article 136a of Directive 138/2009/EC (Solvency II)[6]. In accordance with Article 5(8) of Directive (EU) 2025/1, indicators should identify the points at which remedial actions should be considered or taken. In this context, specifically indicators relating to the breach of the solvency capital requirement should be treated with additional urgency.

12. When selecting and calibrating indicators, undertakings and groups should consider the nature of the different indicators and how they relate to each other. Indicators should be designed to trigger remedial actions, in line with the specific risk profile of the undertaking and groups. In particular, certain indicators may indicate a higher degree of urgency or escalation and may require more severe or immediate remedial actions to be taken.

13. When selecting and calibrating indicators, particular attention should be given to the fact that indicators may vary in their sensitivity to capture deterioration and in the speed at which such deterioration materialises. In particular, liquidity deterioration may not be captured immediately by indicators relating to capital. An undertaking or a group may suffer from liquidity deterioration not accompanied by a breach or a likely breach of capital requirements and vice versa. Therefore, it is important that the pre-emptive recovery plan provides for a range of indicators of different nature, allowing for a comprehensive and timely view of the undertaking's or group's risk profile, rather than limiting to indicators related to capital requirements.

[6] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), (OJ L 335, 17.12.2009, p. 1).

14. When calibrating indicators, the undertaking or group should consider ways to address the issues stemming from the fact that certain remedial actions to restore the capital position can be subject to longer execution periods, contractual obligations or greater sensitivity to market and other conditions. In particular, such actions could relate to material contractual maturities relating to capital instruments, such as subordinated debt and subordinated loans, and potential dividend payments, as relevant.

GUIDELINE 2 – CAPITAL INDICATORS

15. Capital indicators should identify any material actual and likely future deterioration in the coverage of capital requirements and in the quantity and quality of eligible own funds.

16. Where relevant, capital indicators should take into account the impact of transitional measures laid down in Article 308c and Article 308d of Directive 2009/138/EC.

17. In accordance with the first sub-paragraph of Article 5(8) of Directive (EU) 2025/1, capital indicators should include at a minimum the breach of the Solvency Capital Requirement (SCR). Group pre-emptive recovery plans should include indicators relating to the group SCR and to the SCR of any subsidiary undertakings that are in scope of the group pre-emptive recovery plan.

18. In addition to the SCR breach , undertakings and groups should consider capital indicators that are consistent with their overall risk management framework and relevant to their business model, strategy and risk profile. Those additional capital indicators could include the Minimum Capital Requirement (MCR).

GUIDELINE 3 – LIQUIDITY INDICATORS

19. Liquidity indicators should identify the potential for or an actual material deterioration of the capacity of the undertaking or group to meet its current and foreseen liquidity and funding needs.

20. Liquidity indicators should be integrated within the strategies, policies, processes and systems developed by each undertaking or group pursuant to Articles 144a and 246a of Directive 2009/138/EC regarding the need to draw up and keep up to date a liquidity risk management plan. In case the undertaking or group is required to extend the liquidity risk management plan to cover liquidity analysis over medium and long-term in accordance with Article 144a(2) of Directive 2009/138/EC, the liquidity indicators should be consistent with that plan, namely including both the short-term and long-term liquidity and funding needs, even under stressed conditions.

21. Liquidity indicators should cover the criteria specified in Article 2(2) of Commission Delegated Regulation (EU) on liquidity risk management plans[7].

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[7] Commission Delegated Regulation (EU) supplementing Directive 2009/138/EC of the European Parliament and of the Council with regard to regulatory technical standards for liquidity risk management plans

GUIDELINE 4 – ASSET QUALITY INDICATORS

22. Asset quality indicators should identify any actual and likely future material asset quality deterioration of the whole portfolio of assets of the undertaking or group.

23. Asset quality indicators should, where relevant, cover aspects such as reinsurance recoverables and receivables.

24. Undertakings and groups should consider asset quality indicators that are most consistent with their overall risk management framework and relevant to their business model, strategy and risk profile and could include the average rating of investments (credit quality step) and share of below investment grade investments (credit quality step >3).

GUIDELINE 5 – PROFITABILITY INDICATORS

25. Profitability indicators should identify any actual and likely future material deterioration in the undertaking's or group's financial position due to insurance or investment related losses.

26. Undertakings and groups should consider profitability indicators that are most consistent with their overall risk management framework and relevant to their business model, strategy and risk profile. Profitability indicators could include:

    a. Indicators, which measure the performance of underwriting, including but not limited to the loss ratio;

    b. Indicators, which measure and monitor the impact of changes in valuation assumptions in the development of technical provisions, including but not limited to changes in key reserving assumptions such as adverse development in mortality or morbidity assumptions that have an adverse effect on the change of value of liabilities, changes in relevant yield curve, investments, lapse rates or changes to the value of options and guarantees or expected profits included in future premiums;

    c. Investment-related indicators, including but not limited to price movements of sovereign or corporate bonds or derivatives the undertaking or group has invested in, as well as, coupons and the undertaking's or group's investments concentration to a single counterparty;

    d. Indicators, which measure business and costs efficiency, including but not limited to the expense ratio which measure costs and expenses of carrying on insurance business and cost efficiency, which compare costs and expenses against income generated;

    e. Line of business-specific indicators, including but not limited to combined ratio (non-life business), return on investments (life business) and premium growth (split by the type of business).

GUIDELINE 6 – MARKET CONDITIONS INDICATORS

27. Market conditions indicators should identify the market's reaction or perception of the material decline in investment performance of equity or debt instruments issued by the undertaking or group, as well as the fall in market confidence in their financial position.

28. Undertakings and groups should consider market conditions indicators that are most consistent with their overall risk management framework and relevant to their business model, strategy and risk profile and could include adverse share price movements, rating downgrades and credit default swap (CDS) spreads of the undertaking or group.

GUIDELINE 7 – MACRO-ECONOMIC CONDITIONS INDICATORS

29. Macroeconomic indicators should identify material deterioration in the economic conditions in which the undertaking or group operates, or of geographical (i.e. a region or a country) and sectoral concentrations (e.g. a given sector of the economy to which the undertaking is exposed) of exposures or worsening funding conditions.

30. As such, they should capture adverse changes in economic variables such as interest rates, credit default spreads, unemployment rates, exchange rates, inflation, volatility indicators, or real estate prices.

31. The range of macroeconomic conditions indicators should take into account the impact on the undertaking's or group's financial position from material correlations between macroeconomic conditions and the insurance portfolio in particular resulting from different types of insurance liabilities and the assets backing those liabilities.

32. Undertakings and groups should consider macroeconomic conditions indicators that are most consistent with their overall risk management framework and relevant to their business model, strategy and risk profile and could include the inflation forecast (percentage change in average consumer prices), unemployment forecast (percentage of total labour force), sovereign CDS spreads, real estate prices (annual average rate of change).

GUIDELINE 8 – OPERATIONAL EVENTS INDICATORS

33. Operational indicators should capture material operational events, arising from inadequate or failed internal processes, personnel or systems, including in respect of outsourced processes or from external events, that could severely affect the undertaking's or group's operational conditions threatening therefore its financial position.

34. Undertakings and groups should consider operational events indicators that are most consistent with their overall risk management framework and relevant to their business model, strategy and risk profile. Operational events indicators could relate to events such as fraud, regulatory or legal fines, and cyber-attacks.

COMPLIANCE AND REPORTING RULES

35. This document contains Guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, competent authorities and financial institutions are required to make every effort to comply with guidelines and recommendations.

36. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.

37. Competent 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.

38. In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

FINAL PROVISION ON REVIEW

39. These Guidelines will be subject to a review by EIOPA.

EXPLANATORY TEXT

GUIDELINE 7 – MACRO – ECONOMICS CONDITIONS INDICATORS

1.30 Macroeconomic indicators should identify material deterioration in the economic conditions in which the undertaking or group operates, or of geographical (i.e. a region or a country) and sectoral concentrations (e.g. a given sector of the economy to which the undertaking is exposed) of exposures or worsening funding conditions.

1.31 As such, they should capture adverse changes in economic variables such as interest rates, credit default spreads, unemployment rates, exchange rates, inflation, volatility indicators, or real estate prices.

1.32 The range of macroeconomic conditions indicators should take into account the impact on the undertaking’s financial position from material correlations between macroeconomic conditions and the insurance portfolio in particular resulting from types of insurance liabilities and the assets backing those liabilities.

1.33 Undertakings and groups should consider macroeconomic Macroeconomic indicators that are most appropriate to their business and could may include the Inflation forecast (percentage change in average consumer prices), Unemployment forecast (percentage of total labour force), Sovereign CDS spreads, real estate prices (annual average rate of change).

1.1 In accordance with Article 5(8) of Directive (EU) 2025/1, indicators should identify the points at which remedial actions should be considered or taken.

1.2 Macro-economic conditions indicators may not always lead to a remedial action being taken as this depends on the relevance of the indicators to the specific underaking’s or group’s business model and risk profile. Nonetheless, these indicators should generally serve to alert the undertaking or group when they deteriorate or show signs of deterioration.

ANNEX I: IMPACT ASSESSMENT

OBJECTIVES

In accordance with Article 29 of the EIOPA Regulation, EIOPA carries out, where relevant, an analysis of the costs and benefits during the policy development process. The analysis of costs and benefits is undertaken according to the 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 this consultation paper 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 policy issue of not including additional criteria compared to the list of criteria provided in the IRRD and has been completed by EIOPA on a qualitative basis. In drafting these Guidelines, EIOPA has ensured alignment with the general objectives of the Directive (EU) 2025/1, as agreed by the legislators.

These general objectives are to enable supervisory authorities to:

- Reduce the likelihood of failure;
- Enhance preparation, coordination and cooperation;
- Ensure a proper functioning of the internal market and ensuring level playing field.

In view of the specific purpose of these Guidelines, the following more specific objectives were identified, for supervisory authorities to:

- Promote good risk management with indicators included in the pre-emptive recovery plan being the most relevant to (re)insurance undertakings and groups
- Esnure a level playing field through common minimum harmonisation rules with regard to the indicators used.
- Enable effective and efficient supervision, ensuring authorities are provided with the most relevant information to allow proper assessment of the framework of indicators.

POLICY ISSUES

Policy Issue A: Inclusion of additional criteria compared to list of criteria provided in the IRRD.

In accordance with Article 5(11) of the IRRD the Guidelines should “further specify” the qualitative and quantitative indicators as referred in Article 5(8) which will be included in the pre-emptive recovery plan as per Article 5(1). The indicators set out in the Guidelines relate only to list provided by the IRRD as per Article 5(8). This policy issue considers the need to include additional criteria to the ones provided by IRRD.

POLICY OPTIONS

[Policy Issue A: Inclusion of additional criteria compared to list of criteria provided in the IRRD.]

Policy option A.1: Guidelines include additional criteria to the ones provided in IRRD.

Under this option, additional criteria are added to the ones provided in the IRRD and subsequently additional indicators to be considered by undertakings and groups.

Policy option A.2: Guidelines do not include other criteria to the ones provided in IRRD.

Under this option, no other criteria in addition to the ones provided in the IRRD are included and consequently no additional indicators.

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 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: Inclusion of additional criteria compared to list of criteria provided in the IRRD

Policy option A.1: Guidelines include additional criteria to the ones provided in the IRRD.		
Costs	Policyholders	No impact
	Industry	The risk management and compliance functions would face more burden to assess whether the additional criteria are relevant and consequently include additional indicators in their pre-emptive recovery plans Actuarial and finance teams may also need to generate additional metrics. This would require additional resources across the board and systematically lead to higher costs even though most of the additional criteria may be of limited relevance in most cases. Additional criteria – particularly if not linked with those used in the risk management framework of the undertakings – will also increase the administrative pressure on undertakings.

	Supervisors	More burden on supervisors to assess whether the additional indicators are relevant for undertakings and thresholds set are appropriate. This would increase analytical workload and subsequently increase supervisory costs, potentially stretching resources away from higher-priority supervisory activities
	Other	No impact.
Benefits	Policyholders	No benefits.
	Industry	Risk management and planning functions gain a more comprehensive risk management framework and preparedness for crisis situation.
	Supervisors	Supervisory authorities gain greater consistency in the information presented across undertakings in pre-emptive recovery plans which, in the end, may result in more comparable information.
	Other	No impact.

Policy option A.2: Guidelines do not include other criteria to the ones provided in the IRRD.		
Costs	Policyholders	No impact.
	Industry	Minimum list of criteria and indicators might not be sufficient for certain undertakings with specific characteristics. In such exceptional cases, these undertakings may incur additional costs, as they would need to assess the appropriateness of further criteria. Input would be required from risk management and compliance functions to adapt the pre-emptive recovery plans.Such costs would be however proportionate and justified as they reflect the undertaking's specific characteristics and hence the need to include additional criteria. In any case, it is noted that indicators should be linked with the existing risk management framework, therefore limiting the risk of material impacts on undertakings.
	Supervisors	In case where the minimum list of criteria and indicators are considered insufficient, supervisory authorities will face more burden to assess whether additional criteria and indicators included are reasonable. This could potentially increase workload and subsequently increase supervisory costs.
	Other	No impact.
Benefits	Policyholders	No impact.
	Industry	Risk management and actuarial or planning functions benefit from less burden as fewer criteria and indicators should be assessed and considered. Subsequently this minimizes differences between Members states, thereby increasing the likelihood of similar

		outcomes for similar types of undertakings, thus increasing the level playing field. Management would benefit from clearer expectations and a simpler framework of indicators overall.
	Supervisors	Supervisors can benefit from a less demanding review process, focusing primarily on the IRRD minimum criteria. Optional indicators tailored to their market specificities can still be added, without the need for assessing further indicators when this is not relevant. This enables more efficient and consistent supervision.
	Other	No impact.

COMPARISON OF POLICY OPTIONS

Policy Issue A: Inclusion of additional criteria compared to list of criteria provided in the IRRD

EFFECTIVENESS (0,+,++)			
	Promote good risk management	Ensure a level playing field	Enable effective and efficient supervision
Policy option A.1	++	0	++
Policy option A.2	++	+	++

EFFICIENCY (0,+,++)			
	Promote good risk management	Ensure a level playing field	Enable effective and efficient supervision
Policy option A.1	+	+	+
Policy option A.2	++	+	++

While policy option A1 would provide a broader set of criteria, the inclusion of additional ones is expected to systematically increase costs and reporting burden for the industry as well as higher costs for the supervisors who will need to interpret and assess the new criteria and indicators which might be of limited relevance This could divert resources away from core recovery planning activities, while adding complexity without necessarily improving preparedness. By contrast, Policy option A2 would streamline costs for both the industry and supervisors as there are no new reporting obligations beyond the pre-existing criteria in IRRD, while safeguarding the feasibility and credibility of the pre-emptive recovery plan

PREFERRED OPTION

Based on the impact assessment of the policy issue the preferred option is to **not include other criteria to the ones provided in IRRD as per policy option A2.**

This approach avoids imposing unnecessary administrative and financial burden on both supervisors and the industry, while ensuring that the pre-emptive recovery planning remains credible and feasible. More specifically, it avoids providing long lists of criteria and subsequently additional indicators for the undertakings to consider and authorities to assess whether the indicators considered are appropriate, which could otherwise systematically increase costs and divert resources from core pre-emptive recovery planning activities, while providing the flexibility for other indicators to be included or excluded by undertakings based on their specificities. It also supports the objective of increasing the level playing field by setting a minimum list of indicators to be considered. In exceptional cases, undertakings with specific characteristics can still include additional or exclude indicators, ensuring that the framework of indicators remains proportional and flexible. Moreover, while additional criteria could strengthen early detection of risk, they could be less relevant/material to the criteria provided by Level 1 IRRD and would result in higher compliance and supervisory costs. Overall, policy option A2 seems to be the more proportionate and efficient approach, reduces unnessecary burden, promotes consistency across Member states and maintains the alignment with the IRRD.

Nevertheless, following the implementation of the IRRD, EIOPA would be in a position to identify best practices and review the Guidelines accordingly.

ANNEX II: 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 8 other stakeholders, mainly insurance industry and associations.

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

INTRODUCTION (SCOPE, PROPORTIONALITY AND INTERACTION WITH RISK MANAGEMENT FRAMEWORK)

Stakeholder comments

Several stakeholders considered that the proposed framework of indicators might be overly broad and go beyond the minimum requirements set out in the IRRD. Therefore they suggested limiting the framework to a more targeted or core set of indicators. Moreover they asked to distinguish between recovery indicators to be used to trigger recovery actions and early warning indicators to be used to evaluate whether recovery actions are needed.

Stakeholders emphasised that undertakings should retain sufficient flexibility to select indicators based on their business model, strategy and risk profile, including the possibility to exclude certain categories where not relevant.

Finally, some stakeholders requested further clarification on the application of proportionality and on how consistency across Member States would be ensured without limiting undertaking-specific approaches.

Assessment

In response to stakeholder feedback, the Guidelines have been amended to further clarify the flexibility embedded in the IRRD. In particular, additional references to Article 5(8) of the IRRD have been introduced to emphasise that undertakings and groups retain discretion in selecting the indicators that are most relevant to their business model, strategy and risk profile.

The introductory section has also been revised to strengthen the link between the recovery plan indicators and the existing risk management framework of undertakings. The Guidelines now explicitly recognise that indicators may use, existing tools and analysis, including those developed under Solvency II, in order to avoid duplication and support a simplified and coherent framework.

Furthermore, while the distinction between early-warning indicators and recovery triggers has not been formally introduced, the revised drafting of Guideline 1 clarifies that indicators may present different nature and characteristics, and that they may be interrelated. In particular, it is clarified that certain indicators may exhibit different levels of urgency.

CALIBRATION OF INDICATORS

Stakeholder comments

According to several stakeholders that the proposed calibration approach could limit the flexibility of undertakings and groups, in particular regarding the sensitivity and timing of indicator thresholds. Several respondents stressed that calibration should allow for undertaking-specific approaches reflecting their risk profile and existing monitoring practices. This includes ensuring cohenrence between the framework of indicators set out in these guidelines and the one developed as part of the risk management framework under Solvency II. Finally, stakeholders noted that calibration should take into account the feasibility and timing of recovery actions.

Assessment

In light of the stakeholders feedback, the calibration provisions have been revised to clarify the role of different types of indicators and their interaction within the overall framework. In particular, it is now specified that undertakings and groups should consider the nature of indicators and how they relate to each other when calibrating thresholds.

The revised drafting clarifies that indicators are intended to trigger remedial actions in a manner consistent with the undertaking’s specific risk profile. It is also clarified that certain indicators may indicate a higher degree of urgency or escalation and may require more severe of immediate remedial actions to be taken.

At the same time, the Guidelines maintain the need to provide guidance on the sensitivity and timing of indicators, while recognising undertaking-specific approaches through the amendments introduced in the introduction.

CAPITAL INDICATORS

Stakeholder comments

Stakeholders broadly supported the inclusion of capital indicators as a key element of the framework. However, several respondents emphasised that the Solvency Capital Requirement (SCR) should constitute the primary capital indicator, with additional capital metrics providing limited additional value.

In this context, a number of stakeholders questioned the relevance of including the Minimum Capital Requirement (MCR) as an indicator, noting that breaches of the SCR already trigger significant supervisory intervention and that the inclusion of further capital indicators may introduce unnecessary complexity.

Stakeholders also suggested that the focus should be placed on material changes in the capital position and indicated that the consideration of transitional measures may add complexity without clear benefits.

Assessment

The Guidelines have been amended to clarify the role of capital indicators, in particular by confirming that the breach of the Solvency Capital Requirement (SCR) constitutes a minimum requirement.

At the same time, it has been clarified that the inclusion of additional capital indicators, such as the Minimum Capital Requirement (MCR), is optional. This ensures flexibility and avoids unnecessary complexity in the design of the indicator framework.

Further amendments have been introduced to reflect the materiality of certain elements, including the impact of transitional measures, and to ensure that such elements are only considered where relevant to the undertaking's risk profile.

LIQUIDITY INDICATORS

Stakeholders comments

Stakeholders underlined that liquidity risk in insurance is often managed at the level of individual entities or portfolios, and that a group-wide perspective may not always be meaningful. In this regard, respondents stressed the importance of allowing flexibility in the design and application of liquidity indicators.

Several stakeholders requested clarification that long-term liquidity and funding indicators should only be required where undertakings or groups are subject to a long-term risk management plan in accordance with Article 144a(2) of Solvency II.

In addition, respondents suggested to allow the use of simplified metrics where appropriate, and to focus on material deterioration in liquidity conditions.

Assessment

The provisions on liquidity indicators have been revised to better reflect the specificities of the insurance sector and to ensure consistency with the Solvency II framework. In particular, it has been clarified that the consideration of long-term liquidity and funding needs applies only to undertakings and groups that are requested by their supervisory authority to extend their liquidity risk management plan to cover also liquidity analysis over medium and long-termaccording to Article 144a(2) of Directive 2009/138/EC.

The drafting has also been amended to focus on material deterioration in liquidity positions, thereby ensuring that indicators capture only relevant developments.

In addition, references to specific methodologies and ratios, including the liquid assets ratio, have been removed, and the relevant provisions have been aligned with the Commission Delegated Regulation on liquidity risk management plans. These changes ensure greater flexibility and proportionality in the design of liquidity indicators.

Finally, the amendments introduced in the introduction and Guideline 1 further clarify that undertakings retain flexibility in selecting appropriate liquidity indicators in line with their risk management framework.

OTHER INDICATORS (ASSET QUALITY, PROFITABILITY, MARKET MACROECONOMIC AND OPERATIONAL)

Stakeholder comments

Stakeholders noted that these may overlap with existing monitoring processes, including those embedded in ORSA, enterprise and investment risk management frameworks. In this context, respondents emphasised the need to avoid duplication and to ensure that the framework builds on existing practices.

Several stakeholders also highlighted that these indicators should remain proportionate and aligned with the undertaking's business model and risk profile be forward lookingand focus on material developments.

In addition, stakeholders indicated that these indicators (particularly profitability, asset quality, market and macro-economic indicators) should not be treated as primary triggers for recovery actions and that their role should be more supportive in identifying emerging risks.

Finally, in relation to certain indicators (e.g. technical provisions in the profitability indicators or operational indicators), respondents also commented on the appropriateness of certain proposed metrics and suggested that greater emphasis should be placed on forward-looking analyses , alignment with business planning assumptions and – in case of operational indicators - to capture operational conditions and vulnerabilities rather than the occurrence of events.

Assessment

The Guidelines concerning the other indicators (i.e. asset quality, profitability, market macroeconomic and operational) have been amended to clarify that the indicators set out are not mandatory, thereby ensuring that undertakings retain flexibility in selecting those indicators that are most relevant to their risk profile. Moreover, where appropriate, for example in the context of profitability indicators, the structure of the guideline has been streamlined.

Further amendments have been introduced to focus on material developments, including by incorporating the concept of materiality in the relevant provisions.

In addition, specific amendments have been introduced to address comments on the treatment of specific indicators (e.g. those on technical provisions and operational indicators).

Finally, the amendments introduced in the introduction and Guideline 1 further clarify that undertakings retain flexibility in selecting appropriate profitability indicators in line with their risk management framework and that there might be interplay between different types of indicators and their link with the undertaking's risk management framework.

COMPLIANCE, REPORTING RULES AND IMPACT ASSESSMENT

Stakeholder comments

Stakeholders raised concerns that the application of the "comply or explain" approach could lead to de facto binding requirements.

In relation to the impact assessment, few respondents expressed concerns regarding the potential administrative burden associated with the proposed framework and the risk of creating supervisory expectations below formal intervention thresholds.

Assessment

It is to be noted that the "comply or explain" mechanism applies to competent authorities, which are required to inform EIOPA whether they intend to comply with the Guidelines. The outcome of this process will be made publicly available. As these Guidelines do not contain a process for undertaking to report their compliance to EIOPA, undertakings and groups are not subject to reporting requirements regarding their compliance with the Guidelines[8].

In relation to the impact assessment, the feedback received has been taken into account and the impact assessment has been updated. The final approach maintains alignment with IRRD and does not introduce additional criteria beyond those set out in that Directive.

[8] For further information concerning the comply or explain process, please refer to Article 16 of Regulation (EU) No 1094/2010 (EIOPA Regulation) and the Guidelines and Recommendations Guide" of 17 July 2025, published on EIOPA's website, at the following link: https://www.eiopa.europa.eu/document/download/077ccd1b-43f5-467b-854f-98c5ebbeb7df_en?filename=EIOPA-BoS-25-371_Guidelines_Recommendations_Guide.pdf