

IRSG

INSURANCE AND REINSURANCE STAKEHOLDER GROUP

**ADVICE ON MINIMUM COMMON
STANDARDS FOR INSURANCE GUARANTEE
SCHEMES IN THE EU**

EIOPA-26/176

IRSG-26-23

IRSG SUMMARY

The Insurance and Reinsurance Stakeholder Group (IRSG) welcomes the opportunity to comment on EIOPA's draft advice on minimum common standards for insurance guarantee schemes (IGS) in the European Union.

Across its members, the IRSG agrees that policyholder protection remains a central objective, particularly in cross-border contexts where differences in national frameworks may affect outcomes. It is widely acknowledged that such differences may create uncertainty for policyholders and therefore represent a legitimate supervisory concern. There is also broad agreement that any policy response should ensure clarity, predictability and proportionality, while respecting the diversity of national insurance systems. In this regard, flexibility for Member States is seen as important, allowing for national specificities in legal frameworks, market structure and existing protection arrangements.

The IRSG also agrees on the fundamental distinction between insurance guarantee schemes and the recovery and resolution framework established under the Insurance Recovery and Resolution Directive (IRRD). Members broadly support the view that IGS should function as a last-resort policyholder protection mechanism, activated once insolvency or equivalent failure cannot be avoided, while resolution frameworks serve wider objectives including financial stability and continuity of critical functions. There is also convergence on the need to ensure that IGS does not evolve into a broader liquidity support mechanism, unless such a role is clearly defined and justified. In addition, the IRSG shares the view that insurance differs fundamentally from banking, notably due to the long-term nature of liabilities and the importance of continuity of coverage. As a result, analogies with deposit guarantee schemes, including very rapid payout expectations, are not considered appropriate.

There is further agreement on the importance of operational realism. Members converge on the need for clear trigger mechanisms, legal certainty, and processes that reflect the complexity of insurance claims and contracts. It is also widely recognised that the effectiveness of policyholder protection should be assessed not only in formal terms, but also in practical terms, particularly in cross-border situations. This includes ensuring that protection mechanisms are accessible, predictable and operationally workable for policyholders, without requiring them to understand complex distinctions between different modes of cross-border service provision.

A central element of the IRSG's response concerns the robustness of the evidence base and analytical approach underpinning the proposed policy direction. While the Group acknowledges the structured nature of EIOPA's analysis, significant concerns are raised regarding data limitations

and methodological constraints. The available evidence remains incomplete, with limited empirical information on the scale of insurer failures and resulting policyholder losses. In several areas, key quantitative assumptions rely on external or single-source studies, and do not yet capture the potential impact of the IRRD, which has not been implemented at the time of the analysis.

The IRSG also considers that the consultation risks moving too quickly from acknowledging data gaps to drawing policy conclusions in favor of minimum harmonisation. In this context, the Group emphasizes the importance of clearly distinguishing between evidence-based analysis and policy judgement. Different design options for IGS involve trade-offs affecting policyholder protection, insurance availability, pricing, and regulatory burden. These trade-offs should be made more explicit and supported by a more granular and comprehensive cost-benefit analysis. In particular, further work is needed to assess variations across markets, including differences in size, market concentration and the existence of national protection schemes. The IRSG also notes that the consideration of simplification and burden reduction appears limited in the current analysis, despite being identified as a formal objective.

While there is this common ground, the IRSG is not aligned on several key policy questions.

The first area of divergence concerns the necessity and timing of EU-level harmonisation. Some members consider that existing shortcomings in the current framework, including gaps, overlaps and limited consumer awareness, justify targeted harmonisation, particularly in light of expected growth in cross-border insurance linked to the development of the Savings and Investment Union. Other members consider that harmonisation would be premature, given the existing Solvency II framework and the forthcoming implementation of IRRD, and argue that priority should be given to assessing how these frameworks perform in practice before introducing additional layers.

A second area of divergence relates to the role of IGS within the broader policyholder protection system. Some members view IGS as an essential mechanism to ensure reliable and dedicated protection for policyholders, given that resolution frameworks must balance multiple objectives and may not always prioritise policyholder protection. Other members consider that existing supervisory and resolution tools may already provide a sufficient level of protection, and that additional schemes risk creating overlaps, inefficiencies and unnecessary costs.

A third area of divergence concerns the scope of any harmonised IGS. While there is some convergence around a targeted approach, views differ on how such targeting should be defined. Some members support focusing on product categories with the highest potential impact on consumers, particularly life and savings-related products. Others emphasise the importance of flexibility and caution and highlight differences between markets. Additional views suggest that the scope could be further refined based on the essentiality of insurance products, including

mandatory cover or products linked to long-term financial security, while considering existing national or sector-specific mechanisms such as motor insurance schemes or catastrophe pools.

Further differences arise in relation to the operational design of IGS. These include the appropriate timing of activation, where some members favor strict links to insolvency, while others argue for earlier, outcome-based triggers to reduce uncertainty for policyholders. There are also differing views on the degree of harmonisation of claims timelines, and on the relative importance of policy continuation versus compensation, particularly for long-term contracts where interruption of coverage may lead to significant detriment.

Divergence is also particularly pronounced in the area of funding. Some members express strong concerns regarding proportionality, cost, moral hazard and the impact on market functioning, especially in smaller or more concentrated markets. Others consider that funding requirements may be justified where they deliver clear policyholder protection benefits. Views also differ on the appropriate balance between ex-ante and ex-post funding, the level of national flexibility, and the interaction between IGS funding and resolution financing arrangements under the IRRD. Given the scale of the unsolved issues, the IRSG considers that funding is a central policy question requiring further evidence, market specific modelling and careful assessment of proportionality.

Finally, members highlight a number of broader issues where views are still developing. These include the allocation of responsibilities in cross-border failure situations, the need for clearer coordination and communication processes, and the interaction between IGS and other policy areas, such as climate resilience and natural catastrophe protection. In addition, questions remain regarding how differences in national implementation of IRRD, including possible additional national layers, should be reflected in the design of a harmonised IGS framework.

Overall, the IRSG considers that the issue of policyholder protection in cross-border insurance remains important and warrants further analysis. However, this should not be interpreted as consensus in favor of immediate EU level harmonisation. Any move towards minimum harmonised IGS should be carefully sequenced, evidence based and proportionate, taking into account the diversity of national systems as well as the evolving EU policy context. The IRSG, therefore, presents its response and asks EIOPA to consider it holistically, including in areas where members' views are not unanimous. This advice contains a broad range of relevant information and reflects a strong common foundation of principles and key policy choices.

ANSWERS TO SPECIFIC QUESTIONS.

1. INTRODUCTION

Do you have any comments on the Introduction?

The IRSG agrees that policyholder protection in cross-border insurance cases can be uneven and that this is a legitimate supervisory concern. EIOPA's draft advice describes that, while insurers can operate across borders under the Single Market framework, policyholders do not benefit from a convergent level of protection in the event of insurer failure. In some cases, consumer awareness in this area can be weak and that reliance on disclosure alone would not be a sufficient response, particularly when policyholders may not understand the distinction between domestic business, branches and freedom of services business. Some IRSG members support EIOPA's assessment that gaps and duplications in the status quo are inefficient and undermine confidence.

At the same time, the IRSG points out that the introduction of a third layer of policyholder protection is currently premature and should be considered only after a structured evaluation of existing frameworks. The revised Solvency II framework and the IRRD together already form an expanded system of prudential prevention, early intervention and resolution, and both will only fully take effect from 2027 onwards. In that context, it would be more proportionate first to observe whether material residual protection gaps remain after the revised framework has had time to operate in practice. The IRSG members stresses that the introduction of harmonised IGS should follow a clear policy sequencing, whereby priority is first given to the consistent implementation and practical assessment of Solvency II reforms and IRRD, before considering additional mechanisms. This position also stresses that the Commission had requested updated work on insurance failures and near-misses and that a robust evidence base on the development of insurer failures, policyholder losses and cross-border gaps would be a prerequisite for any major EU initiative in this area. Furthermore, any potential legislative initiative should be grounded in a robust and empirically demonstrated need, including evidence of persistent policyholder losses, material cross-border protection gaps, and inefficiencies that cannot be addressed through existing frameworks. These members also emphasise that, in cross-border insurance activity, an IGS should serve as a practical policyholder protection mechanism ensuring that consumers benefit from a comparable minimum level of protection irrespective of the distribution channel or the insurer's establishment model. In this view, the operation of the scheme should not require policyholders to understand distinctions between domestic insurers,

branches or freedom of services arrangements. Protection mechanisms should remain accessible, predictable and operationally simple.

The IRSG also underlines that the diversity of national systems is not accidental. The existing variety of schemes reflects underlying differences in market concentration, insolvency law, product design, social-security linkages and national arrangements for protecting policyholders when insurers fail. There is also a variety of different insurance business models, some have shareholders, some are mutuals, some provide only very specific products etc. That diversity makes a one-size-fits-all solution difficult and creates a serious risk that operationally detailed harmonisation could disrupt national systems that are currently functioning effectively. The IRSG therefore considers that, if minimum harmonisation were to be pursued, it would need to be carefully limited and explicitly respectful of national specificities. In this context, the IRSG also highlights that the introduction of a harmonised IGS framework may run counter to the broader EU simplification agenda, as it risks adding an additional regulatory and operational layer, potentially increasing complexity without clear proportional benefit.

Finally, the IRSG recalls that insurance differs fundamentally from banking and securities markets. Insurance liabilities are typically long-term, failures are comparatively rare, and the main interest of policyholders often lies in continuity of cover and payment of valid claims rather than the return of a deposit-like amount. For that reason, the existence of harmonised protection mechanisms in banking and investor compensation cannot in itself justify transplantation of the same logic into insurance. The IRSG emphasises that analogies with deposit guarantee schemes are structurally inappropriate, given the absence in insurance of run dynamics, systemic contagion effects and short-term liquidity pressures typical of banking crises. Some IRSG members nevertheless take the view that the absence of any common baseline in insurance remains increasingly difficult to defend if the Union seeks a more integrated cross-border retail financial market. The IRSG therefore recognises the policy concern, while remaining divided on whether this concern already warrants legislative harmonisation.

2. APPROACH TAKEN

Do you have any comments on the Approach taken?

The IRSG considers that EIOPA's structure is clear and that the four thematic areas chosen for analysis correspond to the key policy questions raised by Article 98 IRRD, namely the impact of minimum harmonisation, the operational functioning of IGS, funding conditions and interaction with the IRRD. The IRSG also notes that EIOPA has attempted to anchor the analysis in the objectives of effective policyholder protection, harmonisation, transparency and simplification. This provides a coherent framework for discussing the issue.

However, the IRSG has reservations about the analytical basis for some of the conclusions. The available data remain incomplete and that the consultation moves rather quickly from acknowledging data limitations to drawing policy conclusions in favour of minimum harmonisation. The IRSG is therefore concerned that the consultation risks overstating the maturity of the case for EU action, especially where cost, funding feasibility and cross-border impact are concerned. In the other hand, the absence of perfect data should not preclude precautionary action where the potential consumer detriment is high, especially in life and savings products. The IRSG therefore believes that EIOPA should distinguish more clearly between what is already firmly evidenced and what remains a policy judgement. The IRSG also considers that the current analysis does not yet provide a sufficiently robust and empirically grounded cost-benefit assessment, particularly with respect to the likelihood and scale of insurer failures, the actual magnitude of policyholder detriment, and the long-term economic impact of possible funding requirements. We emphasise the importance of clearly distinguishing between evidence-based analysis and political policy choices. In this context, different policy options for IGS design may involve trade-offs affecting insurance availability, pricing and market development, alongside improvements in policyholder protection. These consequences should be made transparent when assessing alternative approaches.

The IRSG finds the focus on “natural persons and micro-sized legal entities”, as set out in the paragraph very good. We welcome the precision of the terminology used in the Advice and would suggest that this precision be carried through into any legislative text. That is, to retain “natural persons and micro-sized legal entities” rather than using the broader term “policyholders”, to avoid inadvertently extending IGS obligations to non-target lines, like commercial lines, as these would be out of the retail focus of the Advice, as mentioned in Annex §2.11. We welcome also EIOPA's addition of Objective 4 (simplification and burden reduction) to the assessment framework. We would observe, however, that across the option assessments in the Annex, the influence of Objective 4 on EIOPA's preferred policy options appears very limited. While reviewing the comparison tables across the Annex, we count ten instances in which EIOPA selects a preferred option after scoring it against the four objectives. Of these, six preferred options score negatively on Objective 4, three score neutral, and only one scores positively (insolvency ranking). In other words, in nine of ten trade-offs, EIOPA's preferred option delivers no burden reduction benefit, and in most cases actively increases burden. We respectfully suggest that this pattern raises a question about whether Objective 4 functions as a meaningful element of the assessment. The better-regulation agenda calls for the burden side of the equation to carry genuine weight in option selection, especially given the current context where the IRRD is in the process of being implemented.

The IRSG also considers that market concentration deserves more explicit treatment in the overall analytical approach. In a substantial proportion of Member States, insurance markets are highly

concentrated and that this has a non-linear effect on the feasibility of any funding model, because a failure of a dominant insurer can generate extreme losses that are not easily manageable through standardised ex ante, ex post or hybrid arrangements. Based to EIOPA's publications on EU insurance markets, top-three insurers account for around half of the market in majority of EU countries. The IRSG considers that this point merits specific attention because a funding architecture that appears proportionate in diversified markets may be unsustainable in concentrated ones. The IRSG further underlines that, where cross-border challenges persist, these may in many cases be more proportionately addressed through enhanced supervisory cooperation and information exchange between home and host authorities, rather than through prescriptive harmonisation of IGS frameworks.

3. EIOPA'S ADVICE FOR EACH THEMATIC POLICY AREA

I. General questions about the impact of minimum harmonized IGS

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

The IRSG accepts that there are real shortcomings in the status quo. Some IRSG members, in particular from a consumer protection perspective, emphasise that these shortcomings are not merely structural but can result in situations where certain policyholders are left without effective protection, while others may benefit from overlapping coverage, both of which are considered inefficient and undesirable outcomes. Policyholder outcomes may differ substantially depending on the Member State of establishment of the insurer, the applicable legal trigger and the type of products concerned. In cross-border business, this can create uncertainty and unfairness. Some members stress that reliance on disclosure-based solutions, such as requiring policyholders to understand coverage through product documentation (e.g. KID or IPID), would not be effective, given existing evidence of limited financial literacy and risks of information overload. In this view, policyholder protection should not depend on consumers actively verifying the existence or scope of IGS coverage. Some members further emphasise that, in cross-border contexts, the effectiveness of policyholder protection should be assessed in practical terms. In this view, IGS should provide protection that is accessible, predictable and operationally simple, without requiring policyholders to understand distinctions between domestic operations, branches or freedom of services arrangements. This implies the need for clear allocation of responsibilities, timely communication and effective access to compensation or continuity solutions. From this perspective, a key objective would be to ensure that policyholders purchasing insurance cross-border do not experience materially lower levels of practical protection than those purchasing equivalent products domestically.

That said, the IRSG is divided as to whether these shortcomings justify minimum harmonisation now. Some of the members argues that cross-border insurance activity is driven primarily by differences in tax treatment, product regulation, legal regimes and distribution structures, and that the presence of an IGS, while relevant to confidence, is unlikely on its own to generate materially more cross-border business. This view also questions whether broad IGS harmonisation would be proportionate in light of the strong prudential framework already in place. It stresses that if EU action is taken, it should remain narrow and should not evolve into an all-policy guarantee framework. In addition, insurance markets in a number of Member States have historically demonstrated high resilience, with very limited instances of insurer failure leading to policyholder losses, which calls into question whether structural EU intervention is currently necessary.

Other members, however, consider that the Single Market and the Savings and Investments Union create a forward-looking case for action. In that view, even if cross-border retail activity remains limited today, a common baseline for policyholder protection could support consumer trust and become more important as cross-border insurance grows over time, especially in life and savings-related business. These members are therefore more sympathetic to EIOPA's conclusion that targeted minimum harmonisation may be justified, particularly for product categories where insurer failure could result in severe financial hardship. The IRSG notes this divergence clearly. These members further emphasise that, in light of the political prioritisation of the Savings and Investment Union at EU level, cross-border insurance activity—particularly in life insurance—is expected to grow, and that relying on uncoordinated national solutions may become increasingly insufficient over time. From this perspective, a degree of anticipatory policy action may be warranted given the long timelines of EU legislative processes.

The IRSG would prefer a targeted rather than comprehensive model, if harmonisation is pursued at all. Any common framework should focus, at most, on products where insurer failure may have serious and lasting consequences for consumers, while avoiding a blanket extension to all lines of business. At the same time, life insurance poses special challenges because life markets vary widely in tax treatment, product design, savings features and links to national social welfare systems, including collective bargaining and the role of social partners, and because the capital and funding implications of covering life savings products can be particularly large. Furthermore, assets backing life insurance savings products often represent policyholders' long-term savings and future retirement income. These assets also play an important role in providing long-term financing to the economy and supporting the objectives of the Savings and Investments Union. Accordingly, any assessment of potential protection arrangements should take into account not only consumer protection objectives but also the broader economic implications of funding requirements for life insurance products. This means that even within a targeted approach, there is no full consensus on whether all life products should be included, only selected life products

should be covered, or Member States should retain the discretion to exclude life from the minimum standard. In this context, some members explicitly support prioritising life insurance products within any harmonised framework, noting that such products often represent consumers' long-term or lifetime savings and that insurer failure in this segment may have particularly severe financial consequences.

The IRSG would also emphasise that the scope of an IGS could be further informed by the essentiality of the insurance cover in question. In this view, certain types of insurance may require stronger protection mechanisms due to their societal or economic importance. This may include mandatory insurance products, products linked to statutory requirements, or long-term savings and pension-related insurance up to certain thresholds. A clearer understanding of the relative essentiality of different product categories may support the sequencing of minimum harmonisation efforts, starting from areas where more urgent policyholder protection needs exist. Moreover, in certain areas, sector-specific protection mechanisms already exist at national or EU level, such as in the context of mandatory motor insurance or natural catastrophe compensation systems. While these mechanisms differ in scope and function from IGS, further analysis could explore whether lessons or interactions with such frameworks should be taken into account when defining minimum standards.

The IRSG would also note a potential connection between IGS discussions and broader EU initiatives on climate resilience and the protection gap for natural catastrophes. While IGS are designed to address insurer failure rather than specific risk coverage gaps, certain national arrangements, such as catastrophe pools, aim to ensure the availability of protection and claims payment. The relationship between such mechanisms and potential IGS minimum standards may warrant further consideration, particularly in the context of prioritising essential insurance products.

Regarding the point 3.10. in the consultation paper, We find that the quantitative basis underpinning the €0.51 billion estimated annual loss figure may not yet be sufficient to support legislative action. We would observe the following: (i) the Loss Given Default assumption of 15% is taken from a 2021 Joint Research Centre (JRC) study rather than calculated from EIOPA's own data, since estimated losses were reported in only around 11% of historical failure cases; (ii) the same 2021 JRC study is also relied on for the funding model analysis at Annex §2.57, meaning the quantitative case for the framework is substantially single-sourced; (iii) the JRC study precedes the IRRD entirely, and its assumptions do not factor in IRRD's potential contribution to reducing residual policyholder losses post-2027; (iv) while EIOPA acknowledges in Advice §3.10 that "these figures do not represent entirely new funding obligations to be collected, as many Member States already have funds in place", the headline estimate itself is not broken down between markets that already have IGSs and those that do not, nor between lines of business with materially different exposure profiles. Therefore, in our view, it would be useful to conduct a more granular

and current impact assessment, perhaps drawing on broader data sources and taking the IRRD framework into account. Regarding point 3.13, We welcome EIOPA's acknowledgement that the economic impact of harmonised IGS would vary across markets depending on factors such as market size and the presence of an existing IGS framework. We would suggest that the structural features of the cross-border specialty market further support the case, set out already in this response, for keeping commercial specialty lines outside the scope of the framework. A relatively small number of carriers underwrite a substantial share of EU cross-border specialty business, often from a limited number of jurisdictions, and single risks are underwritten by multiple carriers (a feature EIOPA itself acknowledges at Advice §3.60 without fully resolving). These structural features sit awkwardly with an IGS framework focused on retail and further support preserving clearly the retail focus established at Advice §2.2 in any future legislative proposal.

On the topic 3.16. We would respectfully advise against the inclusion of suretyship (risk class 15) in the eligible policy list. Suretyship receives a Medium rating across all three of EIOPA's own scoring dimensions in Annex §2.61, one of the lowest ranked overall. The product is also usually classified as a commercial line, as Annex §2.11 Footnote 3 also acknowledge, and therefore out of the retail focus. Therefore, including suretyship would extend mandatory IGS levy obligations to a line of business whose participants and beneficiaries are not aligned with the framework's stated focus.

On 3.18. We welcome the caveats EIOPA has set out at Advice §3.20 regarding the scope and limitations of the behavioural study. We would also observe that, taken together with the methodological constraints described, only the IGS variable was tested, with price and product quality held constant; the surveyed population was limited to five Member States and three product categories; and the effect sizes are relatively modest. The study supports the proposition that an IGS would have some positive effect on consumer behaviour, but, in our view, does not on its own establish a proportionate case for mandatory harmonisation across the full range of eligible lines.

And finally, relating to 3.23. We welcome the principle of a targeted IGS approach. We would suggest, however, that the prior question of whether there is a clearly demonstrated need for an additional safety layer, anchored in defined criteria, would benefit from being addressed before discussion of further modalities. Where this need is established, the targeting could usefully be sharpened by focusing more clearly on retail-oriented business and by excluding lines where the protection rationale is weaker. A more focused approach would, in our view, better reflect the framework's stated purpose and the proportionality principle.

The IRSG also considers that one additional analytical issue deserves more visibility in EIOPA's work, namely the allocation of post-insolvency exposure in cross-border activity. The growing concentration of passporting business across a limited number of jurisdictions raises a distinct

question: not only whether national schemes should converge, but also whether the allocation of post-insolvency responsibilities remains aligned with the actual structure of the internal market. The IRSG does not propose a specific solution in this response, but it considers that this issue should at least be recognised in the Commission's further assessment. The IRSG also considers that further attention should be given to whether strengthened supervisory convergence and crisis coordination tools could address these issues in a more targeted and proportionate manner than establishing an additional EU-layer of guarantee protection.

II. Operational Functioning of IGS

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

The IRSG considers that legal certainty and operational clarity are essential if any minimum common standards are introduced. In that regard, the group broadly agrees that trigger mechanisms should be predictable and transparent, but also sufficiently flexible to remain compatible with national insolvency and resolution frameworks. Some IRSG members strongly oppose automatic activation linked to a "failing or likely to fail" stage because they consider that such an approach would overlap with resolution powers, distort incentives and blur the distinction between IGS and IRRD-based intervention. The IRSG supports a more objective trigger anchored in formal insolvency or a similarly clear legal determination that obligations will not be met through ordinary supervisory or market-based measures.

At the same time, some of the IRSG members see a stronger case for harmonisation in operational areas than in funding or scope. In particular more harmonised timelines for claims submission and payouts might be needed, on the basis that if the purpose of minimum standards is to support cross-border business and reduce uncertainty for policyholders, there is a real benefit in providing more comparable timetables across the Union. That view does not necessarily advocate identical deadlines for all policy types, but it does suggest that differences should be justified by the underlying nature of the products rather than by avoidable national divergence alone. The IRSG therefore notes a partial divergence on how far operational harmonisation should go. At the same time, some members underline that activation should not depend exclusively on the formal opening of insolvency proceedings if this results in prolonged uncertainty for policyholders. In this view, trigger mechanisms should be objective and transparent, but also sufficiently timely to ensure predictable consumer outcomes, focusing on whether obligations are likely to be fulfilled rather than on procedural milestones alone. Other IRSG members point out that the proposed activation of an IGS at the FOLTF (failing or likely to fail) stage risks blurring the distinction between supervision, resolution and policyholder protection. An IGS should remain a last-resort protection mechanism. Its role is to protect eligible policyholders in winding-up or equivalent exit scenarios, not to prevent failure or replace resolution actions. As reflected in EIOPA's timeline,

once the FOLTF conditions are met, the next step is to determine whether the undertaking enters resolution or normal insolvency proceedings. Early IGS activation should therefore be understood as an operational preparedness measure and not as a separate intervention framework. Clear alignment between IGS triggers and the resolution framework is essential to avoid overlapping mandates and legal uncertainty. The technical Annex for EIOPA's Advice on Minimum Common Rules for Insurance Guarantee Schemes in the EU, page 112, deals with this topic.

From a consumer protection perspective, some members argue that, in a context where data on failures and impacts remains incomplete, the absence of comprehensive evidence should not lead to inaction. Instead, they consider that mechanisms ensuring a minimum level of policyholder protection should be in place unless it can be demonstrated that they are not necessary.

More generally, the IRSG stresses that insurance claims handling cannot be treated as if it were analogous to deposit repayment. The valuation and verification of claims, the continuation or transfer of policies and the legal treatment of liabilities vary significantly across products and jurisdictions. Therefore, any common standards on payout speed, claims procedures or policy continuation would need to remain realistic and proportionate. The IRSG underlines that excessively short deadlines could be impractical and may ultimately damage rather than improve policyholder outcomes.

Some members emphasise that, from a policyholder perspective, continuity of coverage should in many cases be prioritised over immediate compensation, particularly where interruption of insurance protection would lead to disproportionate detriment or where replacement cover is difficult to obtain. This is especially relevant for long-term or protection-sensitive products such as life, health or contracts affected by underwriting conditions. At the same time, continuation should depend on operational feasibility and cost-effectiveness, with compensation remaining an essential fallback where continuity cannot be achieved.

III. Conditions for effective funding of IGS

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

The IRSG's main concern in this area is proportionality and feasibility. The funding debate remains premature because the IRRD framework, including resolution financing arrangements, is only now being implemented and has not yet been tested in practice. In this view, introducing detailed IGS funding requirements now risks creating overlapping burdens, unclear interactions and unnecessary inefficiencies. The IRSG therefore considers that any discussion of harmonised funding should be cautious and phased. The IRSG highlights that the interaction between IGS funding and IRRD financing mechanisms remains insufficiently analysed, creating a risk of

duplicative financial requirements and unclear allocation of financial responsibilities between resolution and guarantee frameworks.

The IRSG also wishes to emphasise the issue of concentration. In concentrated markets, the failure of a large insurer can produce heavy-tail loss scenarios that make standardised pre-funding unrealistic, post-funding pro-cyclical and hybrid models potentially vulnerable to the weaknesses of both. On that basis, the IRSG considers that any harmonised funding methodology that does not explicitly allow for market concentration, risks becoming unsustainable and potentially destabilising in some jurisdictions. This is not a theoretical concern but a structural one.

The IRSG also notes wider concerns relating to moral hazard, cross-subsidisation and competitiveness. If losses are mutualised too broadly, prudent undertakings and their policyholders may bear the cost of weaker firms, which may weaken incentives for sound underwriting and capital discipline. There is also concern that ex ante contributions, particularly where calibrated at a meaningful level, may tie up capital that could otherwise support innovation, product availability or long-term investment. The IRSG further stresses that such funding requirements should also be assessed against broader EU strategic objectives, as extensive ex-ante contributions may reduce insurers' capacity to invest in innovation, digital transformation and long-term assets, potentially undermining the objectives of the Savings and Investment Union.

The IRSG is in favour of leaving funding model choices, target levels, contribution bases and liquidity arrangements at national discretion if any minimum standards were to be established. The IRSG would underline that funding arrangements should not aim at uniform institutional design across Member States, but rather at ensuring consistent and effective consumer protection outcomes while reflecting differences in market structure and scale.

Some of the IRSG members believes that EIOPA's preferred Option 2, which preserves national flexibility in determining the appropriate ex-ante funding level, would be the best one. These members would welcome confirmation that this national flexibility is intended to extend not only to overall target levels but also to the question of how contributions are allocated across lines of business. EIOPA's discussion at Advice §3.60 mentions various possible contribution methods and notes that "differentiation across business lines may be needed", but does not specify whether contributions should be calibrated to the lines a carrier actually writes, or pooled across all eligible lines. This question would benefit from clearer guidance.

That said, some IRSG members see a stronger role for IGS funding where policyholder protection benefits are clear, especially for specified product categories. The group does not deny that there may be circumstances in which some form of liquidity backstop is justified. However, the IRSG considers that the consultation does not yet provide a sufficiently robust quantitative basis for imposing harmonised funding obligations across very different insurance markets.

IV. Interaction between IRRD and harmonized IGS

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

The IRSG considers that IGS and resolution frameworks have distinct objectives and should remain clearly differentiated. Resolution is intended to preserve policy continuity, critical functions and financial stability where insolvency can still be avoided or managed in an orderly way, whereas IGS are designed as last-resort policyholder protection arrangements once insolvency or equivalent failure is unavoidable. The IRSG is therefore concerned that an overly integrated model could transform IGS into de facto resolution financing tools and thereby confuse mandates, weaken incentives and undermine the logic of the IRRD.

The IRSG also agrees with the view, that coordination between national resolution authorities and IGS should be informational and procedural, but should not amount to merging their functions. If an IGS were expected to support write-down, conversion, portfolio transfer or run-off tools as part of resolution financing, that could alter creditor hierarchies, externalise losses to the wider industry and create expectations of support that are not consistent with the discipline intended by the IRRD. For that reason, the IRSG considers that any future framework should preserve clear institutional separation, even while allowing effective cooperation where needed. IRSG members also believe that IGS should remain a mechanism of last-resort protection within the insurance failure framework. In this context, there are concerns that IGS could be interpreted as a liquidity provider in certain stress situations, which may blur its intended function. Where additional roles for IGS are envisaged, these should be clearly defined, as they have important implications for both governance and funding arrangements.

At the same time, IGS and IRRD are not redundant merely because they are distinct. The fact that national resolution authorities must consider several public-interest objectives, and not only policyholder protection, means that some stakeholders might see IGS as the only dedicated mechanism whose sole purpose is to protect policyholders in case of failure. The IRSG notes this point, but also underlines that the practical relationship between the two frameworks should be assessed only once the IRRD has been implemented and some experience has been gained. The IRSG therefore reiterates that policy sequencing is critical, and that the effectiveness of IRRD, including its financing arrangements and operational functioning, should be fully assessed before introducing additional layers of harmonised policyholder protection. Some of the IRSG members underline that, unlike IGS, resolution authorities under IRRD must pursue multiple objectives, including financial stability, and may therefore not prioritise policyholder protection in all circumstances. From this perspective, the existence of an IGS with a single, dedicated objective of protecting policyholders is considered essential to ensure that protection is effectively delivered in

all cases of insurer failure. These members further emphasise that equivalent consumer situations should lead to broadly comparable protection outcomes irrespective of whether failure is handled through resolution or insolvency. From this perspective, differences in legal processes should not result in materially different levels of policyholder protection, timing or accessibility of remedies.

The IRSG would finally highlight that the interaction between IGS and the IRRD raises further questions in the context of minimum harmonisation. As IRRD itself allows for national additional layers (“gold-plating”), differences in national implementation may lead to varying levels of effectiveness in resolution frameworks. In this context, questions arise as to whether such differences should influence the required role or intensity of IGS protection in different Member States. It remains unclear whether stronger national resolution frameworks should result in lower reliance on IGS, or whether a consistent baseline of protection should be maintained irrespective of such differences.

4. EIOPA'S ADVICE: OVERVIEW

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

The IRSG considers that the overview of preferred policy options should more clearly acknowledge the degree of policy uncertainty that still exists. EIOPA’s preferred direction points towards a network of national IGS operating under common minimum standards, with a generally favourable view of targeted coverage, harmonised operational elements and some defined interaction with resolution. While the IRSG recognises the coherence of this architecture, many members do not consider that the evidence currently justifies such a move at the level of operational detail implied by the consultation. In particular, they have concerns regarding market concentration, the feasibility of standardised funding, and the interaction with a prudential and resolution framework that is still in transition. At the same time, other members consider that existing evidence of protection gaps and market fragmentation already justifies targeted EU-level action.

Some of the IRSG members believe that the existence of IGS in some Member States does not justify making them mandatory across the EU. National circumstances differ, and effective alternatives may already exist. The Italian “Eurovita” case illustrates this clearly: the situation was successfully resolved through national, sector-based solidarity measures that fully protected policyholders without resorting to an IGS and without generating moral hazard. Furthermore, Italy has already legislated to introduce a domestic IGS from 2025, complementing existing mechanisms. This confirms that national solutions can be effective and further reduces the case for an additional EU-driven scheme.

If the overview is retained, the IRSG would therefore suggest that it be reframed more explicitly as a set of possible directions rather than a settled blueprint. At a minimum, it should make clearer

that even a targeted model raises unresolved questions regarding life products, funding design, operational triggers and the boundary between compensation and resolution. The IRSG also believes that the overview should acknowledge that some stakeholders support limited minimum harmonisation while others prefer to focus on supervisory convergence, cross-border cooperation and improved crisis handling under existing frameworks rather than on an additional EU scheme layer. The IRSG considers that the overview should more explicitly reflect that no consensus currently exists among stakeholders on the necessity, scope and timing of harmonised IGS, and that alternative policy approaches remain viable.

5. CONCLUSION

Do you have any comments to the Conclusion?

The IRSG agrees with EIOPA that policyholder protection in cross-border insurance failures remains an important issue and that the implications of fragmentation should not be ignored. The consultation usefully highlights that policyholders may still face very different outcomes depending on the structure of national schemes and the location of the insurer. The IRSG also agrees that the issue should be examined in the broader context of the functioning of the Single Market and confidence in insurance products.

However, the IRSG does not believe that the current conclusion should present minimum harmonisation as an established policy necessity. Some of the members also supports a more cautious conclusion, namely that the priority should be the effective implementation of the revised Solvency II framework and the IRRD, combined with closer supervisory cooperation, better cross-border coordination and further evidence gathering on failures, near-misses and actual policyholder detriment. Other members would support moving more quickly towards targeted minimum harmonisation. The IRSG therefore recommends that the conclusion reflect this divergence and avoid implying a level of consensus that does not currently exist. The IRSG also emphasises that any decision to introduce minimum harmonised IGS should be clearly conditional, evidence-based and sequenced after the evaluation of existing frameworks, ensuring that policy intervention remains proportionate and justified.

The IRSG would respectfully suggest that the relevant question for legislative design is, however, prospective: how much of the residual loss exposure following IRRD transposition warrants intervention through a new harmonised IGS layer, as distinct from being addressed through resolution tools and existing national IGSs. The current evidence base does not, in IRSG's view, yet permit a confident answer to that question. The IRSG would also welcome EIOPA's recognition that additional costs depend heavily on design choices and on whether an IGS already exists in a Member State. We would observe that the cost analysis presented in the Advice and Annex does

not yet provide the level of granularity that would usefully inform legislative choices, particularly for markets with substantial cross-border or specialty business, where IGS levies would fall on a narrower pool of carriers and where syndicated risk structures raise allocation questions not captured in domestic-market models. A more developed quantitative impact assessment, modelled across a range of design choices and market types, would in our view usefully precede any future Commission legislative proposal.

INTRODUCTION TO THE TECHNICAL ANNEX

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

The IRSG takes note that the technical annex is intended to develop the analysis supporting EIOPA's advice and that it includes both impact scoring and stakeholder views collected through workshop and survey processes. This is useful, and the annex provides more detail than the core advice on how EIOPA has weighed different policy options.

The IRSG nevertheless considers that the annex would benefit from a clearer distinction between descriptive evidence, impact assumptions and normative policy preference. In several areas, especially scope and funding, the policy debate remains highly sensitive to underlying assumptions about losses, concentration, national legal structures and consumer behaviour. The annex should therefore be especially careful not to give the impression that the scoring of options resolves issues which remain, in reality, strongly contestable.

TECHNICAL ANNEX - SECTION 1: GENERAL QUESTIONS ABOUT THE IMPACT OF MINIMUM HARMONIZED IGS

Do you have any comments to Section 1 on General questions about the impact of minimum harmonized IGS?

The IRSG recognises that the annex contains useful information on product ownership, examples of standardisation across certain product categories and the cross-border relevance of selected lines of business. This helps frame the policy discussion. At the same time, the IRSG remains cautious about drawing strong conclusions from this data. The existence of some product standardisation across Member States does not automatically mean that harmonised IGS coverage would be proportionate or workable, particularly where underlying legal, fiscal and social-protection arrangements remain significantly different.

The IRSG also reiterates that market concentration should be treated as a first-order issue in the impact analysis. Level of market concentration can fundamentally alter the size, feasibility and risk

profile of any guarantee mechanism. In the IRSG's view, this deserves more direct treatment in the annex's assessment of the cost side of harmonisation. The question is not only whether some policies are cross-border relevant, but whether the resulting protection architecture could remain credible under stress in concentrated markets.

TECHNICAL ANNEX - SECTION 2: OPERATIONAL FUNCTIONING OF IGS

Do you have any comments to Section 2 on Operational functioning of IGS?

The IRSG agrees that operational issues are central and that differences in triggers, claims deadlines and payout timing can materially affect policyholder outcomes. The annex is right to focus on these matters. However, the IRSG stresses that harmonisation in this area should not become so detailed that it cuts across national insolvency and resolution systems. The more realistic approach would be to define high-level expectations of clarity, predictability and timeliness, while allowing national systems to implement these expectations in a manner consistent with domestic law.

Some IRSG members support more convergence in timelines in order to reduce uncertainty for cross-border policyholders, whereas others are more cautious because insurance claims handling is inherently heterogeneous. The annex should therefore avoid suggesting that one operational model would necessarily fit all product categories and all national administrative frameworks.

TECHNICAL ANNEX - SECTION 3: DESCRIPTION OF CONDITIONS FOR EFFECTIVE FUNDING OF IGS

Do you have any comments to Section 3 on description of conditions for effective funding of IGS?

The IRSG considers funding to be one of the least resolved aspects of the entire consultation. The annex usefully sets out the issues of immediate liquidity, ex post levies and hybrid models, but the IRSG is not persuaded that the consultation currently demonstrates a viable harmonised solution for all Member States. The IRSG highlights that ex post funding can be pro-cyclical, ex ante funding can be economically distortive, and hybrid models do not eliminate the basic tension where loss scenarios are large relative to market size.

The IRSG therefore believes that any future work should place greater weight on national discretion, especially in relation to contribution bases, target levels and the treatment of concentrated markets. It should also examine more explicitly how to avoid moral hazard and cross-subsidisation. Without this, the annex risks understating the downside of funding harmonization. The IRSG also reiterates that the absence of a sufficiently robust cost-benefit

framework, combined with structural differences in market concentration and size across Member States, makes it difficult to support harmonised funding requirements at this stage without risking disproportionate and uneven impacts.

TECHNICAL ANNEX - SECTION 4: INTERACTION BETWEEN HARMONIZED IGS AND THE IRRD

Do you have any comments to Section 4 on Interaction between harmonized IGS and the IRRD?

The IRSG agrees that the interaction between IGS and the IRRD must be carefully calibrated. The annex correctly identifies that there may be inconsistencies between insolvency-based policyholder protection and resolution frameworks, and that the level of coordination between national resolution authorities and IGS is an important design issue.

However, the IRSG does not support any approach that would make IGS a routine financing arm of resolution. The core concern is to preserve clear institutional roles and to avoid turning a policyholder protection mechanism into a wider loss-absorbing or resolution-funding vehicle. In the IRSG's view, further work in this area should begin from the presumption of separation of functions, with cooperation arrangements built around information sharing and procedural coordination rather than pooled responsibilities or fungible funding pools

TECHNICAL ANNEX: ADDITIONAL INFORMATION

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

The IRSG considers the additional information useful, particularly where it maps product types, current scheme coverage and cross-border relevance. At the same time, the IRSG encourages EIOPA to ensure that the presentation of data does not give a false impression of precision where the underlying information remains incomplete or dependent on proxies. This is especially relevant where product categories are mapped through lines of business rather than directly observed policy characteristics.

The IRSG also suggests that, if feasible, the additional information should in future include more explicit treatment of concentration risk and more narrative explanation of what the existing data can and cannot show. This would improve transparency and help distinguish between empirically established observations and broader policy interpretation.