

To: Prudential Working group  
From: Prudential team  
cc:  
Date: 19-11-2025  
Reference: ECO-PRU-25-083

Subject: Assessment - EIOPA RTS on Liquidity Risk Management Plans

## Summary

The secretariat has assessed the Final Report on draft RTS on **liquidity risk management plans** (LRMP) ([here](#)) published on 17 November compared to the industry consultation response ([here](#)).

In parallel, EIOPA has also published a detailed resolution of comments [here](#)

**Overall, EIOPA introduced important adjustments in response to stakeholder feedback, including a higher threshold, annual updates, and removal of the common indicator. However, concerns persist around duplication of reporting and mandatory group LRMPs.**

Should members have any questions or comments please write to [prudential@insuranceeurope.eu](mailto:prudential@insuranceeurope.eu).

Final report on draft RTS on liquidity risk management plans

Topic	Consultation Response	Assessment
<b>Threshold</b>	<ul style="list-style-type: none"> <li>Threshold for medium/long-term analysis should be qualitative, or at least inflation-adjusted if quantitative; €12bn is arbitrary.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>EIOPA increased the threshold from €12bn to €20bn, adjusted for inflation.</li> <li>Supervisors can opt-in/opt-out based on risk.</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li><i>The threshold contributes to a consistent approach across markets, starting from a common size criterion while also maintaining flexibility with the possibility to include as well as to exclude insurance or reinsurance undertakings and groups based on qualitative criteria (opt-in / optout mechanism)</i></li> </ul>
<b>Duplication</b>	<ul style="list-style-type: none"> <li>Remove duplicative liquidity reporting (e.g., EIOPA stress tests, national ad-hoc reporting) if LRMPs are introduced.</li> </ul>	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>No commitment to discontinue other requirements.</li> <li>Clarified that <b>LRMP is not a new reporting template</b></li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li><i>EIOPA does agree with stakeholders that the LRMP should not constitute a new reporting requirement in the sense of regular supervisory reporting through templates based on EIOPA's draft implementing technical standards.</i></li> </ul>
<b>Group requirements</b>	<ul style="list-style-type: none"> <li>Manage liquidity <b>at the level where it occurs</b>; allow flexible solo/group approach; ensure exemption under <b>Art 246a</b> is available; avoid mandatory consolidated LRMPs</li> </ul>	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>Group <b>LRMPs are required by law</b>, but subsidiaries can be exempt if covered by the group plan.</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li><i>The Solvency II Directive does not give any room for an exemption of the group to draw up and keep up to date a LRMP at its level.</i></li> </ul>
<b>Prescriptive templates</b>	<ul style="list-style-type: none"> <li>Avoid prescriptive templates and minimum lists; let undertakings decide what to report.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Removed the requirement for templates and the common liquidity coverage indicator, but retained a minimum list of cash flow items for transparency and supervisory purposes</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li><i>Items in the minimum list contribute to providing the audience of the LRMP, including the supervisory authority, insight in the drivers of the outcomes of the liquidity analysis.</i></li> </ul>

<p><b>Time horizons</b></p>	<ul style="list-style-type: none"> <li>■ Allow undertakings to use their own time horizons for liquidity analysis, not fixed periods.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>■ Allows undertakings to choose their own time horizons within defined periods (short-term = up to 3 months, medium/long-term = beyond 3 months).</li> </ul>
<p><b>Frequency of updates</b></p>	<ul style="list-style-type: none"> <li>■ Reduce frequency of updates: from quarterly (excessive) to annual or as needed.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>■ Reduced from quarterly to at least annually, with updates required after significant changes.</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li>■ <i>EIOPA agrees with stakeholders that quarterly submission of the LRMP to supervisory authorities would be too burdensome, both for undertakings and NSAs, if there is no significant change in the undertaking's liquidity risk profile</i></li> </ul>
<p><b>Common liquidity coverage indicator</b></p>	<ul style="list-style-type: none"> <li>■ Removal of the common liquidity coverage indicator; not comparable across firms: it would be misleading.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>■ The requirement for a common liquidity coverage indicator is removed</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li>■ <i>The common indicator may be of limited use to supervisory authorities in terms of comparability, since they refer to different liquidity stresses and time horizons. Therefore, the requirement for undertakings to report the common indicator was abandoned.</i></li> </ul>
<p><b>Banks' inclusion</b></p>	<ul style="list-style-type: none"> <li>■ Banks in insurance groups should be excluded from threshold and analysis/content of LRMPs.</li> </ul>	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>■ Banks are included for threshold purposes, but LRMP at group level should not assess banks' cash flows to other counterparties.</li> </ul> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li>■ <i>With regard to the information to be provided in the LRMPs that would also include medium-to long-term liquidity analysis, it is expected that this information at group level should take into account the cash flows of banks from and to group entities, given that such information may be relevant for understanding the liquidity risk to which the group is exposed. However, there is no intention for these draft RTS to introduce additional requirements towards banks, since these are indeed subject to sectoral requirements, and as such the LRMP at group level should not assess the cash flows of the banks to other counterparties.</i></li> </ul>

<p><b>Inclusion of MA/VA users</b></p>	<ul style="list-style-type: none"> <li>■ Do not automatically include all MA/VA users for medium/long-term analysis.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>■ No specific provisions were included on the liquidity analysis to be carried out by MA and VA users</li> </ul> <p>EIOPA notes</p> <ul style="list-style-type: none"> <li>■ <i>The draft RTS is not the appropriate place to impose further requirements on the liquidity analysis in relation to assets and liabilities subject to the MA or Page 52/64 the VA, also considering that combining the two plans is optional</i></li> </ul>
<p><b>Policy options</b></p>	<ul style="list-style-type: none"> <li>■ The industry agreed with EIOPA that Option B2 is the best option from the options provided, however, it reiterates the previous comments about the costs for the industry.</li> <li>■ The policy options regarding the content of plans fail to consider credible alternatives, such as more limited requirements. Option B.2 would still imply extra work for undertakings.</li> </ul>	<p><b>Positive</b></p> <p>EIOPA notes:</p> <ul style="list-style-type: none"> <li>■ <i>Agreed, this preferred policy option (now policy option B.3) was amended, removing standardised elements (like time horizons, common indicator) that would not be aligned with the liquidity risk profile and own practices of undertakings.</i></li> <li>■ <i>Agreed, with regard to credible alternatives and labelling. An alternative option B.2 was introduced with more limited requirements compared to the preferred option B.3. Also the labelling of the options has been modified. Furthermore, the wording of the costs of B.1 has been adjusted.</i></li> </ul>