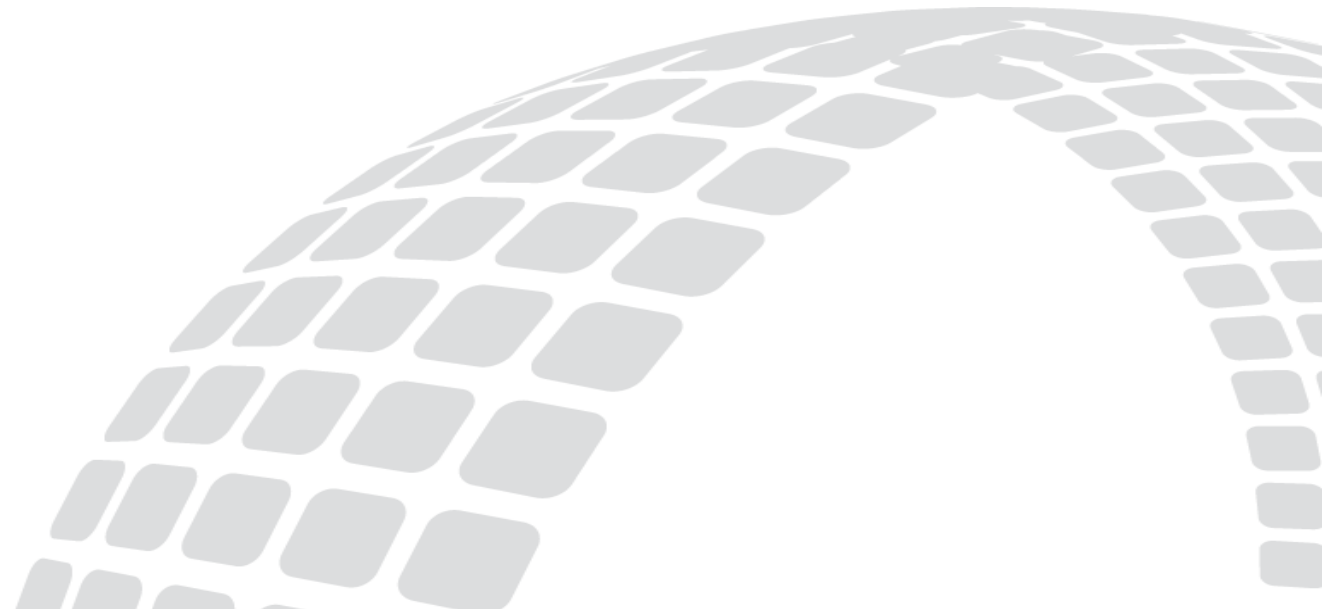




# **Insurance Guarantee Schemes – EIOPA Survey Discussion**

**23 February 2026**



# Agenda

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## Insurance Guarantee Schemes – EIOPA survey

- 1** Status update
- 2** General questions
- 3** IRRD interaction and potential IGS variants
- 4** Effective funding of IGS
- 5** Operational functioning of IGS
- 6** Equal policyholder protection
- 7** Any other business

# 1. Status update

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## Where are we?

- EIOPA have produced a very lengthy survey (>50 questions and sub-questions) with a very tight timescale (three weeks to respond).
- Collated member feedback circulated for comments by COB Weds 25<sup>th</sup>.
- Letter to EIOPA re the process being followed with members for blocking concerns.

## What do we need to decide?

- Key points from the collated member feedback are in **red** in the following slides for agreement and discussion.

## 2. General questions (1/8)

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### Level of standardization, cross-border relevance and economic impact

- Beyond the financial or social hardship for policyholders, high market share in cross-border business and mandatory nature of the policy, should there any other criteria be considered to determine insurance policies eligible for IGS protection? **Yes**
  - If yes, what?
    - Lack of evidence for harmonization being presented
    - Existing national arrangements being sufficient and tailored
    - Existing and pending EU legislation providing very high levels of policyholder protection
    - Substantial additional administrative burden and costs
    - National specific product characteristics
    - Retaining national flexibility
    - Potential alternative to offer good practice guidance

## 2. General questions (2/8)

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### Level of standardization, cross-border relevance and economic impact

- What would be the main impact for insurers resulting of an IGS covering specific eligible policies?
  - Moral hazard increases
  - Cost of funding requirements
  - Structural increases in other costs
  - Risk of double funding
  - Reduced competitiveness
  - Strengthening policyholder confidence

## 2. General questions (3/8)

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### Level of standardization, cross-border relevance and economic impact

- Do you foresee material additional costs for insurers? **Yes**
  - If yes, please specify how an IGS covering specific eligible policies will increase costs for insurers.

- **Funding requirements:**

- Ex-ante funded: insurers face a recurring drag on profitability and solvency;
    - Hybrid: insurers must hold liquidity buffers to meet potential ex-post calls; and
    - Pure ex-post: significant uncertainty and procyclicality during industry stress.

Also costs relating to additional reporting requirements

- **Other costs:**

- Policyholder information requirements,
    - Amendments to contracts,
    - Overhead costs,
    - Increased reporting, governance, and compliance tasks,
    - System and process upgrades,
    - Potential product repricing or withdrawal from certain insurance lines, and
    - Increased cross-border compliance complexity

## 2. General questions (4/8)

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### Advantages and disadvantages of different IGS – life insurance

- The main advantages of covering life insurance are the unique vulnerabilities of the life insurance policyholders (notably the fact that life insurance is a long-term contract and it is often used as a saving / retirement vehicle.) However, costs for life insurers could rise resulting in higher premiums and reduced affordability. Is there any other advantage or disadvantage to highlight in case of harmonized IGSs covering life insurance? **Yes**
  - If yes, please explain which ones?
    - Impact on policyholders and beneficiaries of costs and potentially reduced product choice
    - Difficulty of determining appropriate protection levels
    - Impact on smaller concentrated markets
    - Moral hazard
    - Increased costs
- Where do you see more added value: an IGS covering all life policies, just some specific life policies, no life policies? **just some specific life policies (NB have to pick an option)**
  - Please explain. **Generic wording on retaining national flexibility**

## 2. General questions (5/8)

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### Advantages and disadvantages of different IGS – non-life insurance

- The main advantages of covering non-life insurance mostly relate to risks being covered and payments being made also in the case of an insurers' failure. Funding and operational costs for a non-life scheme are typically lower compared to a life scheme. Is there any other advantage or disadvantage you would like to highlight? **Yes**
  - If yes, please explain which ones?
    - Insolvency rare in non-life and usually unproblematic for consumers given ease of purchasing comparable insurance and comparatively low volume of outstanding claims.
    - Administrative burden thus outweighs benefits
    - Similar issues to life: moral hazard and impact on smaller markets
    - Statement that funding and costs are lower for non-life than life is not evidenced.
- Where do you see more added value: an IGS covering all non-life policies, just some specific non-life policies, no non-life policies? **just some specific non-life policies (NB have to pick an option)**
  - Please explain. **Generic wording on retaining national flexibility**

## 2. General questions (6/8)

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### Advantages and disadvantages of different IGS

- What is your preferred approach for the IGS when eligible policies include both life and non-life insurance: a single IGS covering both, or two separate IGS? **Two separate IGS (NB have to pick an option)**
  - Please outline the main advantages and disadvantages of your selected option. When outlining the advantages and disadvantages please think about both costs aspects and complexity for the sector (i.e., how to ensure adequate funding given the variety of risks covered) but also for consumers (i.e., how can consumer easily know what is covered and not covered by an IGS and make informed decisions).
    - Life and non-life insurance have fundamentally different risk profiles, time horizons, funding requirements, insolvency regimes and resolution needs.
    - Should be left to national discretion given variety of models already in place and possibility of more than two IGSs for different purposes

## 2. General questions (7/8)

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### Advantages and disadvantages of different IGS

- Do you think that harmonised standards for IGS could result in offering more insurance services across the EU as a result of increased trust from consumers? **No**
  
- Please indicate your level of agreement for minimum common standards for IGS covering life insurance.
  - Yes, would increase services across the EU
  - **No, would not increase services across the EU**
  - Undecided or no opinion
  
- Please indicate your level of agreement for minimum common standards for IGS covering non-life insurance.
  - Yes, would increase services across the EU
  - **No, would not increase services across the EU**
  - Undecided or no opinion

## 2. General questions (8/8)

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### Advantages and disadvantages of different IGS (cont.)

- Please explain your reasoning for each scenario, including the impact of covering all the policies or just specific policies.
  - Introducing harmonised IGS standards could raise levies and compliance costs -> higher premiums or reduced benefits -> constrained product supply rather than expansion.
  - Higher premiums might lead more consumers to be uninsured, thereby reducing the overall level of protection.
  - A proper impact assessment should be done, but the availability of an IGS, of which policyholders are rarely aware, is unlikely to increase trust of customers.
  - Further cross-border uptake will depend on product competitiveness, taxation, digital accessibility and consumer familiarity.
  - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 3. IRRD interaction and potential IGS variants (1/5)

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## The institutional setup of national resolution authorities and IGS

- IGS can be set up in multiple ways with different pros and cons for every option. Possible set-ups include fully independent institutions, integrated IGS-function in supervisory authority or in a resolution authority (like some deposit guarantee schemes). In resolution, it could be beneficial to have the IGS closely involved in the planning and execution stage. How could the institutional set up of the IGS vis-à-vis the resolution authority work in the most effective way, addressing potential overlaps or conflicts?
  - Can only be properly addressed after implementation of IRRD.
  - SII and IRRD together make insolvency highly unlikely and reduce risk of policyholder losses
  - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 3. IRRD interaction and potential IGS variants (2/5)

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## The different functions of IGS

- How can the IGS complement the resolution planning efforts of the resolution authority? Please explain.
  - A third supervisor in the form of IGS is not acceptable
  - IGS is not a substitute for robust prudential supervision
- What are the main advantages and/or disadvantages of involving the IGS in the application of resolution tools; i.e. bridge insurer, solvent run-off, transfer etc.?
  - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 3. IRRD interaction and potential IGS variants (3/5)

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## The manner in which IGS would share losses in resolution

- How could the IGS be used in the application of the conversion and write-down tool to avoid or limit losses to policyholders?
  - IGS should not absorb losses that are properly borne by shareholders/creditors
  - Key to maintain the current national discretion on the establishment and the features of the IGS.
- Please explain and consider any lessons learned from the involvement of deposit guarantee schemes (DGS) in bank resolution.
  - N/A – One member has requested no response, three others propose pointing out the key differences between insurance and banking
- Should it be required as part of EU harmonisation that an IGS is always available, also in resolution cases, to avoid or limit losses to policyholders? **No**

# 3. IRRD interaction and potential IGS variants (4/5)

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## The manner in which IGS would share losses in resolution

- What are the main aspects to consider for the involvement of IGS in resolution?
  - An IGS should not be required to be available in all resolution cases.
  - IGS should not provide resolution funding
  - Key to maintain the current national discretion on the establishment and the features of the IGS.
- What are the main advantages and disadvantages of having such a requirement?
  - Disadvantages: undermines IRRD primacy, creates large and unpredictable financial burdens, disproportionately harms small insurers, increases moral hazard, risks conflict with national protection systems, and adds unnecessary legal and operational complexity.
  - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 3. IRRD interaction and potential IGS variants (5/5)

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## The IRRD requirement to establish financing arrangements

- What are the main advantages and disadvantages of combining IGS and (resolution) financing arrangements in their institutional set-up?
  - Key to maintain the current national discretion on the establishment and the features of the IGS.
- Should there be a split of tasks between the IGS and the financing arrangements? **Yes**
  - Please explain.
    - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 4. Effective funding of IGS (1/3)

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## Pure ex-post model

- What mechanisms or safeguards could be implemented to ensure that sufficient funds are available in a pure ex-post funding model?
  - Examples of ex-post funding models under Article 10a of MID give practical evidence this can be done

## Combined funding model

- What should be the main criteria when deciding on the ex-ante portion of a hybrid model?
  - Key to maintain the current national discretion on the establishment and the features of the IGS.
  - Impact of ex-ante funding on insurance company investments in support of SIU should be noted.

## 4. Effective funding of IGS (2/3)

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- Under a combined funding model (ex-post funding with elements of ex-ante funding), typically a target level for the ex-ante portion would be based on the required or desired absorption level of the IGS in a specific market (e.g. the failure of two medium sized insurers or one large insurer). Should there be an absolute target level of funds to be raised on ex ante basis? **No**
  - Please explain.
    - **Key to maintain the current national discretion on the establishment and the features of the IGS.**
- What should be the main considerations and criteria when deciding on a contribution base for the IGS per insurance insurer?
  - Non-risk based considerations (e.g. level of GWP or TP)
  - Risk based considerations (e.g. considering the level of cross border business or the classification of the insurer within the Risk Assessment Framework or the SCR)
  - **Other considerations**

# 4. Effective funding of IGS (3/3)

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## Combined funding model (cont.)

- Please describe any other considerations.
  - Key to maintain the current national discretion on the establishment and the features of the IGS.
- What criteria should be considered to ensure proportionality?
  - Key to maintain the current national discretion on the establishment and the features of the IGS.

# 5. Operational functioning of IGS (1/5)

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## Triggers for IGS activation

- What are the main aspects to consider when harmonizing the moment of intervention of an IGS, i.e. the trigger(s)?
  - Key to maintain the current national discretion on the establishment and the features of the IGS
- What are the advantages and disadvantages of harmonization of triggers? Please consider in your answer the distinction between the functions of an IGS, i.e. continuation of policies and compensation for losses, which could impact the timing of the IGS-triggering.
  - Key to maintain the current national discretion on the establishment and the features of the IGS
- Should the trigger for an IGS-activation be the “failing or likely to fail” (FOLTF) decision? **No**
- Could there be other triggers? **No**
  - Please explain.
    - Key to maintain the current national discretion on the establishment and the features of the IGS

# 5. Operational functioning of IGS (2/5)

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## Time for submission of claims

- Should the time available for policyholders to submit claims be harmonised? **No**
  - Please explain.
    - Member States' legal and operational contexts differ significantly. This would require harmonisation on a core level of national procedural and substantive civil law.
- Do you agree that processes and outcomes (i.e. claims procedures and coverage) should roughly be similar across the EU? **No**
  - Please explain, considering potential challenges.
    - This would go far beyond insurance regulation and would require harmonisation on a core level of national procedural and substantive civil law.

# 5. Operational functioning of IGS (3/5)

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## Deadline for pay-outs

- Do you agree that every customer in similar situations across the EU should benefit from a similar pay-out time? **No**
  - If yes, what would be major aspects to consider when ensuring a similar pay-out time across Member States?
  - If no, please explain.
    - Support objective of timely payments to policyholders
    - In practice, pay-out speed depends on factors that vary by jurisdiction and case
    - It should be left to Member States to find workable solutions within their national contexts.

# 5. Operational functioning of IGS (4/5)

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## Deadline for pay-outs (cont.)

- Do you agree that levels of effective protection (operational elements and actual coverage) should roughly be similar across the EU? **No**
  - If yes, what would be major aspects to consider when ensuring a roughly similar level of effective protection (operational elements and actual coverage) between Member States?
  - If no, please explain.
    - **Key to maintain the current national discretion on the establishment and the features of the IGS**
- Are there any additional technical or operational aspects which would influence the time limits for certain policies or products? **No**
  - Please explain.
    - **Key to maintain the current national discretion on the establishment and the features of the IGS**

# 5. Operational functioning of IGS (5/5)

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## Conditions and timing for continuation of policies by IGS

- Under which circumstances should IGS favour continuation of policies?
  - Key to maintain the current national discretion on the establishment and the features of the IGS
- What should be the timeframe in which the continuation is ensured?
  - Key to maintain the current national discretion on the establishment and the features of the IGS

## Place of IGS in insolvency ranking

- Should IGS credits always have preferential treatment in winding-up processes, when they subrogate in policyholders' credits? **No**
  - What would be the main advantage or disadvantage?
    - Key to maintain the current national discretion on the establishment and the features of the IGS

## 6. Equal policyholder protection

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- Considering the currently fragmented landscape of IGS in the EU, with national schemes differing significantly in their set-up, scope and function and some Member States having no IGS at all, what would be alternative ways (other than minimum harmonization of IGS in the EU) to ensure equal policyholder protection across the EU, in particular for cross-border cases?
  - What problem are we aiming to solve here – cash-flow insolvency, balance-sheet insolvency or continuity of insurance cover?
  - In any event, strong and consistent supervision by competent authorities in the home state of cross-border players is the best way to support policyholder protection
  - Heterogeneous IGS cover is not an impediment to the proper functioning of the internal market, with IGS absence being offset by lower premiums.
  - Alternatives to harmonization include:
    - enhanced collaboration between the Member States' national supervisors
    - ensuring that the Solvency II framework is fully implemented in all Member States.
    - streamlining and effectively implementing the IRRD,
    - clarifying consumer information standards,
    - issuing EIOPA soft-law guidance, and
    - prioritizing preventive supervisory efforts across the EU, especially increased monitoring of cross-border insurers with rapid growth, unusually low premiums, or narrow product ranges.



**Any other business?**

