RESOLUTION PLANNING AND RESOLVABILITY ASSESSMENT

First online workshop with stakeholders on first batch of consultation papers - 23 May 2025

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AGENDA

1. Practical information on participating in the meeting

2. Introductory remarks

3. RTS on the content of resolution plans and group resolution plans

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

5. Guidelines on further details on the measures to remove impediments to resolvability and the circumstances in which each measure may be applied

1. PRACTICAL INFORMATION ON PARTICIPATING IN THE MEETING

- The presentation will go instrument by instrument
- Each instrument will be followed by a dedicated Q&A session to allow for audience engagement and discussion
- Questions can be submitted in written form using the **Q&A button** in the upper right corner of the MS Teams meeting screen:
    - Please identify yourself before asking a question with your **full name + organisation**
    - The moderator will open the floor for comments/questions after speakers have provided their presentation
    - Please provide only comments/questions which are inside the scope of the event

2. INTRODUCTORY REMARKS

- Consultation papers published on 29 April
- Stakeholder workshops are organized to:
  - Collect preliminary views on the instruments
  - Provide an explanation to any unclarities at this stage
  - Support the preparation of stakeholders’ contributions to the consultations
- Stakeholders are invited to provide written comments by 31 July, 23.59 CET
- Please use the link to EUSurvey to respond to the consultation

3. RTS ON THE CONTENT OF RESOLUTION PLANS

- **Aim:** providing in a structured way the **minimum required elements** of resolution plans and group resolution plans
- **Proposed approach:** grouping of elements listed in **Art. 9(6) IRRD** in **coherent topics** to be provided in the resolution plan and adding further guidance to ensure a sufficient degree of **minimum harmonization** and **comparability** between plans
- **Areas** resolution plans should cover **at least:**
  - Summary of key elements of the plan
  - Relevant information about the undertaking from the resolution planning perspective
  - Resolution strategy or strategies
  - Operational and financial continuity
  - Communication strategy with critical stakeholder groups
  - Detailed description of resolvability assessment

3. RTS' APPROACH TO GROUP RESOLUTION PLANS

- **Group resolution plan** should have at least **similar elements** to **solo resolution plan.** However, **specific group elements** should also be **included in the plan**, which include:
  - Group structure
  - Interconnectedness
  - Cross-border elements
  - Service providers
  - Principles for sharing responsibility for financing
  - Liquidity within a group

3. RTS ON THE CONTENT OF RESOLUTION PLANS

- Welcome **opportunity to present feedback**

- Across all Level 2 instruments, should seek to **minimise costs and operational burden.**

- Resolution plans:
  - Welcome that the structure of the resolution plan is **clearly based on the directive**.
  - Further clarification of how **proportional simplification** may be applied in this context would be useful.

Caveat: This presentation contains **preliminary** industry views which are subject to change in the official responses to be submitted to EIOPA.

3. RTS ON THE CONTENT OF RESOLUTION PLANS

- Q&A

4. GUIDELINES ON THE ASSESSMENT OF RESOLVABILITY

- Guidelines include recommendations on the **stages of assessment** and the **dimensions** against which the **resolvability** of the undertakings needs to be **at least** assessed
- The assessment includes the **following stages: 1)** select **preferred resolution strategy, 2)** assess **feasibility of strategy** and impediments to it**, and 3)** assess **credibility** of strategy against the **resolution objectives**
- Guidance is provided on the assessment of the feasibility and credibility:
  - winding up the undertaking under **normal insolvency proceedings**
  - resolving the undertaking by **applying resolution tools** and **powers**
- The guidelines on the assessment of feasibility of credibility, are based on **resolvability dimensions** listed in **IRRD's Annex**
- **Group aspect** is embedded in the guidelines, where relevant

4. GUIDELINES ON THE ASSESSMENT OF RESOLVABILITY

- **Resolvability dimensions** as listed in **IRRD's Annex** covered in Guidelines:
  a) operational continuity
  b) access to FMI-services
  c) separability
  d) loss-absorbing and recapitalization capacity
  e) liquidity and funding in resolution
  f) information systems and data requirements
  g) communication
  h) governance
  i) credibility and impact

4. GUIDELINES ON THE ASSESSMENT OF RESOLVABILITY

- Welcome the **clear links** between assessment of resolvability and the dimensions of resolvability.
- Note **the large number of elements** to consider and potential **operational burden** as a result.
- Guideline 4 (Assessment of feasibility and credibility), Para 1.20:
  - List of possible **requirements could be burdensome.**
  - In particular, would welcome **further clarity on use of ‘playbooks’** in insurance resolution compared to banking**.**
- Guideline 8 (Loss absorption and recapitalisation capacity):
  - Would welcome further clarity on the **interaction between the requirement for ‘an appropriate amount of eligible liabilities’ and existing capital requirements.**

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4. GUIDELINES ON THE ASSESSMENT OF RESOLVABILITY

- Q&A

5. GUIDELINES ON MEASURES TO REMOVE IMPEDIMENTS TO RESOLVABILITY

- Guidelines include **specifications regarding particular powers** to take alternative measures (as listed in Art. 15(5) IRRD) addressing or removing the resolvability impediments

- Alternative measures listed in these Guidelines are **only applied** if an **impediment was identified** by the resolution authority and was **not addressed/removed** by the undertaking

- Need for taking into account potential implications and ensuring that the measure is:
  - Suitable
  - Necessary
  - Proportionate

- **Group perspective considered** mostly in the context of the assessment of circumstances for the application, as measures can only be applied **to a particular legal entity**

- Each power is addressed separately to give more guidance and be consistent with similar regulation

5. GUIDELINES ON MEASURES TO REMOVE IMPEDIMENTS TO RESOLVABILITY

- Guidelines specify **alternative measures** NRAs can take, as listed in **Art. 15 (5) of IRRD**:

a) revision of any intra-group financing agreements or review the absence thereof, or draw up service agreements, whether intra-group or with third parties

b) limitation of maximum individual and aggregate exposures

c) divestment of specific assets or to restructure liabilities

d) limitation or cease of specific existing or proposed activities

e) restriction or prevention of development of new or existing business lines or sale of new or existing products

f) change the reinsurance strategy

g) imposition of specific or regular additional information requirements relevant for resolution purposes

h) change legal or operational structures

i) set up a parent insurance holding company in a Member State or a Union parent insurance holding company

j) set up a separate insurance holding company to control the insurance or reinsurance undertaking

5. GUIDELINES ON MEASURES TO REMOVE IMPEDIMENTS TO RESOLVABILITY

- Support emphasis on **principle of proportionality** and **limiting interference** with the existing group structure.
- Would welcome greater clarity that only **substantive** impediments need to be addressed, and that this is expected to be **exceptional.**
- For example, **reinsurance structures** are an important commercial decision for undertakings and should only be overruled as set out in Guideline 8 in extreme circumstances.
- Interaction between existing **Solvency II capital requirements and loss absorption** unclear, particularly in Guideline 2, Para 1.13 and Guideline 5.

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5. GUIDELINES ON MEASURES TO REMOVE IMPEDIMENTS TO RESOLVABILITY

- Q&A

THANK YOU!

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