



# ACTUARIAL ASSOCIATION OF EUROPE

## IRRDR Webinar – Recovery

**18 February 2026**

**Mike Claffey (Ireland)**

# Introduction

- [IRRD directive](#) now published (effective 30 January 2027)
- IRRD establishes tools and mechanisms designed to:
  - Reduce the likelihood of an insurance failure and mitigate the impact in case it finally happens
  - Encourage coordination and cooperation among authorities
- EIOPA focus for IRRD over 2026 is developing new instruments, specifically 19 RTS/ITS/guidelines and a framework for a cooperation agreement.



# IRRD instruments (red means published)

## Batch 1 instruments (6 instruments)

- RTS on content of pre-emptive recovery plan and remedial action
- RTS on market share for recovery planning
- RTS on contents of the resolution plans (incl. groups)
- Guidelines on the identification of critical functions
- Guidelines on matter and criteria for the assessment of resolvability
- Guidelines on removing impediments to resolvability
- Guidelines specifying further details on the criteria for application of simplified obligations
- RTS on independence of valuers
- RTS on contents of the contractual term on recognition of resolution stay powers
- RTS, in consultation with ESMA, specifying methodologies and principles on the valuation of liabilities arising from derivatives.

## Batch 1 instruments (2 instruments)

- RTS on operational functioning of resolution colleges
- ITS on procedures and information (forms and templates)

## Batch 2 instruments

- Guidelines to specify further scenarios (with ESRB) and the qualitative and quantitative indicators contained in the pre-emptive recovery plans
- Guidelines on how information should be provided in summary or collective form for the purpose of confidentiality requirements

## Batch 3 instruments

- RTS on methodologies for assessing the value of the assets and liabilities of the (re)insurance undertaking in the context of resolution
- RTS on separation of resolution valuation and NCWOL valuation
- RTS on the methodology for assessing the treatment that shareholders, policy holders, beneficiaries, claimants, and other creditors, would have received if the undertaking under resolution had entered insolvency proceedings and the methodology for the estimation of the replacement costs
- RTS on methodology for calculating the buffer for additional losses to be included in provisional valuations

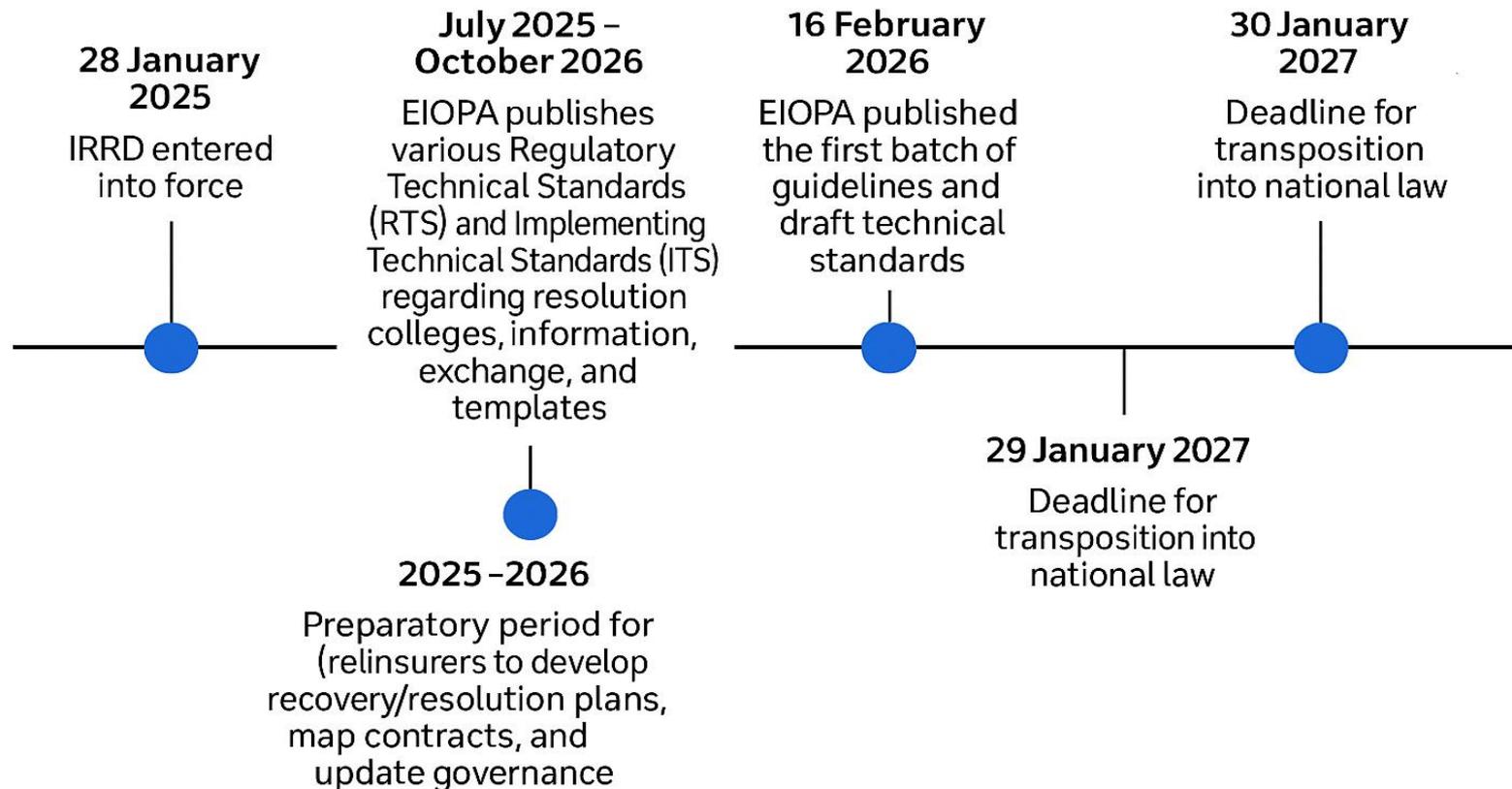
# Breaking news – 16 February!

EIOPA has released the first batch of guidelines and draft technical standards related to IRRD:

- **Draft RTS on the content of pre-emptive recovery plans** – specifying minimum elements required in recovery plans
- **Draft RTS on criteria for pre-emptive recovery planning requirements** – detailing which undertakings should prepare recovery plans and market share calculation methods
- **Draft RTS on the content of resolution plans** – setting out minimum elements for resolution and group resolution plans
- **Guidelines on the identification of critical functions** – establishing criteria for identifying functions whose disruption could severely impact policyholders and financial stability
- **Guidelines on the assessment of resolvability** – specifying criteria for assessing the feasibility and credibility of resolution strategies
- **Guidelines on measures to remove impediments to resolvability** – detailing alternative measures resolution authorities may apply

The publications can be found here: [EIOPA news](#)

# IRRDR timeline (*generated by copilot AI*)



## IRRD on a page

### Recovery (pre-emptive)

Requirements for a documented plan (reviewed periodically)

Feasibility assessment against adverse scenarios

Supervisor must review them

Entities in scope (60% of the market)

### Resolution

Resolution Authority

Resolution “tools”, and triggers (into resolution)

Resolution “powers” (e.g. claim write-downs)

Cross-border resolution colleges

Funding the Authority

Funding the cost of a resolution

Entities in scope (40% of the market)

# Recovery plans – Solvency II and IRRD

*Solvency II Directive - Article 138 “Non-Compliance with the Solvency Capital Requirement”*

- A **realistic** recovery plan is required (within a short time period) on breach of SCR (and also on breach of MCR)

*IRRD Directive - Article 5 “Pre-emptive recovery plans”*

- A **pre-emptive** recovery plan shall contain measures to be taken by the undertaking concerned to restore its financial position where that position has significantly deteriorated.
- ... considered part of the system of governance within the meaning of Article 41 of Solvency II
  - which states “Member States shall require all insurance and reinsurance undertakings to have in place an effective system of governance which provides for sound and prudent management of the business”

# Recovery plans - what to expect

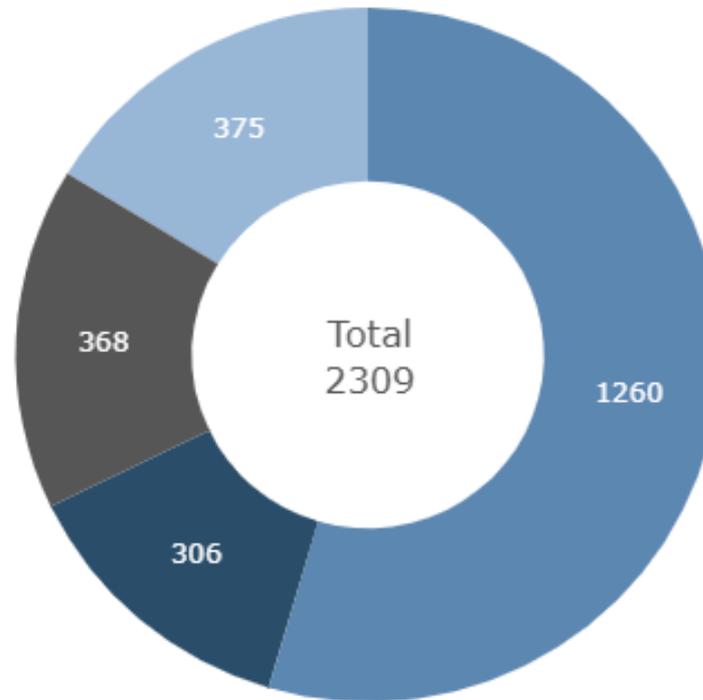
- Supervisory authorities will identify the insurers that are obliged to draw up pre-emptive recovery plans based on several factors, including size, business model, economic importance and substitutability, and interconnectedness
- At least 60% of each Member State market should be subject to pre-emptive recovery planning
- The IRRD defines the structure and contents of the pre-emptive recovery plan
- The ultimate parent undertaking of a group may have to draw up a group pre-emptive recovery plan. It shall identify remedial actions that may be required at the level of that ultimate parent undertaking and at the level of its individual subsidiary undertakings to restore their financial position where that position has significantly deteriorated.
- The pre-emptive recovery plan will be assessed by your Supervisory authority.

# Resolution planning (and resolution “doing”)

Resolution planning seeks to prepare for a situation where the company is non-viable, has no prospect to become so and resolution is in the public interest.

- The planning will be managed by the Resolution Authority in each Member State.
- Some insurers will be selected based on certain criteria, taking into account, as a minimum, the necessity to achieve resolution objectives and the undertaking’s size, business model, risk profile, interconnectedness, substitutability and in particular its cross-border activity, and ensuring at least 40% coverage of each the Member State. These will lead to (pre-emptive) resolution plans.
- Member States shall ensure that group-level resolution authorities have the power to draw up group resolution plans for groups.

# Number of undertakings in Europe



Recovery - 60% of the life market share being based on gross technical provisions

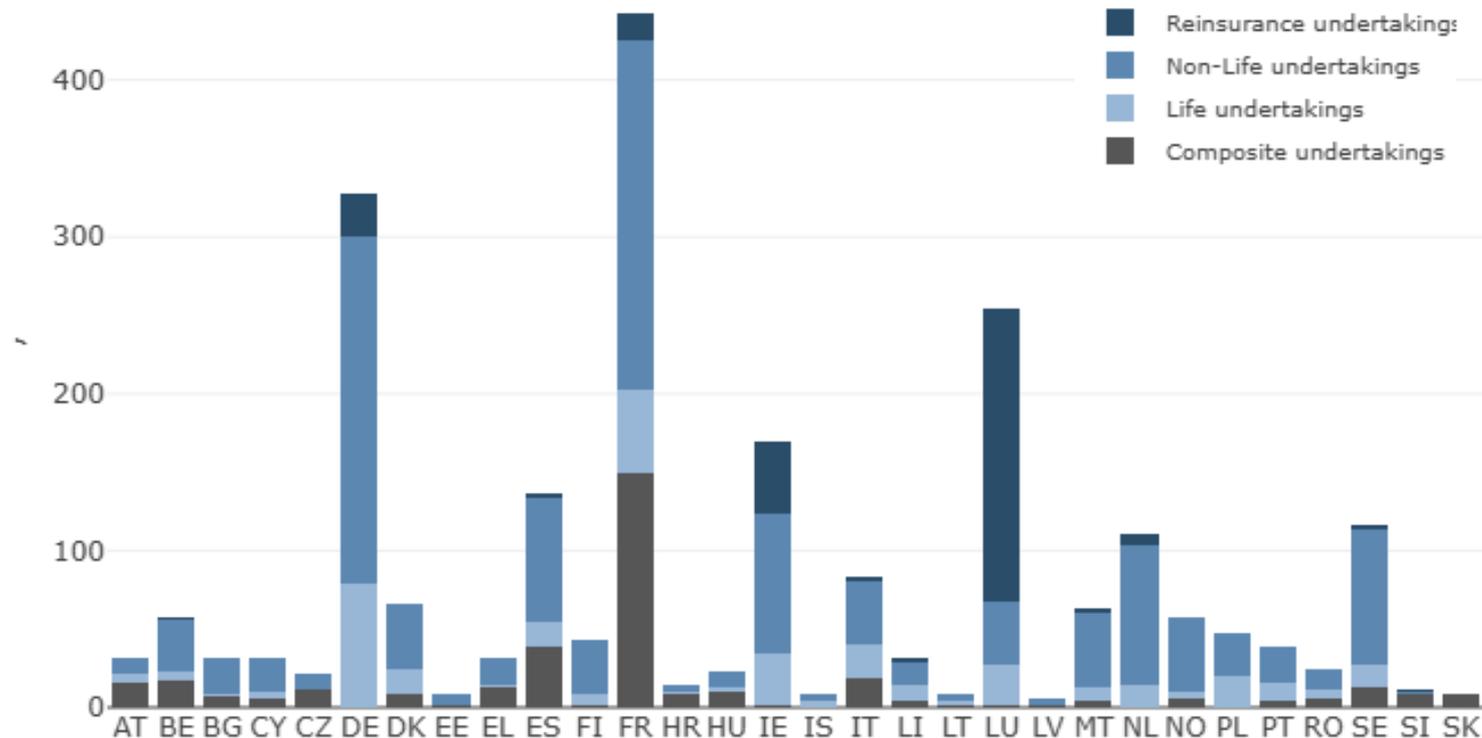
and the non-life market share being based on gross written premiums.

- Non-Life undertakings
- Life undertakings
- Composite undertakings
- Reinsurance undertakings

Year: 2024



# Number of undertakings per country



Year: 2024



# Pre-emptive Recovery Plan (as per IRRD)

**Pre-emptive recovery plans shall contain all of the following:**

- A summary of the key elements of the plan
- A description of the undertaking or the group
- A framework of indicators
- A description of the governance around the plan
- A range of remedial actions
- A communication strategy

# “viability” and “financial position”

- IRRD does not define exact events that trigger the activation of a pre-emptive recovery plan (whereas under Solvency II the non-compliance of SCR requires a recovery plan)
- IRRD is therefore wider in its domain and range than Article 138 of Solvency II.
- A pre-emptive recovery plan must envisage (bad) situations that require an undertaking:
  - *“... to restore their financial position following a significant deterioration of that position that could pose a risk to their viability.*
  - *Insurance and reinsurance undertakings should therefore identify a set of quantitative and qualitative indicators that would trigger the activation of remedial actions envisaged in such pre-emptive recovery plans...”*

# A little more on indicators and scenarios

## **Credibility and feasibility of the plan shall be assessed:**

- In particular the framework of indicators and the remedial actions
- Against a range of scenarios of severe macroeconomic and financial stress relevant to undertaking's specific conditions
- System-wide events, idiosyncratic stress events and combinations

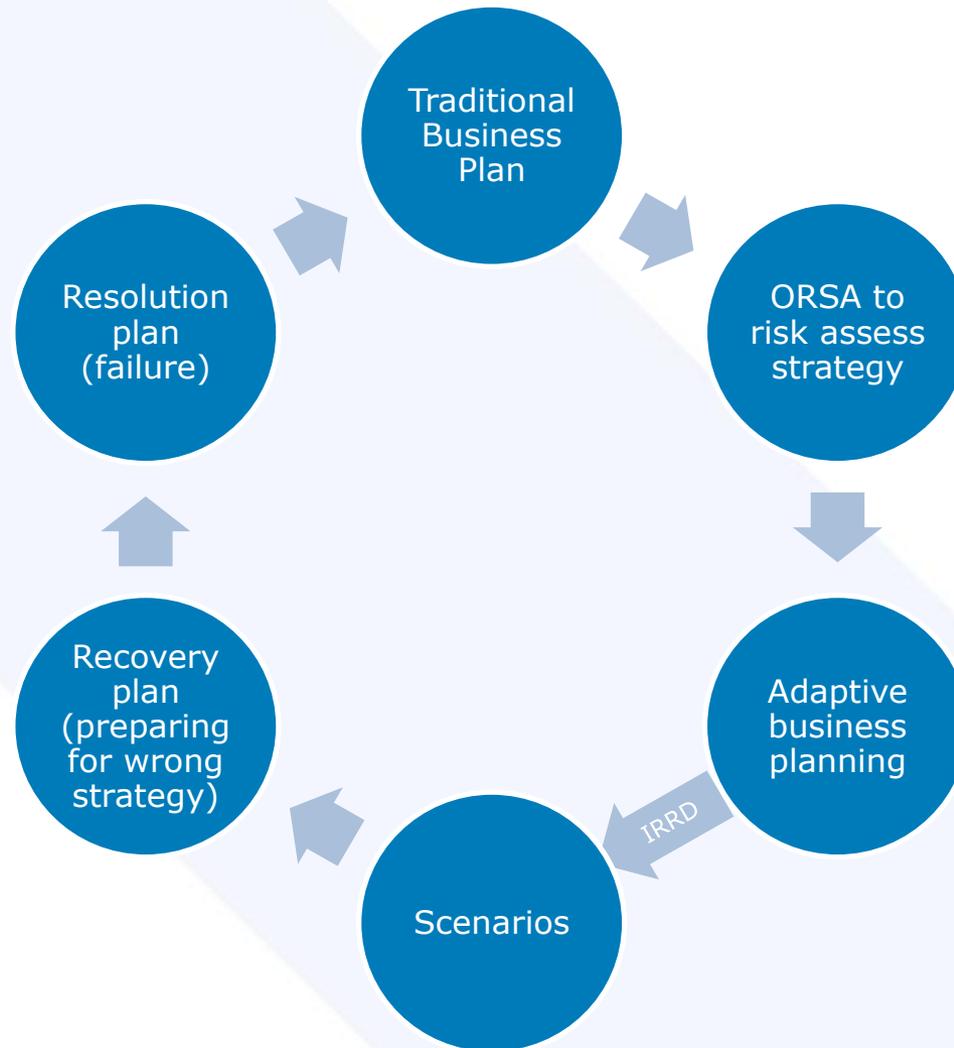
## **Requirements with respect to the framework of indicators:**

- Qualitative and quantitative indicators that identify the points at which remedial actions should be considered or taken
- Indicators relating to capital, liquidity, asset quality, profitability, market conditions, macro-economic conditions and operational events may be included
- Regular monitoring of the indicators should be in place

# Remedial actions (the “recovery” bit)

- There is not that much detail supplied in the IRRD.
- It seems sensible to group recovery remedial actions/options into actions that:
  - Increase Assets (and increase Own Funds)
  - Reduce Liabilities (and increase Own Funds)
  - Decrease SCR (and increase solvency position)
  - Address the scenario (or indicator) that caused the problem (e.g. liquidity, profitability, new business volumes, etc)
- Shareholder injections are the most common remedial action – good for subsidiaries. Closure to new business (on some lines) also common.
- Ireland, Netherlands, Belgium and Luxembourg already have various local pre-emptive recovery plan requirements – these might be helpful in developing new plans.

# Resilience in strategy – adding in IRRD



## Final thoughts

“crisis prevention is less expensive and more effective than crisis management”

Recital 21 of the IRRD:

*“Existing tools may be taken into account when preparing such pre-emptive recovery plans, including the own risk and solvency assessment, contingency plans or liquidity risk management plans”*

IRRD is minimum harmonisation legislation (it sets minimum standards and coverage). National variations may occur.



# Appendix – reading list

- [EIOPA IRRD guidelines and draft technical standards \(first batch\)](#)
- EIOPA landing page on [recovery and resolution](#)
- EIOPA landing page on [IRRD](#)
- EIOPA [open consultations](#) (currently 5 open on IRRD)
- [EIOPA insurance statistics dashboard](#)
- EIOPA 2018 [discussion paper](#) on IGS
- EIOPA 2019 [consultation paper](#) on IGS
  
- AAE landing page on [responses to consultations](#)
- Insurance Europe [response to EIOPA IRRD consultation](#)
  
- [Milliman Ireland briefing note on Recovery Planning \(2023\)](#)

# ACTUARIAL ASSOCIATION OF EUROPE

Actuarial House

1 Place du Samedi

1000 Brussels

Belgium

[www.actuary.eu](http://www.actuary.eu)

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