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# EIOPA Consultation on IRRD guidelines for scenarios in pre-emptive recovery planning

## Summary of AAE Key Messages



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## What was the consultation about?

The consultation focused on draft guidelines for the range of scenarios to be used in pre-emptive recovery planning under the Insurance Recovery and Resolution Directive (IRRD). It covered:

- Structuring scenarios based on slow-moving and fast-moving events.
- Design principles for severity, including breaches of capital requirements.
- System-wide vs. idiosyncratic events, such as market-wide asset movements or concentrated exposures.

## Why does it matter?

Clear guidance ensures that recovery plans are credible and consistent across the EU without imposing disproportionate burdens on smaller firms. It helps insurers avoid duplicating work by leveraging existing ORSA frameworks while ensuring they can realistically test their capacity to restore financial positions.

## What were our key messages?

- 1. Prioritise Proportionality and Consistency:** Avoid "one-size-fits-all" rules; the guidelines must allow for cross-referencing to existing Solvency II/ORSA documentation to avoid unnecessary duplication.
- 2. Clarify Projection Horizons:** For slow-moving events, projections should not automatically span several years if not proportionate to the risk.
- 3. Include Specific Liquidity Events:** Explicitly categorise "fast-moving" events to include derivative margin calls and mass lapse scenarios.
- 4. Define Severity Thresholds:** Provide guidance on whether SCR breaches should be assessed with or without Long-Term Guarantee (LTG) measures.
- 5. Refine Idiosyncratic Risk Drivers:** Consider ownership structures (e.g., private equity maturity) as a relevant idiosyncratic risk for recovery planning.
- 6. Narrative Treatment of Reputation:** "Reputation" should not be a standalone measurement dimension but should be integrated into scenario narratives.



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