Basic information

2021/0296(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Procedure completed
Framework for the recovery and resolution of insurance and reinsurance undertakings Amending Directive 2002/47 2001/0086(COD) Amending Directive 2004/25 2002/0240(COD) Amending Directive 2009/138 2007/0143(COD) Amending Regulation 2010/1094 2009/0143(COD) Amending Regulation 2012/648 2010/0250(COD) Amending Directive 2017/1132 2015/0283(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.05 Insurance, pension funds 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision **Legislative priorities** Joint Declaration 2021 Joint Declaration 2022 Joint Declaration 2023-24	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	FERBER Markus (EPP)	25/10/2021
	Shadow rapporteur LALUCQ Aurore (S&D) YON-COURTIN Stéphanie (Renew) HAHN Henrike (Greens/EFA) VAN OVERTVELDT Johan (ECR) ZANNI Marco (ID) MACMANUS Chris (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union	
European Commission	Commission DG: Financial Stability, Financial Services and Capital Markets Union — Commissioner: MCGUINNESS Mairead
European Economic and Social Committee	

Key events

Date	Event	Reference	Summary
23/09/2021	Legislative proposal published	COM(2021)0582	Summary
22/11/2021	Committee referral announced in Parliament, 1st reading		
18/07/2023	Vote in committee, 1st reading		
18/07/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
26/07/2023	Committee report tabled for plenary, 1st reading	A9-0251/2023	Summary
11/09/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
13/09/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
29/01/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE758.182 GEDA/A/(2024)000531	
23/04/2024	Decision by Parliament, 1st reading	T9-0294/2024	Summary
23/04/2024	Results of vote in Parliament		
05/11/2024	Act adopted by Council after Parliament's 1st reading		
27/11/2024	Final act signed		
08/01/2025	Final act published in Official Journal		

Technical information

Procedure reference	2021/0296(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2002/47 2001/0086(COD) Amending Directive 2004/25 2002/0240(COD) Amending Directive 2009/138 2007/0143(COD) Amending Regulation 2010/1094 2009/0143(COD) Amending Regulation 2012/648 2010/0250(COD) Amending Directive 2017/1132 2015/0283(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Mandatory consultation of other institutions	European Economic and Social Committee

Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/07222

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE732.670	02/06/2022	
Amendments tabled in committee		PE732.672	18/07/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0251/2023	26/07/2023	Summary
Text agreed during interinstitutional negotiations		PE758.182	24/01/2024	
Text adopted by Parliament, 1st reading/single reading		T9-0294/2024	23/04/2024	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2024)000531	24/01/2024	
Draft final act	00006/2024/LEX	27/11/2024	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2021)0582	23/09/2021	Summary
Commission response to text adopted in plenary	SP(2024)394	08/08/2024	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	SE_PARLIAMENT	COM(2021)0582	04/01/2022	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES5378/2021	23/02/2022	

Additional information

Source	Document	Date
EP Research Service	Briefing	13/03/2024

European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	**Role**	**Committee**	**Date**	**Interest representatives**
FERBER Markus	Rapporteur	ECON	29/10/2025	Insurance Europe
YON-COURTIN Stéphanie	Rapporteur	ECON	15/03/2024	Euronext
YON-COURTIN Stéphanie	Rapporteur	ECON	13/03/2024	Crédit Agricole S.A.
YON-COURTIN Stéphanie	Rapporteur	ECON	07/03/2024	Bureau Européen des Unions de Consommateurs
YON-COURTIN Stéphanie	Rapporteur	ECON	23/02/2024	Deutsche Bank AG
YON-COURTIN Stéphanie	Rapporteur	ECON	23/02/2024	FIA European Principal Traders Association, part of FIA, Inc.
YON-COURTIN Stéphanie	Rapporteur	ECON	22/02/2024	Société Générale
YON-COURTIN Stéphanie	Rapporteur	ECON	22/02/2024	BNP PARIBAS
YON-COURTIN Stéphanie	Rapporteur	ECON	22/02/2024	BlackRock Invesco Management SA Natixis Investment Managers State Street Corporation Allianz Global investors capital group
YON-COURTIN Stéphanie	Rapporteur	ECON	22/02/2024	Allianz SE Assicurazioni Generali S.p.A
YON-COURTIN Stéphanie	Rapporteur	ECON	22/02/2024	Fidelity International
YON-COURTIN Stéphanie	Rapporteur	ECON	21/02/2024	Crédit Agricole S.A.
YON-COURTIN Stéphanie	Rapporteur	ECON	21/02/2024	Association Française des Marchés Financiers
YON-COURTIN Stéphanie	Rapporteur	ECON	21/02/2024	Association Française de la Gestion financière
YON-COURTIN Stéphanie	Rapporteur	ECON	14/02/2024	Insurance Europe
YON-COURTIN Stéphanie	Rapporteur	ECON	13/02/2024	ICI Global
YON-COURTIN Stéphanie	Rapporteur	ECON	12/02/2024	Crédit Agricole S.A.
YON-COURTIN Stéphanie	Rapporteur	ECON	07/02/2024	Association Française de la Gestion financière
YON-COURTIN Stéphanie	Rapporteur	ECON	30/01/2024	WWF European Policy Programme
YON-COURTIN Stéphanie	Rapporteur	ECON	29/01/2024	Société Générale
YON-COURTIN Stéphanie	Rapporteur	ECON	26/01/2024	Fédération bancaire française
YON-COURTIN Stéphanie	Rapporteur	ECON	26/01/2024	AMUNDI AM
YON-COURTIN Stéphanie	Rapporteur	ECON	07/12/2023	Finance Watch

YON-COURTIN Stéphanie	Rapporteur	ECON	07/12/2023	Bureau Européen des Unions de Consommateurs
FERBER Markus	Rapporteur	ECON	01/12/2023	Gesamtverband der Deutschen Versicherungswirtschaft
YON-COURTIN Stéphanie	Rapporteur	ECON	17/11/2023	Société Générale
YON-COURTIN Stéphanie	Rapporteur	ECON	16/11/2023	Crédit Agricole S.A.
YON-COURTIN Stéphanie	Rapporteur	ECON	16/11/2023	Chambre Nationale des Conseils en Gestion de Patrimoine
LALUCQ Aurore	Shadow rapporteur	ECON	25/10/2022	ACPR
LALUCQ Aurore	Shadow rapporteur	ECON	05/10/2022	Représentation permanente Francaise
LALUCQ Aurore	Shadow rapporteur	ECON	04/10/2022	Finance Watch
LALUCQ Aurore	Shadow rapporteur	ECON	11/05/2022	Chambre Syndicale des Courtiers d'Assurances
LALUCQ Aurore	Shadow rapporteur	ECON	27/04/2022	France Assureurs
FERBER Markus	Rapporteur	ECON	22/04/2022	European Commission
LALUCQ Aurore	Shadow rapporteur	ECON	21/04/2022	Insurance Europe
FERBER Markus	Rapporteur	ECON	06/04/2022	Verband der Privaten Krankenversicherung e.V.

Other Members

Transparency		
Name	**Date**	**Interest representatives**
GARCÍA-MARGALLO Y MARFIL José Manuel	03/11/2023	AEB

Final act	
Directive 2025/0001 OJ OJ L 08.01.2025	Summary

Framework for the recovery and resolution of insurance and reinsurance undertakings

2021/0296(COD) - 08/01/2025 - Final act

PURPOSE: to harmonise the rules and procedures for the resolution of insurance and reinsurance undertakings.

LEGISLATIVE ACT: Directive (EU) 2025/1 of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) No 648/2012, (EU) No 806/2014 and (EU) 2017/1129.

CONTENT: this Directive amending the Solvency II Directive (the main EU legislation in the field of insurance) aims to ensure that insurers and competent authorities in the EU are better prepared to deal with situations of severe financial difficulty, so that authorities can intervene early and quickly, including on a cross-border level. The new rules will protect policyholders, while minimising the impact on the economy and the financial system, and avoiding the need to use taxpayers' money.

Designation of resolution authorities and competent ministries

For an orderly resolution process, and to avoid conflicts of interest, Member States will appoint public administrative authorities or authorities entrusted with public administrative powers to perform the functions and tasks in relation to the recovery and resolution framework. They will ensure that adequate resources are allocated to those resolution authorities. Where a Member State designates a resolution authority that has other functions, adequate structural arrangements will be put in place to separate those functions from the functions related to resolution and to ensure operational independence.

Pre-emptive recovery plans

Insurance and reinsurance undertakings that are not part of a group subject to pre-emptive recovery planning, and that meet certain criteria, will draw up and keep updated a pre-emptive recovery plan.

Supervisory authorities will:

- subject insurance and reinsurance undertakings to **requirements for pre-emptive recovery planning** on the basis of their size, business model, risk profile, interconnectedness, substitutability, their importance for the economy of the Member States in which they operate and their cross-border activities, in particular significant cross-border activities;

- ensure that at least 60% of the Member State's life insurance and reinsurance market and at least 60% of its non-life insurance and reinsurance market are subject to pre-emptive recovery planning requirements. Small and non-complex undertakings should not be subject to pre-emptive recovery planning requirements, except where a supervisory authority considers that such an undertaking represents a particular risk at national or regional level.

Insurance and reinsurance undertakings will have to update their pre-emptive recovery plans at least every two years. These plans should not assume any access to or receipt of extraordinary public financial support.

Ultimate parent undertakings or individual insurance or reinsurance undertakings will therefore be required to submit their pre-emptive recovery plans to supervisory authorities for a complete assessment, including the assessment of whether those plans are comprehensive and could feasibly restore an undertaking or group's viability in a timely manner, even in periods of severe financial stress. Where an undertaking presents a pre-emptive recovery plan that is not adequate, supervisory authorities will be empowered to require that undertaking to take measures necessary to redress the material deficiencies of the plan.

Small and non-complex undertakings will not be obliged to draw up separate pre-emptive recovery plans, nor should they be subject to resolution planning, except where such an undertaking represents a particular risk at national or regional level.

Resolution plans

The resolution authorities will draw up resolution plans for insurance and reinsurance undertakings for which they assess that it is more likely, when compared to other undertakings under their remit, that resolution action would be in the public interest in the event of the failure of the undertaking concerned, or for which the authorities assess that they perform a critical function. That assessment will take 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.

The resolution authorities will ensure that at least **40%** of the Member State's life insurance and reinsurance market and 40 % of its non-life insurance and reinsurance market, are subject to resolution planning.

Resolvability

Resolution authorities will assess the extent to which insurance or reinsurance undertakings that are not part of a group are resolvable **without the assumption of any extraordinary public financial support** besides, where available and applicable, the use of insurance guarantee schemes or of any financing arrangements. An insurance or reinsurance undertaking will be deemed resolvable where it is feasible and credible for that undertaking to be wound up under normal insolvency proceedings.

Resolution

The resolution objectives are: (a) protecting the collective interest of policy holders, beneficiaries and claimants; (b) maintaining financial stability, in particular by preventing contagion and by maintaining market discipline; (c) ensuring the continuity of critical functions; (d) protecting public funds by minimising reliance on extraordinary public financial support.

Member States will ensure that resolution authorities, when they apply resolution tools and exercise resolution powers, take all appropriate measures to ensure that the resolution action is taken in accordance with the following principles: (a) the **shareholders** of the undertaking under resolution bear first losses; (b) **creditors** of the undertaking under resolution bear losses after the shareholders; (c) the **administrative, management or supervisory body** and the senior management of the undertaking under resolution are replaced, except where the retention, in whole or in part, of that body or the senior management is considered necessary; (d) **natural and legal persons** are made liable under civil or criminal law for their responsibility for the failure of the undertaking under resolution.

Resolution colleges

Group-level resolution authorities will establish resolution colleges. Where a third-country insurance or reinsurance undertaking or third-country parent undertaking has Union subsidiary undertakings established in two or more Member States, the resolution authorities of the Member States where those Union subsidiary undertakings are established or where those Union branches of a third-country undertaking are located may establish a **European resolution college**.

ENTRY INTO FORCE: 28.1.2025.

TRANSPOSITION: no later than 29.1.2027.

Framework for the recovery and resolution of insurance and reinsurance undertakings

2021/0296(COD) - 23/09/2021 - Legislative proposal

PURPOSE: to establish a European framework for the recovery and resolution of insurance and reinsurance undertakings.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: insurance policies form an integral part of the daily life of European citizens. For many social and economic activities, holding an insurance policy is necessary to protect against potential risks. They also include savings products, which will determine the long-term welfare of their holders. The **disorderly failure** of insurers can therefore have a significant impact on policy holders, beneficiaries, injured parties or affected businesses. The management of a near-failure or the failure of certain insurers, particularly large cross-border groups, or the simultaneous failure of multiple insurers can also lead to or amplify financial instability.

Although Directive 2009/138/EC (Solvency II Directive) of the European Parliament and of the Council aimed at strengthening the financial system in the EU and the resilience of insurance and reinsurance undertakings, it did not completely eliminate the possibility of failures of such insurance and reinsurance undertakings.

Moreover, there are currently **no harmonised procedures at European level for resolving insurers**. This results in considerable substantive and procedural differences between the laws, regulations and administrative provisions that govern the failure of insurers in the Member States. A regime is therefore needed to provide authorities with a credible set of resolution tools to **intervene sufficiently early and quickly if insurers are failing** or likely to fail to ensure a better outcome for policy holders, while minimising the impact on the economy, the financial system and any recourse to taxpayers' money.

CONTENT: the proposed Directive seeks to **harmonise national laws on recovery and resolution of insurers** or introduces such a framework if there is none yet, to the extent necessary to ensure that Member States have the same tools and procedures to address failures. The harmonised framework would also safeguard the interests of policy holders and preserve the real economy. It would contribute to financial stability and trust in the internal market for insurance and reinsurance.

The proposal addresses crisis management and provides for a comprehensive package of measures including, *inter alia*, the following elements:

Prevention and preparedness

The proposal requires insurance and reinsurance undertakings established in the EU and subject to the 'Solvency II' regulatory framework to develop preventive recovery plans, in order to be better prepared for a possible crisis and to be able to take prompt remedial action if a crisis occurs.

Set-up of resolution authorities

This proposal requires Member States to set up insurance **resolution authorities**, equipped with a minimum harmonised set of powers to undertake all the relevant preparatory and resolution actions. The proposal does not specify the particular authority that should be appointed and can therefore be for example national central banks, competent ministries, public administrative authorities or other authorities entrusted with public administrative powers.

Resolution tools

The framework would provide national authorities with resolution tools to intervene early and quickly enough in the event of failure or risk of failure of insurers. These instruments would maintain insurance cover for policyholders, beneficiaries and injured parties and allocate losses in a fair and predictable manner.

Cross-border group resolution

To take account of the cross border nature of some insurance groups and create a comprehensive and integrated framework for recovery and resolution actions in the Union, **resolution colleges** will be established under the leadership of the group resolution authority and with the participation of the European Insurance and Occupational Pensions Authority (EIOPA). The objective of the colleges is to coordinate preparatory and resolution measures among national authorities to ensure optimal solutions at Union level.

Changes to the Solvency II Directive

This proposal clarifies supervisory authorities' powers to impose preventive measures to insurers in cases of deteriorating financial positions or breaches of regulatory requirements, to avoid the escalation of the problems at a sufficiently early stage of deterioration.

Penalties

In order to ensure compliance by insurers, those who effectively control their business and their administrative, management or supervisory body with the obligations deriving from this proposal, Member States should provide for administrative sanctions and other administrative measures which are effective, proportionate and dissuasive. EIOPA should maintain a central database of all administrative sanctions.

Implementation

The proposal requires Member States to transpose the recovery and resolution rules in their national laws within 18 months from the entry into force of this proposal. National authorities should report to EIOPA on the application of simplified obligations on an annual basis, which EIOPA should in turn disclose.

Framework for the recovery and resolution of insurance and reinsurance undertakings

2021/0296(COD) - 26/07/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the reported by Markus FERBER (EPP, DE) on the proposal for a directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012.

As a reminder, the aim of this proposed directive is to make the insurance and reinsurance sector more resilient and enhance the protection of policyholders, taxpayers, the economy and financial stability within the EU. Moreover, the new directive will provide a framework for cases where the Solvency II regime does not prevent the failure of an insurance undertaking. The Insurance Recovery and Resolution Directive (IRRD) will provide harmonised resolution procedures, making failures of insurance companies easier to handle, especially in a cross-border context.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Scope

The amended text reinforces the role of the European Insurance and Occupational Pensions Authority. The EIOPA should be informed of any additional or stricter rules adopted by Member States, other than those laid down in the directive.

Resolution plans

Members added that the resolution plans should also contain a preliminary assessment of the feasibility and credibility of the winding up under normal insolvency proceedings or of resolution actions. Resolution authorities should draw up resolution plans for each insurance and reinsurance undertaking that is subject to pre-emptive recovery planning requirements provided they assess that the public interest would be positive in the event of a failure or for which a critical function exists. This assessment should be made on the basis of the resolution objectives and criteria such as size, business model, risk profile, interconnectedness, substitutability and **cross-border activity**.

Group resolution plans

The amended text suggested that Member States should ensure that group resolution authorities draw up group resolution plans to be activated in case the ultimate parent undertaking or one of the material undertakings within the group risks experiencing a significant deterioration of its

financial position.

Financial arrangements

Financing arrangements should be established in each Member State to compensate policy holders of insurance and reinsurance undertakings authorised in that Member State. While directly absorbing the losses of an insurance company should be avoided, it should be possible to use such financing arrangements to finance other costs associated with the use of resolution tools as a last resort, to the extent necessary to achieve the resolution objectives and insofar as the resolution principles are fully respected. Acknowledging the diversity in insurance markets, Member States should be given some flexibility in relation to the precise arrangements of external financing as long as the availability of sufficient liquidity to guarantee compensation within a reasonable timeframe is ensured. A Member State should impose a contribution obligation only to insurance and reinsurance undertakings authorised in that Member State and to Union branches of a third country undertaking which are established in its territory.

Policy-holder protection

The report stated that the global financial crisis showed the need for high levels of protection for policy holders. The introduction of **insurance guarantee schemes** (IGSs) should therefore be advanced. A harmonised framework of national insurance guarantee schemes would help to **minimise reliance on public funds** by providing equal protection to policy holders and beneficiaries in the event of an insurer’s insolvency. The current lack of homogeneity between national IGSs leads to unequal treatment of policy holders and beneficiaries of to the same insurer, as demonstrated by recent cross-border insurance failures. After sufficient experience in the application of this Directive has been gained, the Commission, after consulting EIOPA, should evaluate and report to the European Parliament and the Council on the possibility of introducing harmonised minimum basic requirements for insurance guarantee schemes in the Union and the steps that would be necessary in order to do so.

Review

By 1 January 2026, the Commission, after having consulted EIOPA, should submit a report to the European Parliament and to the Council on the application of this Directive.

Framework for the recovery and resolution of insurance and reinsurance undertakings

2021/0296(COD) - 23/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 475 votes to 37, with 99 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012.

As a reminder, the objective of this proposal for a directive is to harmonise the rules and procedures for the resolution of insurance and reinsurance undertakings with a view to making the insurance and reinsurance sector more resilient and strengthening the protection of policyholders, taxpayers, the economy and financial stability within the EU. The directive will introduce harmonised resolution procedures, which will facilitate the management of insurance company failures, particularly in a cross-border context.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Pre-emptive recovery plans

Member States should ensure that insurance and reinsurance undertakings that are not part of a group subject to pre-emptive recovery planning, and that meet certain criteria, draw up and keep updated a pre-emptive recovery plan. Member States should ensure that the supervisory authority subjects insurance and reinsurance undertakings to pre-emptive recovery planning requirements on the basis of their size, business model, risk profile, interconnectedness, substitutability, their importance for the economy of the Member States in which they operate and their cross-border activities, in particular significant cross-border activities.

Supervisory authorities should ensure that at least **60%** of the Member State's life insurance and reinsurance market and at least **60%** of its non-life insurance and reinsurance market are subject to pre-emptive recovery planning requirements. Small and non-complex undertakings should not be subject to pre-emptive recovery planning requirements, except where a supervisory authority considers that such an undertaking represents a particular risk at national or regional level.

Insurance and reinsurance undertakings should update their pre-emptive recovery plans at least every two years.

Concerning **group pre-emptive recovery plans**, Member States should ensure that the group supervisor has the power to require that the ultimate parent undertaking of a group draw up and submit to the group supervisor a group pre-emptive recovery plan.

Resolution plans

The amended text stated that the resolution authorities should draw up resolution plans for insurance and reinsurance undertakings for which they assess that it is more likely, when compared to other undertakings under their remit, that resolution action would be in the public interest in the event of the failure of the undertaking concerned, or for which the authorities assess that they perform a critical function. That assessment should take 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.

Based on the assessment, resolution authorities should ensure that at least **40%** of the Member State's life insurance and reinsurance market and **40 %** of its non-life insurance and reinsurance market, are subject to resolution planning.

Resolution

The resolution objectives are: (a) protecting the collective interest of policy holders, beneficiaries and claimants; (b) maintaining financial stability, in particular by preventing contagion and by maintaining market discipline;

(c) ensuring the continuity of critical functions; (d) protecting public funds by minimising reliance on extraordinary public financial support.

When pursuing these objectives, resolution authorities should choose those approaches in relation to critical functions that best preserve the continuity of insurance coverage for the policy holders. They should prioritise the use of financing sources other than the budget of the Member States.

In order to provide for a clear delineation of responsibilities between supervisory and resolution authorities, it should be specified that, once resolution action has been taken by the resolution authority, it is the resolution authority that becomes **ultimately responsible** for the effective implementation of such resolution action. From that moment in time, the supervisory authority should therefore refrain from adopting any measures with respect to the undertaking under resolution without the prior agreement of the resolution authority. Similarly, the resolution authority should have the power to terminate, in the context of resolution action, any measure taken by the supervisory authority in case its continuation would hinder the application of resolution tools.

European resolution colleges

Group-level resolution authorities should establish resolution colleges. Where a third-country insurance or reinsurance undertaking or third-country parent undertaking has Union subsidiary undertakings established in two or more Member States, or two or more Union branches of a third country

undertaking that are regarded as significant by two or more Member States, the resolution authorities of the Member States where those Union subsidiary undertaking are established or where those Union branches of a third country undertaking are located may establish a **European resolution college**.

Financing arrangements

Each Member State should establish one or more financing arrangements to ensure that the resolution authority has at its disposal adequate funds through ex-ante or ex-post contributions or a combination thereof from insurance and reinsurance undertakings authorised in that Member State and from Union branches of third-country undertakings located in the territory of that Member State to cover at least the payment of the difference to shareholders, policy holders, beneficiaries, claimants or other creditors referred to in this Directive.

Member States may provide for the possibility to use financing arrangements also to cover other costs associated with the use of resolution tools, insofar as the use of financing arrangements is necessary for the achievement of the resolution objectives.