



Resolution

**Points of entry into resolution in the
insurance sector**

Resolution Directorate

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Points of entry into resolution in the insurance sector

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The ACPR's approach

Selecting the appropriate resolution strategy is essential for planning and implementing resolution, as it determines how the tools and measures available to the resolution authority will be applied in the event of an insurer's failure.

As the resolution authority¹, the ACPR is responsible for drawing up a pre-emptive resolution plan² for all entities subject to the submission of a pre-emptive recovery plan³. The aim of resolution plans is to ensure the continuity of a given group's "critical" functions⁴ in the event of a crisis. These functions are essential for safeguarding economic and financial stability, as well as protecting policyholders⁵.

The pre-emptive resolution plans identify the 'points of entry' of the insurance (sub-) groups, i.e. the legal entities to which resolution tools and measures will be applied⁶.

Two main approaches can be considered, based on a typology initially developed for managing banking crises.

Single Point of Entry (SPE) resolution centralises intervention by a single resolution authority at the level of the group's head. The other approach, Multiple Points of Entry (MPE), distributes intervention among several national resolution authorities, each exercising its resolution powers over a given entity of the group that serves as the point of entry for the relevant jurisdiction.

The decentralised structure of insurance groups, combined with the diversity of legal regimes across and within jurisdictions (due to the wide variety of legal forms and authorisations for insurance undertakings), favours an MPE approach. This approach requires close coordination between resolution authorities to ensure the orderly management of crises and consistent implementation of resolution tools across various national subgroups.

However, the dynamics of insurance groups may render centralised resolution within each relevant jurisdiction ineffective if resolution tools need to be applied to different entities within the same jurisdiction. Identifying points of entry involves identifying 'operating companies' ('opco'), which are individual operational entities or subsidiaries that act as main points of entry, as opposed to 'top companies' ('topco'), which refer to the heads of (sub-) groups, whether they are non-operating holding companies or parent undertakings conducting operational activities.

The study shows that current governance's structure of internationally active French insurance groups suggests that MPE-type strategies are generally more relevant, combined with an 'opco' approach.

The aim of this study is to describe the conceptual framework of points of entry and resolution strategies within an insurance group, as derived from international work, and how this conceptual framework is implemented in practice by the ACPR in light of the insurance sector's national specificities.

¹ The resolution authority is the entity or body tasked with managing the failure of (re)insurance undertakings in order to safeguard the four resolution objectives in the event of a crisis.

² Code des assurances (French Insurance Code), Article L311-8.

³ Code des assurances (French Insurance Code), Article L311-5.

⁴ Code des assurances (French Insurance Code), Article L311-2.

⁵ Code des assurances (French Insurance Code), Article L311-22.

⁶ [ACPR, Implementation of resolution instruments applicable to insurance undertakings and resolution strategies \(2021\).](#)

I. Identifying a point of entry for insurers' resolution strategies

1. The legal and organisational structure of international insurance groups is a decisive factor in the choice between a single or a multiple point-of-entry strategy

1.1. The structure of insurance groups and its influence on the choice of strategy

The choice between an SPE and an MPE depends primarily on the capital, legal and operational structure of the insurance group being considered for resolution.

To determine the most appropriate strategy, the resolution authority must consider the capacity to implement resolution measures at the level of the group's parent undertaking⁷. This assessment requires numerous analytical criteria, such as the nature and degree of concentration of business and operational activities at the group head level, internal interconnectedness, and the group's recapitalisation capacity.

Furthermore, cross-border activities necessitate an analysis of the respective powers and prerogatives of national resolution authorities with regard to the parent undertaking and its subsidiaries.

In the insurance sector, groups tend to be fragmented and the level of financial interconnectedness between group entities is generally low. Indeed, insurance groups tend to be structured in a decentralised manner, comprising legally and financially independent entities operating in different regulatory environments.

1.2 The SPE strategy: a model suited only to certain centralised groups, under specific conditions

In the context of a highly interconnected group, the SPE approach may be more appropriate if the resolution authority chooses to designate the group's parent undertaking as the resolution entity (or point of entry), as this would optimally satisfy the four objectives assigned to the resolution procedure: ensuring the continuity of all critical functions performed by the operational subsidiaries; safeguarding financial stability; and protecting state or national resources, as well as the rights of beneficiaries. This strategy essentially involves transferring losses to the parent undertaking and providing capital to one or more distressed or failing subsidiaries.

It is particularly well-suited to groups with significant centralised resources at the group head level, as well as loss-absorbing and recapitalisation mechanisms in place⁸ — including in a cross-border context. However, there are several challenges to implementing this approach in the insurance sector. International insurers often have a decentralised structure, with local subsidiaries frequently having their own resources and being managed independently. Sometimes they are managed as single entities at the country level and sometimes as several subgroups governed by different organisational and financial rationales. This fragmentation in terms of capital and governance complicates the implementation of an SPE strategy.

1.3 The MPE strategy: an approach better suited to most of international insurers

The MPE approach appears to be more aligned with the actual structure of many international insurance groups, in which most entities are separately capitalised and have limited financial links with each other. If a subsidiary or subgroup encounters difficulties, the issue can be resolved locally without affecting other group entities, enabling them to continue operating independently.

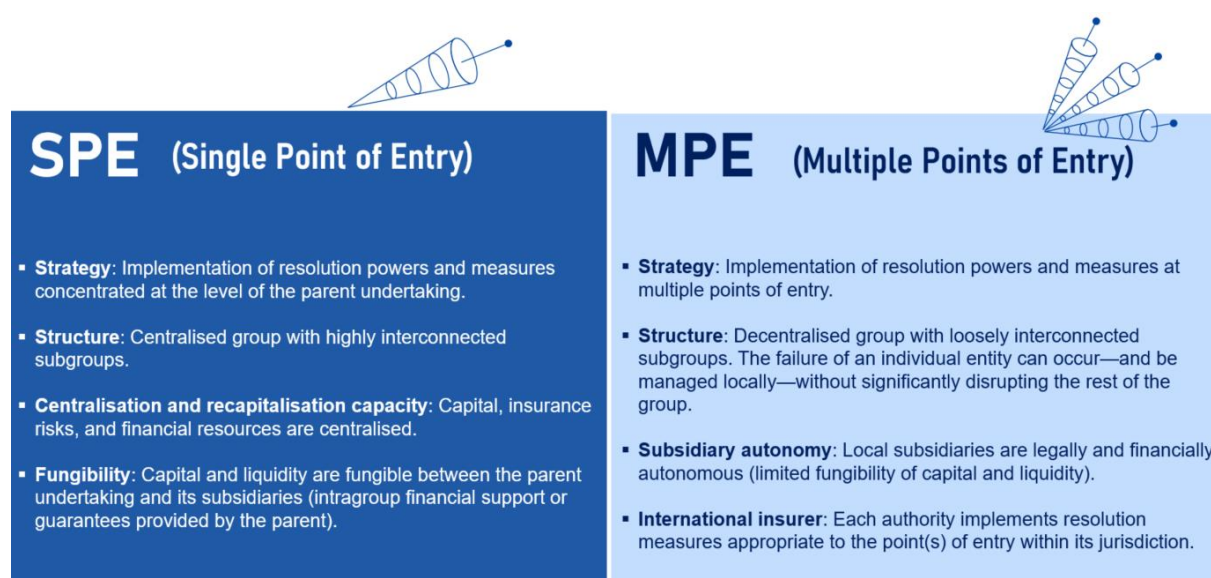
⁷ For the purposes of its work, the ACPR has adopted the prudential definition of a group, as laid down in Solvency II (Article 212(1) point (c), Directive 2009/138/EC).

⁸ Contrary to MREL in the banking sector, insurers are not bound by minimum requirements for own funds and eligible liabilities to absorb potential losses, whether it be under the current French regime or under the future European one (see footnote 11).

Adopting an MPE strategy also helps to avoid or limit the transfer of losses from one entity to another, thereby ensuring that policyholders are treated fairly.

An MPE strategy is often necessary for certain international groups beyond the legal, financial or operational structure and interconnectedness, when an international resolution strategy cannot be implemented due to inconsistencies in the regulatory framework and the lack of mutual recognition of the powers of the resolution authorities across jurisdictions. This fragmentation can complicate crisis management at an international level, particularly with regard to points of entry.

Despite references to insurance in the Financial Stability Board's (FSB) Key Attributes since 2011⁹ and the existence of a methodology specifically tailored to the assessment of these Key Attributes for the insurance sector¹⁰, there have only been a few initiatives to establish a resolution regime for insurers. The EU Directive (EU) 2025/1, the Insurance Recovery and Resolution Directive (IRRDR)¹¹, establishes a harmonised European framework for crisis management. Notably, this directive strengthens the preparedness of insurers and resolution authorities in the event of an insurer's failure, especially in a cross-border context, facilitating coordination and the implementation of resolution measures at the European level. However, prior to its adoption, only three EU Member States (the Netherlands, Romania and France) had a national regime in place. While some jurisdictions, such as the United States, Hong Kong and Japan, have established frameworks and tools that enable authorities to address insurer failures, countries such as India, Argentina, China and Indonesia still lack formal regimes, as well as the necessary powers and tools for implementing resolution strategies¹².



Source: ACPR

⁹ [Financial Stability Board, Key Attributes Assessment Methodology for Effective Resolution Regimes in the Insurance Sector \(August 2020\)](#), accessed on 24.01.2025.

¹⁰ [Financial Stability Board, Key Attributes Assessment Methodology for Effective Resolution Regimes in the Insurance Sector \(August 2020\)](#), accessed on 24.01.2025.

¹¹ [Directive \(EU\) 2025/1 of the European Parliament and of the Council of 27 November 2024 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, OJ L, 2025/1, 8.1.2025.](#)

¹² [Financial Stability Board, Resolution Report: From Lessons to Action: enhancing resolution preparedness \(2024\)](#), Annex 2, accessed on 24.01.2025.

2. The topco/opco distinction, a conceptual alternative for both international insurers and national (sub-) groups

2.1 Interactions between SPE/MPE strategies and topco/opco strategies

Although the MPE strategy seems more appropriate for large international insurance groups, the distinction between MPE and SPE does not always accurately reflect the complexity of insurers' structures when they develop their resolution strategy within each relevant jurisdiction.

This distinction was originally designed to describe how national authorities intervene in cross-border crisis management, with each authority implementing measures at an identified national point of entry. Therefore, the distinction between topco and opco can complement or replace an SPE/MPE approach where the latter is not feasible due to the group's governance structure¹³.

Two strategies can then be considered:

- Opco resolution, which involves entering into resolution at the level of individual operational entities;
- Topco resolution, which involves entering into resolution at the level of the (sub-)group head.

The resolution strategy for a national group or subgroup under an MPE approach may rely on either of these two strategies, or a combination of both, depending on the specific features and activities of the group.

While the MPE/SPE approach applies to a group composed of a set of national sub-groups, each with an identified point of entry, the opco/topco approach enables authorities to tailor resolution strategies for sub-groups composed of a set of entities by determining the most effective way to intervene in light of the resolution objectives.

2.2 Identifying points of entry and selecting a topco or opco strategy

In a topco strategy, resolution tools are applied at the level of the (sub-) group's head office. The parent undertaking (or the main entity of the group) is the entry point for crisis management. The objective is to manage failure at group level in an orderly manner while preserving the group's overall stability. Under this strategy, the parent undertaking (or main entity) is responsible for managing the group's overall risk profile. Consequently, in the event of localised failure, the response must involve financial support or a loss-allocation mechanism provided by the parent undertaking.

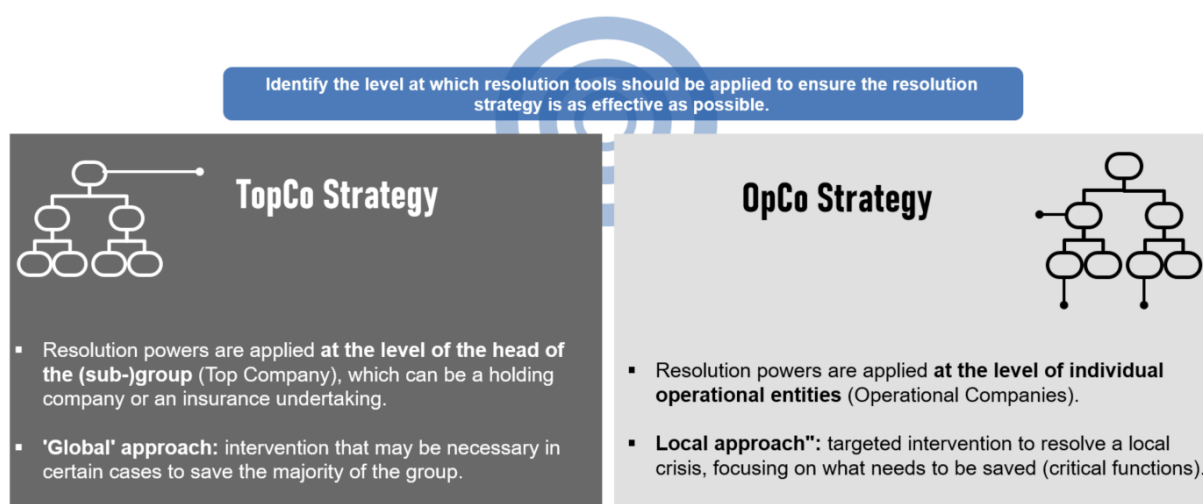
For a topco strategy to be effective, the resolution tools applied at the level of the parent undertaking (or main entity) must be sufficient to address the group's difficulties as a whole. Therefore, this strategy requires significant centralisation at group level prior to the crisis, for example through broad guarantee arrangements binding the parent undertaking in relation to its subsidiaries or the significant use of intra-group reinsurance.

By contrast, in an opco strategy, resolution tools are applied at the level of individual operational entities. This strategy focuses on subsidiaries performing critical functions or whose failure would jeopardise the resolution objectives. It may also target subsidiaries whose failure could indirectly affect the continuity of the group's critical functions or jeopardise other resolution objectives. In other words, resolution powers and tools are applied to subsidiaries with a positive public interest assessment¹⁴.

Decentralised groups, in which entities operate fairly independently, are most suited to this strategy. In such groups, subsidiaries are independently managed in terms of both governance and solvency and liquidity.

¹³ "The Guidance distinguishes entry into resolution at the level of individual operating entities (opco) and at the level of a non-operating holding company (topco)". [Financial Stability Board, Developing Effective Resolution Strategies and Plans for Systemically Important Insurers \(2016\)](#), accessed on 24.01.2025.

¹⁴ [ACPR, The Public Interest Assessment of insurance undertakings \(2024\)](#).



Source: ACPR

II. Factoring in the specific national characteristics of insurance groups in the ACPR's definition and operationalisation of resolution strategies

1. Resolution strategy and potential for combined approaches in determining points of entry

1.1 Critical functions to be safeguarded are often distributed across several entities within a single insurance group

The SPE/MPE approach describes how national resolution authorities intervene in the crisis management of an internationally operating group. For most French groups with a global presence, an MPE strategy is unavoidable, as each national sub-group within the group has at least one identified national point of entry.

The topco/opco approach aims to determine the appropriate level at which resolution tools must be applied to the sub-group level for the strategy to be as effective as possible. An opco strategy would be relevant for French insurance groups where critical functions are often distributed across several group entities, as it enables direct intervention at the level of the relevant local entities. Although less common in the French context, a topco strategy, involving intervention at group level, remains a possibility in certain situations, particularly when resolution objectives other than continuity of critical functions are threatened (see Section 1.2).

The general principle of separating life and non-life insurance means that French insurance groups are structured around several legal entities specialising in different types of risk. Therefore, an insurance group offering a full range of insurance products inevitably comprises several entities to cover the various lines of business. For example, claims management in legal expenses insurance requires independence of treatment due to potential conflicts of interest with the group's insurers¹⁵ and is thus usually entrusted to a legally distinct subsidiary.

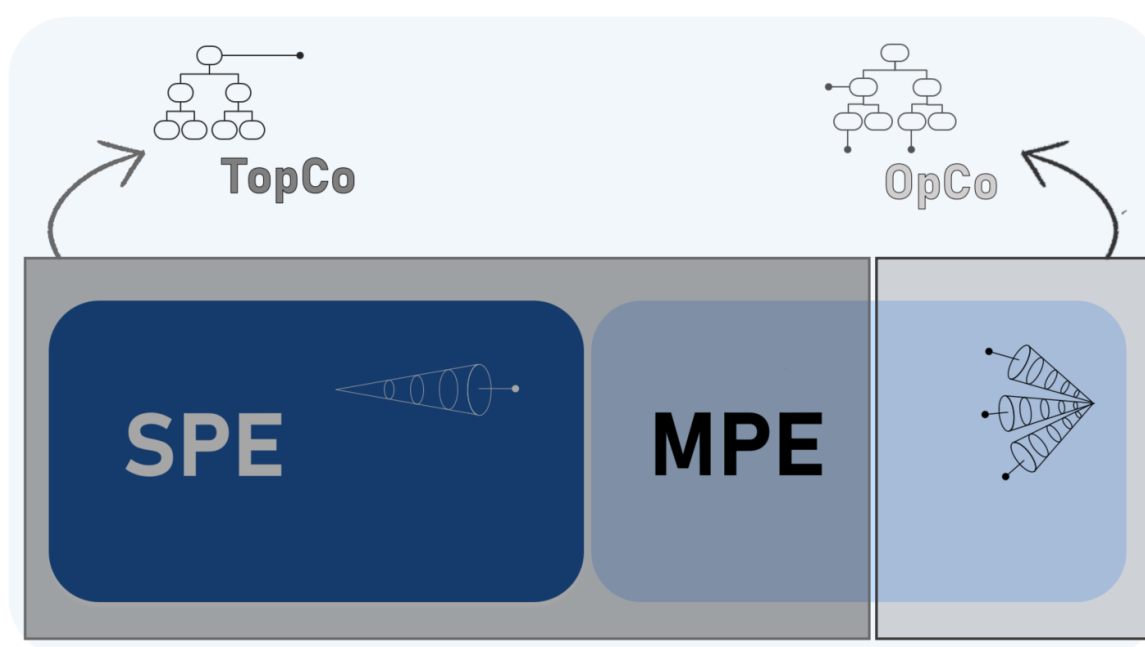
Groups comprising entities governed by different legal codes — for example, following a series of mergers — also tend to maintain multiple entities in order to preserve the specific features associated

¹⁵ Code des assurances (French Insurance Code), Article L.322-2-3.

with each legal framework. This is particularly true with regard to joint or cooperative governance (*gouvernance paritaire ou coopérative*). Similarly, capital-based groups may adopt a similar structure to retain legacy brands, governance structures, or the specific expertise of existing teams. In some cases, this may reflect links to different professional sectors, particularly in the case of joint organisations (*organismes paritaires*).

Consequently, critical functions¹⁶ — like all insurance activities — are often carried out simultaneously by multiple distinct entities within the same group. In order to preserve critical functions in their entirety, the ACPR must apply resolution tools at the level of each undertaking involved in critical functions, following an opco approach.

Although critical functions must, in principle, be fully preserved to meet resolution objectives, the ACPR must act in accordance with the principle of proportionality as set out in the French Insurance Code¹⁷. Entities not performing critical functions, as well as the group as a whole, should, as far as possible, remain unaffected by the resolution process.



Source: ACPR

1.2 Taking into account financial stability and the other resolution objectives

One of the four resolution objectives, as defined in Article L.311-22, paragraph I, of the French Insurance Code, is preserving the continuity of critical functions. The other objectives are safeguarding financial stability, protecting government resources, and protecting the rights of beneficiaries.

When implementing a resolution action, the resolution authority must consider all of these objectives, ensuring a fair balance between them depending on the specific nature and circumstances of each situation and entity involved¹⁸. For instance, if the dissolution of a failing entity threatens financial stability due to its size or systemic role, without any critical functions being identified, safeguarding financial stability could justify intervention at the level of the (sub-) group's head (topco strategy). This would not

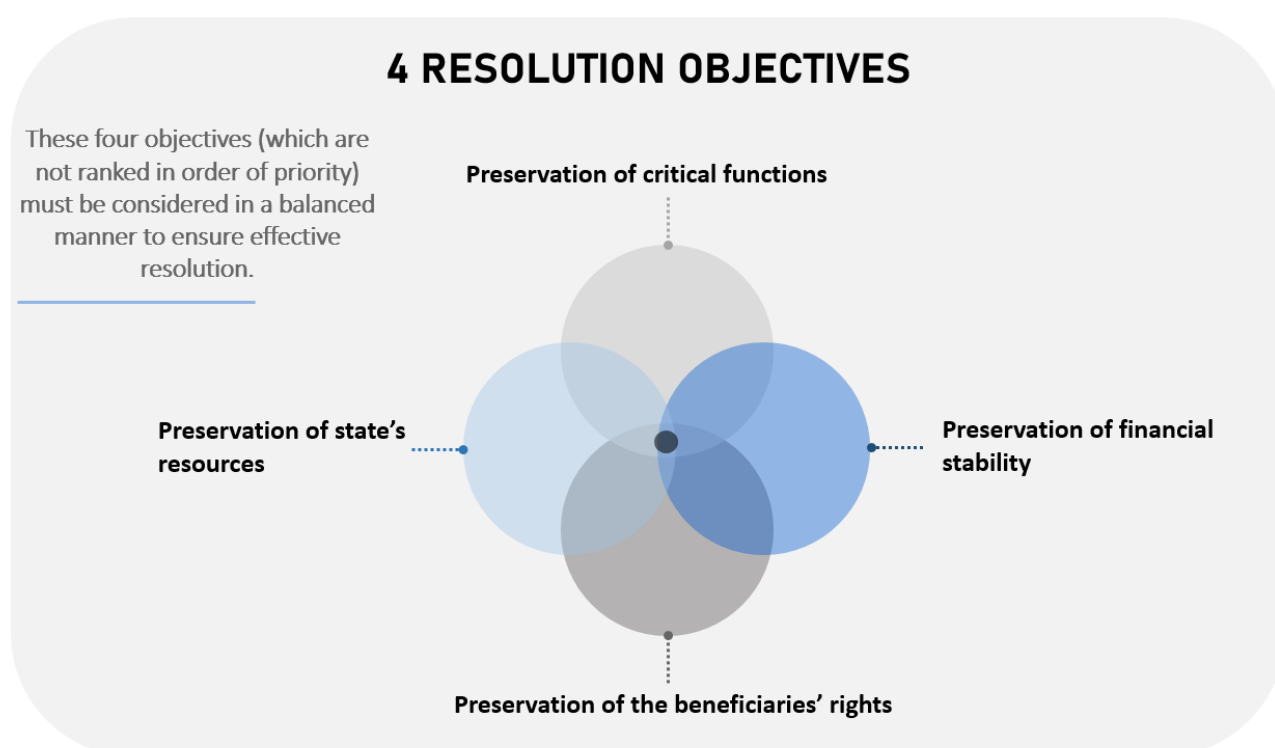
¹⁶ [ACPR, Identification of the critical functions of insurance undertakings \(2020\)](#).

¹⁷ Article L. 311-22, Paragraph III of the *Code des assurances* (French Insurance Code) thus provides that "where the person under resolution is part of a group [...], the resolution college shall implement resolution measures in such a way as to mitigate their impact on other group entities and on the group as a whole".

¹⁸ *Code des assurances* (French Insurance Code), Article L.311-22, I.

affect the requirement to mitigate the impact of resolution on the group as a whole¹⁹. This is why it is essential to analyse all dependencies and interconnections between the various activities concerned during resolution planning in order to define the optimal level of intervention when applying resolution tools. Currently, these tools are all designed to separate activities to be preserved from the failing group in order to meet resolution objectives.

Thus, if the public interest assessment calls for a large part of a group to be maintained and suitable resolution tools are available for this purpose — which will be the case with the IRRD — the topco strategy may be more appropriate than the opco strategy. This is because resolving a failing entity that performs critical functions but is relatively small compared to the rest of the group could create specific challenges (e.g. a positive public interest assessment based on a small entity with an MPE strategy).



2. Services and activities supporting critical activities must be maintained and continue to support critical functions during the resolution process

2.1 Identifying support functions for critical activities

Crisis prevention and management measures apply to entities that form part of a group, even if these entities are not insurance entities, insofar as they provide services that are essential to the group's activities²⁰. Consequently, these support functions must be identified when developing resolution strategies and measures.

- *Definition of support functions for critical activities*

Critical shared services or support functions can be defined as activities, functions or services that are provided by an internal unit, a separate legal entity within the group or an external service provider to

¹⁹ See footnote 18.

²⁰ *Code des assurances* (French Insurance Code), Article L. 311-1, 4°.

one or more operational units or legal entities within the group, whose failure would trigger the collapse of critical functions (or create significant impediments to their continuity)²¹.

Critical shared services fall into two main categories.

- **Shared financial services** involve managing an entity's or financial group's financial resources in relation to the operation or provision of one or more critical functions. These services include cash management, trading, asset management, risk management, and valuation, among others.
- **Shared operational services** provide the infrastructure necessary for an entity or financial group to perform critical functions. These include IT infrastructure and software-related services, as well as support for staff, human resources, procurement, facilities management, and transaction processing.

Functions such as legal and compliance services are also considered shared operational services. While they do not require financial resources themselves, shared operational services provide the necessary infrastructure to enable the entity and its various components to operate.

- *Objectives of identifying support functions*

As described in the French Insurance Code²², the mapping and assessment of internal financial and operational interconnections are key components of pre-emptive resolution plans. Most insurance undertakings are part of a group and benefit from operational services provided by other group entities, such as human resources, risk management and information and communication technology.

The mapping exercise involves identifying the relevant legal entities and their contractual relationships (particularly 'service level agreements'), as well as the services provided and their financial considerations.

2.2 Mapping support functions and planning resolution

Operational continuity refers to the ability to maintain critical shared services necessary for ensuring or facilitating the continuity of an entity's critical functions during resolution. Resolution planning therefore involves ensuring that critical shared services are organised in a way that provides ongoing access to and availability of those services during the resolution period, particularly for critical functions that depend on them.

A lack of adequate arrangements to ensure operational continuity would be identified as an impediment to the orderly resolution of insurance undertakings. These arrangements aim to support such continuity, irrespective of the resolution strategy implemented, and will need to identify how they could be adapted to facilitate effective resolution planning.

- *Operational interconnections*

Mapping these operational interconnections, as set out in pre-emptive resolution plans, is a key part of identifying the critical shared services provided by the group's entities to insurance undertakings. Mapping operational interconnectedness begins with creating a clear organisational chart of the insurance group that includes all entities and identifies their reciprocal links, for example in tabular form. This mapping should include quantitative²³ and qualitative²⁴ information to identify critical services provided by other group entities. Such mapping requires the pre-emptive recovery plans developed by insurance groups to be comprehensive, and usually necessitates additional information exchanges between the resolution authority and insurance groups.

²¹ [Financial Stability Board, Guidance on Arrangements to Support Operational Continuity in Resolution \(2024\)](#).

²² *Code des assurances* (French Insurance Code), Article A.311-4.

²³ This may include (1) annual fees paid for the services concerned, (2) the ratio of outsourcing costs to the insurer's total operating costs, and/or (3) the share of the insurer's insurance portfolio that depends on these operational services.

²⁴ Qualitative information includes at least 1) the names of the relevant legal entities, i.e. the entities within the group that provide and receive the service, and 2) the type of operational services involved (ICT, asset management, risk management, HR, etc.).

This is complemented by a database prepared by the insurance groups containing information on internal contracts governing operational interconnectedness. This facilitates an understanding of the impact on service provision in the event of resolution. The practical arrangements and degree of precision required are determined as part of the work on resolvability, taking into account existing supervisory obligations. This information related to contracts allows resolution authorities to assess the likelihood of service disruption in the event of resolution and whether amending the contract or service-level agreement is necessary or feasible. Work carried out within the framework of prudential supervision on critical or important services under Article L. 354-3 of the French Insurance Code may provide a basis for, or even directly address, all resolution planning requirements.

Finally, the insurer's self-assessment of the substitutability of operational services provides insight into the potential consequences of service disruption during resolution. The insurer is probably best placed to judge how quickly and to what extent an operation can be substituted²⁵.

- *The impact of operational interconnectedness when identifying the resolution strategy*

The choice of points of entry is therefore influenced not only by the distribution and operating structure of insurance undertakings (as reflected in the SPE/MPE and topco/opco strategy pairs), but also by the organisation of support activities within groups. To ensure the continuity of critical functions, the selection of points of entry must allow for the continuity of these internal or external services. While the choice of points of entry primarily depends on the location of the various critical functions, the addition of internal service providers and the organisation of transfers to preserve critical functions depends on how these services are organised.

Some insurance groups have formed an economic interest group (*groupement d'intérêt économique*, GIE²⁶) that centralises all or some of the services supporting critical functions. Sometimes, an insurance undertaking provides support functions for other entities within a group, or relies on external service providers for services that support key activities or critical functions.

Selecting a resolution strategy requires a thorough assessment of service providers and the service level agreements that govern service provision. This is to prevent any risk of disruption to critical services during the group's business reorganisation, which is aimed at maintaining critical functions.

To perform this in-depth assessment, particular attention should be paid to: (i) the contractual provisions governing termination of services; (ii) the existence and content of any resolution clause; (iii) applicability of resolution power to cancel or modify contract terms. Once again, work carried out within the prudential framework provides an invaluable foundation, but the uniqueness of resolution objectives usually means that this basis needs further development or supplementation.

- *Support functions and impediments to resolvability*

Impediments to resolvability arise when operational interconnections prevent the application of the resolution tools set out in the pre-emptive resolution plan during a crisis. This may be due to inadequate contractual terms or organisational issues. In such cases, it would be advisable to review the existing contracts in order to develop a resolution strategy that is tailored to the group and its structure. If this is not achieved through ongoing dialogue between the resolution authority and the insurance group during resolution planning, the resolution authority may require the insurer to reduce or remove these impediments in accordance with the adversarial procedure set out in Article L. 311-12 of the French Insurance Code.

²⁵ [ACPR, Adoption of the first preventive resolution plans for insurance undertakings \(2023\).](#)

²⁶ *Code de commerce*, Articles L. 251-1 to L. 251-23.

Conclusion

Although insurance resolution regimes are still evolving, lessons learnt from recent financial crises highlight the importance of a flexible approach tailored to the unique structure of each insurance group, particularly in cross-border situations.

The distinction between topco and opco complements the SPE/MPE approach, offering a more nuanced and realistic view of the challenges involved in crisis management for insurance groups operating internationally. Better suited to the decentralised structure and complex interconnections of insurance groups, this approach focuses on specific points of entry, making the resolution strategy more operational and better adapted to the particularities of insurance sector entities identified by the ACPR.

Ensuring the continuity of critical functions within an insurance group requires a coordinated response at the level of the entities concerned while minimising the impact on the rest of the group, all the while maintaining a fair balance between the four resolution objectives. The continuity of an entity's critical functions must therefore be considered in light of the principle of proportionality, particularly with regard to the overall continuity of these functions and the stability of the entire group. Lastly, mapping and assessing support functions helps to identify critical operational interconnections and reduce or remove potential impediments to an entity's resolvability.