

Nordic insurers: Use stop-the-clock on the AI-act and IRRD

The Nordic insurance industry (Insurance Sweden, Finance Finland, Finance Iceland, Insurance & Pension Denmark and Finance Norway) strongly recommend stop-the-clock directives on both IRRD (Insurance recovery and resolution directive) and the AI- (Artificial intelligence) act.

If Europe wants to restore and strengthen European competitiveness, we need to reduce the administrative burdens arising from regulation. Both IRRD and the AI-act can benefit greatly from taking a step back to ensure proper rules and implementation. We should remove the unnecessary burdens before they materialize. But we need to act now!

IRRD

The IRRD directive¹ has been subject to an overly hasty process in the EU. The trilogue negotiations ended after only 5 months when the co-legislators reached an inter-institutional provisional agreement in December 2023. IRRD is to a large extent a copy of the BRRD, and the fundamental differences between banks and insurance companies have not been adequately considered. At the same time nobody has made or are making any evaluation of the costs and administrative burdens.

IRRD should instead be a risk-based framework that adapts to the individual insurance undertaking's risk profile and the situation in the different member states. And - of course – there should always be an evaluation of the administrative burdens.

We suggest:

- A stop-the-clock directive to give legislators, EIOPA and the insurance industry a chance to make a proper analysis of what is necessary to protect financial stability in Europe in relation to failing insurance companies.
- Any requirement of pre-emptive recovery and resolutions plans shall only apply for those undertakings and insurance groups that provide critical functions and must be based on the risk profile.
- A legal framework which is supported by impact assessments at all levels of regulation and fewer and more precise/delegations to Level 2 and 3.

AI-Act

The high-risk AI rules are by far the most complex in the AI-Act² and they will affect a wide range of businesses and public authorities across Europe. The rules for high-risk AI systems will apply from August 2nd, 2026.

Without clear standards and guidelines, companies and public authorities will not be able to determine with certainty which of their AI models fall under the regulation, or what concrete steps they must take to ensure compliance.

In an ideal scenario, the necessary standards and guidelines would already be available, enabling businesses to start integrating them and thereby deliver the protection of citizens that the regulation seeks to ensure.

Experts from the standards community have already spent over three years translating the regulation's requirements into practical IT implementations that provide the intended protections – and they are not yet finished. Current deadline is august 2026. The same month as the rules apply, giving companies and public authorities no time leverage the experts' work and put it to use. Instead, companies and authorities across the EU are forced to replicate this work internally and develop their own interpretations in less than half the time the experts have spent so far. This will create considerable – but avoidable – burdens. The EC-simplification agenda must be adhered to.

We suggest:

- To stop-the-clock and postpone deadlines to allow key guidelines and standards to be finalized before the rules on high risk-AI take effect.

¹ 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.

² Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence