CMS | Romania passes law amending Insureds Guarantee Fund and insurance insolvency proceedings

On 3 December 2025, the Official Gazette published Law no. 202/2025 that amends and supplements Law no. 213/2015 on the Insureds Guarantee Fund (FGA) and Law no. 85/2014 on insolvency prevention and insolvency proceedings.

These amendments significantly recalibrate the institutional design, financing toolkit, and cross-border coordination of Romania's insurance guarantee scheme, with particular emphasis on the handling of motor third party liability (MTPL) insurance claims and alignment with the EU framework introduced by Directive 2021/2118.

This suite of reforms is designed to increase predictability for claimants, ensure timely and proportionate compensation, and safeguard systemic stability during insurer insolvency or liquidation, all within a harmonised European legal context.

Main regulated provisions

Law 202/2025 clarifies the FGA's nature as an insurance guarantee scheme protecting insurance creditors from the consequences of insurer bankruptcy or liquidation, whether insolvency based or not, without assuming the insurer's obligations, while ensuring payments to creditors following an administrative procedure.

It defines direct protection to include MTPL-injured persons resident in Romania with claims against Romanian insurers or, in certain cases, against insurers authorised in other EU member states (including European insurers operating in Romania through freedom of establishment, via branches), and provides indirect protection for MTPL-injured persons resident in other EU member states via reimbursement mechanisms between guarantee schemes in the other states.

European insurers' contribution to the FGA

The European insurer is defined as an insurer authorised in another EU member state that carries out activities in Romania through freedom of services via a branch. European insurers are required to contribute to FGA only for that portion of their activity in Romania not covered by their home-state guarantee schemes.

FGA's new revenue sources

Law 202/2025 expands the FGA's revenues to include amounts from similar foreign schemes, subrogation recoveries or, importantly, government loans to be accessed only in cases of absence of sufficient funds to cover the claims against the FGA. Placement rules for the FGA’s assets are broadened to include a range of interest-bearing instruments and investments, including in foreign currency.

Removal of the cap of RON 500,000 (EUR 100,000) for MTPL injured parties

With the new Law, payments will be made by the FGA within a guarantee cap defined by the maximum liability limit of the insurer that concluded the MTPL contract (i.e. the higher of the liability limit laid down by the legislation applicable at the place where the accident occurred and the limit provided in the MTPL contract).

Importantly, FGA-managed administrative procedures for the settlement of claims for payment of amounts due to insurance creditors of Romanian legal entity insurers, for which bankruptcy proceedings were initiated prior to the entry into force of Law 202/2025, will remain subject to the law applicable at the date of their commencement, regardless of when the claims were filed.

New time limits to be observed

Within three months of receiving the payment request according to an MTPL contract, the FGA must do the following:

- issue a justified notification approving the claim in full with a payment deadline;
- issue a justified partial offer with a partial rejection decision; or
- issue a fully reasoned rejection if liability is unclear or damages are not quantified.

If compensation is due, the FGA must pay without undue delay, no later than three months after the justified notification (i.e. full approval) or the written acceptance of the partial offer.

Exchange of information and cooperation

The FGA will promptly inform counterpart schemes in other EU member states about the opening of bankruptcy or non-insolvency-based liquidation for Romanian MTPL insurers and collaborate with the Bureau of Motor Insurers of Romania (BAAR) to ensure that the MTPL database is properly populated. Insurers must provide all information the Fund requires to maintain the statutory register.

Deadline for submitting evidence

Within 30 days of the ASF decision withdrawing the authorisation and noting insolvency indicators, the insurer must hand over evidence of in-force policies, complete claims files, and related operational/accounting records for publication of the potential insurance creditors list.

A new government backstop is established

In exceptional circumstances of insufficient resources, the Romanian government, through the Ministry of Finance, will provide the Fund with loans within 30 days of request. The government may also guarantee the Fund’s borrowing at 100% coverage with certain exceptions.

The sanctions regime is broadened and recalibrated

New contraventions address failures by Romanian insurers and their management to provide information or comply with regulations, as well as breaches by the FGA, its board members, and the manager, including deadlines for communications to MTPL-injured persons and reimbursements to foreign schemes, except where non-compliance is due to insufficient financial resources.

Fines will range up to RON 500,000 (EUR 100,000) for insurers, RON 100,000 (EUR 20,000) for their management and RON 100,000 (EUR 20,000) for breaches committed by the FGA. Fines of up to RON 20,000 (EUR 4,000) will be levied for breaches by its governing bodies.

Conclusions

Law no. 202/2025 aligns Romania's insurance guarantee system with the EU framework by clarifying the FGA's protective ambit, tightening the procedural architecture for MTPL and non-MTPL claims, and embedding robust cross-border cooperation and reimbursement pathways consistent with EU law.

The Law augments the FGA's financing resilience through broadened revenue streams, priority-setting among claimants, explicit MTPL liability caps set to the highest applicable limit, specified decision and payment deadlines with default interest, and a comprehensive reinsurance subrogation mechanism, while installing a calibrated sanctions framework to promote compliance by insurers, the FGA, and the Romanian branch of EU insurers.

These amendments are expected to trigger a reassessment of the contributions due by insurers to the FGA.

For more information on these reforms, contact your CMS client partner or the CMS experts who wrote this article **Horia Draghici**, **Cristina Popescu** and **Florentin Giurgea**.