

EIOPA'S FUTURE SOLVENCY II RELATED ACTIVITIES

AAE Webinar

6 December 2024

EIOPA-24/1107
EIOPA REGULAR USE

SOLVENCY II REVIEW: MAIN OBJECTIVES

EIOPA Opinion

“The measures proposed aim at keeping the regime fit for purpose by introducing a balanced update of the regulatory framework, reflecting better the economic situation and completing the missing elements from the regulatory toolbox.”

Commission Proposal

“ The aim of today's review is to strengthen European insurers' contribution to the financing of the recovery, progressing on the Capital Markets Union and the channelling of funds towards the European Green Deal.”

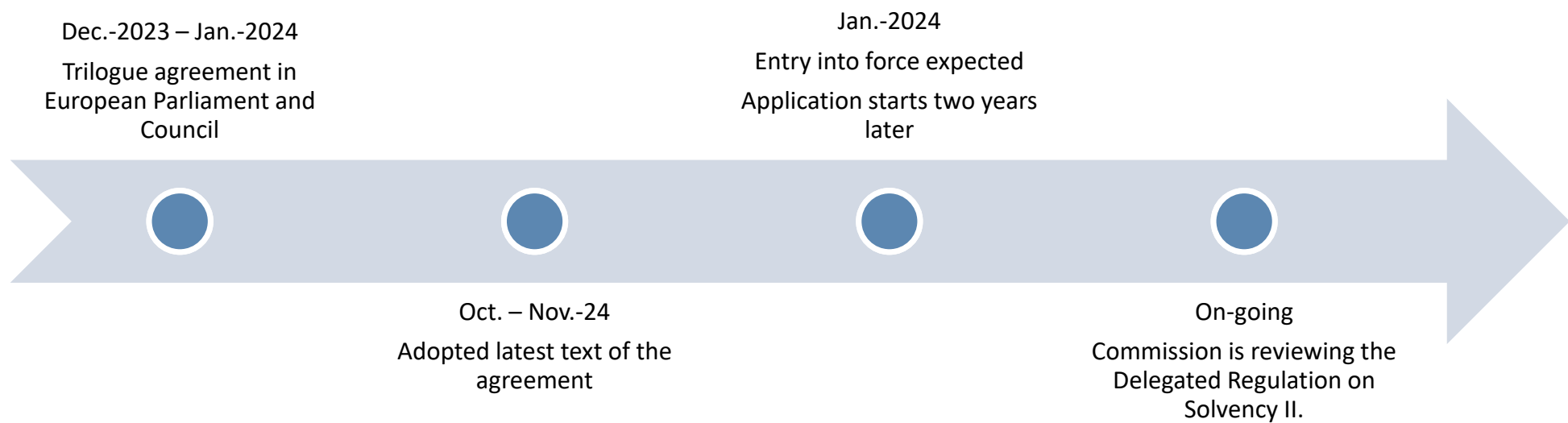
Council Position

“This review will make the insurance and reinsurance sector more resilient and prepared for future challenges, whilst stabilising insurers' capital requirements, giving them room to manoeuvre in the short term.”

Parliament Proposal

« These changes aim to improve the functioning of the regulatory framework for insurers and attain the objectives of Solvency II. »

SOLVENCY II REVIEW: STATUS OF THE POLITICAL NEGOTIATIONS

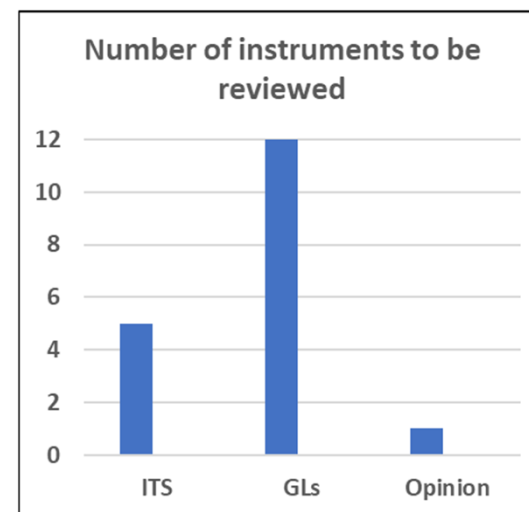
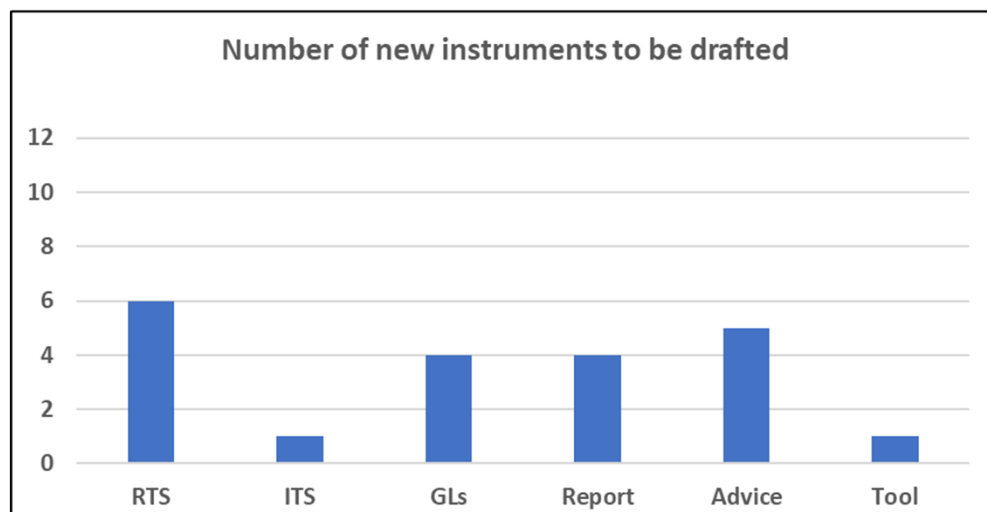


SOLVENCY II REVIEW: TASKS FOR EIOPA

- EIOPA will deliver a larger number of new instruments: guidelines (GLs), technical standards (ITS/RTS), reports and technical advice.
- EIOPA will review about 60 existing instruments on Solvency II to ensure that they are up to date and consistent with the amended legal framework.
- Review of existing instruments will be subject to prioritization and sequencing - by the application of the amended Directive EIOPA will review the instruments to which changes are necessary to avoid inconsistencies with the legal framework. Other instruments will be reviewed subsequently.

INSTRUMENTS TO BE DRAFTED AND REVIEWED

- EIOPA expects to draft 21 new instruments.
- We identified 18 instruments that should be reviewed as a priority because they would otherwise contradict the legal changes.
- Instruments relate to broad range of topics: Pillar 1, pillar 2, pillar 3, groups, sustainability, macroprudential tools



REGULATORY BURDEN

- Solvency II should be applied in a manner which is proportionate to the nature, scale and complexity of undertakings' risk (Art. 29 Solvency II Directive).
- Solvency II envisages proportionate application of the regulatory requirements (e.g., simplification of technical provisions/SCR, combination of key functions, exemptions/limitations from reporting).
- EIOPA is aware that application of the proportionality principle can still be improved to reduce undertakings' administrative burden and compliance costs. This is also in line with COM exception(*).
 - *Proportionality*: EIOPA advised to simplify the application of proportionality by small and non-complex undertakings (SNCU). We are finalising advice to improve proportionality for non-SNCUs.
 - *Reporting requirements*: Review of ITS on supervisory reporting/public disclosure considers the reduction of the reporting requirements.
 - *Guidelines*: Review aims to simplify and shorten the existing guidelines that are relevant for insurance industry.

(*) Mission Letter from the COM President of 17 September 2024 refers to “reducing administrative burdens and simplifying legislation”, including “reducing reporting obligation by at least 25%” ([link](#))

TIMELINE PUBLIC CONSULTATIONS

Consultation period	Instrument
Aug – Oct 2024	<ul style="list-style-type: none"> • Advice on standard formula capital requirements for direct exposures to qualifying CCPs • Advice on implementation of the proportionality framework
Oct – Dec 2024	<ul style="list-style-type: none"> • ITS on methodology for scenarios for prudent deterministic valuation • RTS on undertakings under dominant or significant influence and undertakings managed on a unified basis • RTS on liquidity risk management plans • RTS on exceptional sector-wide shocks • RTS on relevant insurance and reinsurance undertakings in respect to host Member State's market • RTS on applicability criteria for macroprudential analysis in ORSA and PPP
Nov 2024 – Jan 2025	<ul style="list-style-type: none"> • Advice on standard formula capital requirements for crypto-assets
Dec 2024 – Feb 2025	<ul style="list-style-type: none"> • Report on biodiversity • RTS on sustainability risk management • Guidelines on diversity for the selection of the members of the ASMB • Revised GLs on undertaking-specific parameters • Revised GLs on treatment of market and counterparty risk exposures in the standard formula • Revised ITS on regional governments and local authorities
Feb – Mar 2025	<ul style="list-style-type: none"> • Revised GLs on methods for determining the market share for reporting

THANK YOU!

ANNEX 1 – LIST OF NEW INSTRUMENTS TO BE DRAFTED

New instruments to be drafted
Report on the prudential treatment of sustainability risks
Draft RTS on exceptional sector-wide shocks
Draft RTS on applicability criteria for macroprudential analysis in ORSA and PPP
Report on biodiversity
Draft ITS on PHRSS methodology
Draft RTS on factors for identifying undertakings under dominant or significant influence and undertakings managed on a unified basis
Draft RTS on liquidity risk management plans
Draft RTS on determining relevant undertakings in respect to host Member State's market
Draft RTS on sustainability risk management
Tool for the calculation of the volatility adjustment
Guidelines on exclusion of undertakings from the scope of group supervision
Guidelines on the notion of diversity
Guidelines on supervisory powers to remedy liquidity vulnerabilities
Joint Guidelines on ESG stress testing
Report on integrated data collection
Report on composites
Advice on standard formula capital requirements for crypto-assets
Advice on capital requirements for securitisation investments
Advice on FICOD review
Advice on capital requirements for direct exposures to CCPs
Advice on proportionality

ANNEX 2 – LIST OF EXISTING INSTRUMENTS TO BE REVIEWED AS A PRIORITY

Existing instruments to be reviewed
Guidelines on supervisory review process
Draft ITS on the list of regional governments and local authorities
Guidelines on treatment of market and counterparty risk exposures in the standard formula
Draft ITS on procedures for the approval of the matching adjustment
Draft ITS on regular supervisory reporting
Draft ITS on public disclosure
Guidelines on financial stability reporting
Guidelines on supervision of branches of third-country insurance undertakings
Guidelines on ring fenced funds
Guidelines on exchange of information within colleges
Guidelines on undertaking-specific parameters
Guidelines on treatment of related undertakings, including participations
Guidelines on methods for determining the market share for reporting
Guidelines on reporting and disclosures
Guidelines on valuation of technical provisions
Guidelines on group solvency
Opinion on the supervisory assessment of internal models including a dynamic volatility adjustment
Draft ITS on disclosure templates for supervisory authorities