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EIOPA Consultation on new proportionality regime under Solvency II

AAE Consultation Response Summary





Consultation Summary Note

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<p>Purpose of the consultation</p>	<p>On 30 April 2024, the European Commission requested EIOPA’s technical advice on the implementation of the new proportionality framework under Solvency II. The purpose of the consultation was to allow EIOPA to gather feedback on the implementation of the new proportionality framework. This framework aimed to refine the methodology for classifying insurance undertakings as "small and non-complex," and to establish conditions for applying proportionality measures to other insurers not fitting this category by default.</p> <p>It is noted that proportionality principles were already included in Solvency II and aimed to reduce regulatory burdens and costs on small and non-complex companies, ensuring that compliance was attainable and relevant to each entity’s risk profile. The goal of the consultation was to improve consistency and clarity in applying proportionality principles to reduce regulatory burdens.</p>
<p>Issuing Authority</p>	<p>European Insurance and Occupational Pensions Authority (EIOPA)</p>
<p>Brief Overview of AAE Response</p>	<p>The AAE welcomed EIOPA’s proposed proportionality framework under Solvency II, which aimed to reduce regulatory burdens for Small and Non-Complex Undertakings (SNCUs) and low-risk entities. The AAE supported extending proportionality measures to a broader range of undertakings, emphasising the importance of clear, consistent criteria to ensure regulatory convergence across Member States.</p> <p>The response underscored the need for proportionality measures that were practical, fair, and aligned with the goal of maintaining policyholder protection while avoiding excessive administrative demands. The AAE advocated for enhanced clarity regarding key definitions, thresholds, and approval processes, particularly concerning supervisory approval requirements, valuation methodologies, and the application of proportionality measures to reinsurance, liquidity, and governance. The response highlighted the need to address potential discrepancies in supervisory practices to ensure uniform application. Additionally, the AAE recommended indexing thresholds to inflation and further refining conditions for simplified reporting and risk assessment.</p>
<p>List of volunteers/contributors</p>	<p>Solvency II Working Group, Society of Actuaries Ireland, Dutch Actuarial Association, German Actuarial Association, Institute of Actuaries in Belgium, Spanish Institute of Actuaries.</p>
<p>Assigned Committees WGs</p>	<p>Solvency II Working Group: Insurance and Risk Management Committees</p>
<p>Board Reviewers</p>	<p>Jette Lunding Sandqvist and Matthias Pillaudin</p>
<p>EIOPA deadline</p>	<p>25 October 2024</p>
<p>Submission date</p>	<p>24 October 2024</p>



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