



AAE

ACTUARIAL
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EIOPA Consultation on the Supervision of Liquidity Risk Management Plans

AAE Consultation Response Summary





Consultation Summary Note

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<p>Purpose of the consultation</p>	<p>The consultation focused on defining the regulatory technical standards for liquidity risk management plans under Solvency II. The purpose of the consultation was to enhance insurers' preparedness to manage liquidity risks effectively, ensuring sufficient liquid assets are available in the face of adverse market conditions. It aimed to create a harmonised framework across the EU, setting out the requirements and guidelines insurers must follow when designing and implementing their liquidity risk management plans</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 Regulatory Technical Standards (RTS) for Liquidity Risk Management Plans (LRMPs) but emphasised the need for greater clarity and proportionality in their implementation. The AAE recommended aligning LRMP updates with the Own Risk and Solvency Assessment (ORSA) process to minimise administrative burdens and suggested that qualitative reporting requirements should be applied less frequently when liquidity risk indicators remain above predefined thresholds.</p> <p>It also raised concerns about the reliance on a fixed €12 billion asset threshold for determining reporting obligations, proposing that it be periodically adjusted for inflation to maintain relevance. The AAE highlighted the need for clearer guidance on the treatment of undertakings using the matching adjustment (MA) and volatility adjustment (VA), as well as on the interaction between LRMPs and existing regulatory frameworks such as ORSA and the Insurance Recovery and Resolution Directive (IRRDR).</p> <p>We stressed the importance of ensuring consistency across Member States to prevent diverging supervisory practices and called for a proportionate approach that balances robust liquidity risk management with the avoidance of unnecessary regulatory complexity.</p>
<p>List of volunteers/contributors</p>	<p>Solvency II Working Group, Society of Actuaries Ireland, German Actuarial Association, Institute of Actuaries in Belgium.</p>
<p>Assigned Committees WGs</p>	<p>Solvency II Working Group: Insurance and Risk Management Committees</p>
<p>Board Reviewers</p>	<p>Lutz Wilhelmy and Frank Schiller</p>
<p>EIOPA deadline</p>	<p>2 January 2025</p>
<p>Submission date</p>	<p>28 December 2024</p>



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