

# Consultation paper on criteria for the identification of exceptional sector-wide shocks

Fields marked with \* are mandatory.

## Responding to the paper

---

EIOPA welcomes comments on the Consultation paper on the proposal for Regulatory Technical Standards on criteria for exceptional sector-wide shocks.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please provide your comments to EIOPA via EU Survey **by 25 January 2025, 23:59 CET**.

Contributions not provided via EU Survey or after the deadline will not be processed. In case you have any questions please contact [SolvencyIIreview@eiopa.europa.eu](mailto:SolvencyIIreview@eiopa.europa.eu).

### Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on [public access to documents](#).

### Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

### Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of the public consultation document.

### Remarks on completing the survey

EU Survey supports the last two versions of Microsoft Edge and the latest version of Mozilla Firefox and Google Chrome. Using other browsers might cause compatibility issues.

After you start filling in responses to the survey there is the option to save your answers. However, please note that the use of the online saving functionality is at the user's own risk. As a result, it is strongly recommended to complete the online survey in one go (i.e. all at once).

Should you still proceed with saving your answers, the online tool will immediately generate and provide you with a new link from which you will be able to access your saved answers.

It is also recommended that you select the "Send this Link as Email" icon to send a copy of the weblink to your email - please take care of typing in your email address correctly. This procedure does not, however, guarantee that your answers will be successfully saved.

You will have the possibility to print a pdf version of the final responses to the survey after submitting it by clicking on "Download PDF". You will automatically receive an email with the pdf file. Do not forget to check your junk / spam mailbox.

## About the respondent

---

\* Please indicate the desired disclosure level of the responses you are submitting.

- Public
- Confidential
- Partly confidential

\* Stakeholder name

Actuarial Association of Europe

\* Contact person (name and surname)

Stephanos Hadjistryllis

\* Contact person email

info@actuary.eu

Contact person phone number

+35799547374

# Questions to stakeholders

---

## General

Q1 Do you have general comments on the consultation paper?

- Yes
- No

Please provide your general comments on the consultation paper.

We appreciate EIOPA's effort to establish criteria for identifying exceptional sector-wide shocks and its focus on ensuring the consistent application of supervisory measures under Article 144c of the Solvency II Directive. Although, we believe there are opportunities to enhance the framework by adopting a more balanced and holistic approach that better addresses the wide-ranging consequences of such declarations.

We note that the criteria for declaring an exceptional sector-wide shock are deliberately kept open to account for the unpredictable nature of future crises. While this flexibility is essential, greater clarity on the intended scope of application would be helpful. For example, should these criteria apply only to extraordinary and large-scale events, such as a pandemic akin to COVID-19, or could they also cover smaller, sector-specific disruptions?

Additionally, as the supervisory authorities of individual Member States have the discretion to declare a sector-wide shock, ensuring consistency across the EU is critical. Divergences in interpretation and application could lead to uneven supervisory responses, with some Member States adopting far stricter stances than others.

This might undermine the level playing field within the internal market. It would be helpful if the framework included mechanisms to promote harmonisation, such as a requirement for supervisory authorities to coordinate through EIOPA or establish common benchmarks to guide their assessments.

We propose that EIOPA considers addressing these aspects to create a more robust, transparent, and balanced approach to identifying and responding to exceptional sector-wide shocks.

## 1. Background and rationale

### Sections

Q2 Do you have comments on the following sections in section 1 with background and rationale?

	Yes	No
1.1. Amendments to the Solvency II Directive	<input type="radio"/>	<input type="radio"/>
1.2. Mandate for draft Regulatory Technical Standards	<input type="radio"/>	<input type="radio"/>
1.3. Approach to the RTS	<input checked="" type="radio"/>	<input type="radio"/>

Please provide your comments on section 1.3. Approach to the RTS.

We support EIOPA's mandate to develop Regulatory Technical Standards (RTS) that aim to strike an appropriate balance between flexibility and consistency. This approach acknowledges the inherent unpredictability of crises while ensuring a harmonised supervisory response across Member States.

However, we suggest that further guidance on how input from the European Systemic Risk Board (ESRB) will be integrated into the criteria for identifying exceptional sector-wide shocks would enhance the framework. Clear processes for collaboration and information sharing between EIOPA and the ESRB could strengthen early detection and response to systemic risks.

Specifically, it may be beneficial to outline how feedback from the ESRB will be incorporated into supervisory decisions and how the interaction between EIOPA and the ESRB will function in practice. This would provide stakeholders with a clearer understanding of the mechanisms underpinning cross-institutional coordination during potential crises.

Such clarifications could help reinforce the credibility and effectiveness of the RTS in achieving their objectives of safeguarding financial stability and protecting policyholders.

## Other comments

Q3 Do you have any other comments on the background and rationale section?

- Yes  
 No

Please provide your other comments on the background and rationale section.

We commend EIOPA for emphasising the importance of maintaining flexible criteria to address the inherently unpredictable nature of future crises. This prudence aligns well with the objective of ensuring that supervisory measures remain adaptable to a wide range of potential scenarios and support the overarching goals of financial stability and policyholder protection.

## 2. Draft technical standards

### Recitals

Q4 Do you have comments on the following recitals?

	Yes	No
Recital 1	<input type="radio"/>	<input checked="" type="radio"/>
Recital 2	<input checked="" type="radio"/>	<input type="radio"/>
Recital 3	<input checked="" type="radio"/>	<input type="radio"/>
Recital 4	<input type="radio"/>	<input checked="" type="radio"/>
Recital 5	<input type="radio"/>	<input checked="" type="radio"/>

Please provide your comments on recital (2).

We agree with the importance of distinguishing between the criteria aimed at protecting policyholders and those addressing financial stability. This distinction ensures that supervisory responses are appropriately tailored to the specific nature and implications of each shock.

By recognising that some shocks may threaten policyholder protection without necessarily endangering financial stability, and vice versa, the framework is better equipped to address diverse crisis scenarios.

Please provide your comments on recital (3).

We support the prioritisation of consequence-focused criteria over the prediction of specific events in Recital 3. This approach appropriately reflects the uncertainty and variability inherent in future crises, allowing supervisory measures to remain relevant and effective across a broad spectrum of potential scenarios.

Focusing on the outcomes of shocks, rather than attempting to anticipate their precise nature, ensures that the criteria remain adaptable while still providing the necessary guidance for supervisory action. We consider this a prudent and forward-looking element of the framework.

## Articles

Q5 Do you have comments on the following articles?

	Yes	No
Article 1 - Criteria for exceptional sector-wide shock	<input checked="" type="radio"/>	<input type="radio"/>
Article 2 - Entry into force	<input type="radio"/>	<input checked="" type="radio"/>

Please provide your comments on Article 1 - Criteria for exceptional sector-wide shock.

Similar comments to Q4 Recital 3 (please refer to our response above).

## Other comments

Q6 Do you have any other comments on the draft technical standards?

- Yes
- No

Please provide your other comments on the draft technical standards.

To enhance the practical application of the draft technical standards and reduce potential interpretive discrepancies across Member States, it might be helpful to include further examples of sector-wide shocks. These could be drawn from historical events or presented as hypothetical scenarios.

Such examples would provide supervisory authorities and stakeholders with a clearer understanding of how the criteria might apply in practice, promoting consistency in their interpretation and application. We believe this addition would strengthen the framework and help ensure its effectiveness in achieving its intended objectives.

## Annex I: Impact assessment

Q7 Do you have comments on the analysis of policy issue A?

- Yes
- No

Please provide your comments on the analysis of policy issue A.

#### Structure of Drawbacks for Quantitative Criteria:

We propose listing the drawbacks of quantitative criteria in a bullet-point format for greater clarity and readability. This approach would make the analysis more accessible and ensure that each drawback is clearly articulated and easy to reference.

#### Relevance of the Sentence on Quantitative and Qualitative Criteria:

The statement, "Quantitative criteria do not necessarily result in the identification of exceptional sector-wide shocks more or less often than qualitative ones," appears disconnected from the surrounding text and does not seem to contribute meaningfully to the argument. We suggest either clarifying its purpose or removing it entirely if it does not add substantive value.

#### Costs for Smaller and Medium-Sized Undertakings:

The observation that "Smaller and medium-sized insurance and reinsurance undertakings might be more affected by financial instability due to their lower diversification and limited access to capital markets" is highly relevant and should be reflected in the "Costs to Industry" section of the impact table for Policy Option A.1. Including this would better capture the differentiated impacts across firms of varying sizes.

#### Benefits in Policy Option A.2 Impact Table:

In the impact table for Policy Option A.2, the benefits described for policyholders and industry seem to align more with costs rather than benefits. We would suggest reviewing and refining these entries to ensure alignment with the correct categories.

#### Costs of Evaluating Criteria:

The statement that the costs associated with evaluating qualitative criteria are negligible seems inconsistent with the acknowledgment elsewhere that such criteria may be more burdensome for supervisors. We suggest revisiting this assessment to reflect the actual resource implications and complexities involved.

#### Impacts on Industry and Stakeholders:

The evaluation of policy options could be seen to downplay the relevance of the criteria to the industry and stakeholders by stating that they are not directly involved in the assessment. However, the industry and stakeholders will inevitably face the consequences of these assessments. It would be beneficial for the analysis to consider these wider implications, including how declarations of sector-wide shocks might influence dividend policies and investor perceptions, potentially affecting the insurance sector's attractiveness and financing costs.

#### Impact on Financing Costs and Pricing:

The potential for sector-wide shock declarations to influence insurers' financing costs, and the resulting impact on policyholder premiums, has not been addressed. We would suggest assessing this dimension to ensure a comprehensive understanding of the broader consequences of these measures.

## Other comments

Q8 Do you have any other comments on the impact assessment in Annex I?

- Yes  
 No

## Any other comments

Q9 Do you have any other comments on the consultation paper?

- Yes  
 No

Please provide your other comments on the consultation paper.

The consultation notes that “The RTS should strike a balance between ensuring the consistent application of the supervisory measures in Article 144c and the necessary flexibility of the criteria.” We support this objective and recognise the importance of a qualitative approach in maintaining flexibility given the unpredictable nature of crises.

However, it might be beneficial to consider allowing Member States the option to also incorporate quantitative criteria where appropriate. This hybrid approach could provide additional clarity and consistency in certain situations while retaining the flexibility necessary to adapt to varied and unforeseen circumstances. By enabling a complementary use of quantitative criteria alongside qualitative assessments, the framework could achieve a more comprehensive and balanced application of the supervisory measures.

## Contact

[SolvencyIIreview@eiopa.europa.eu](mailto:SolvencyIIreview@eiopa.europa.eu)