



Public Consultation on the proposal for revised Guidelines on undertaking-specific parameters

Fields marked with * are mandatory.

Introduction

The European Insurance and Occupational Pensions Authority (EIOPA) has published a consultation paper on the proposal for revised Guidelines on undertaking-specific parameters.

Stakeholders are invited to provide their feedback on the consultation paper by **Wednesday 26 February 2025**. The feedback received will be taken into account in the finalisation of the guidelines.

Comments are most helpful if they:

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

To submit your comments, please click on the blue “Submit” button in the last part of the survey. Please note that comments submitted after **Wednesday 26 February 2025** or submitted via other means will not be processed. In case you have any questions please contact Solvencyllreview@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Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published.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.

General Information on the Respondent

* Name of the stakeholder

Actuarial Association of Europe

* Type of stakeholder

- Insurance or reinsurance undertaking
- Industry Association/Federation
- Consumer Protection Association
- Academic
- Other

* If other, please specify:

Professional Association

* Jurisdiction of establishment

Belgium

* Name of Point of Contact

Stephanos Hadjistryllis

* Email address of point of contact

info@actuary.eu

* Please provide your explicit consent for the publication of your response

- Yes, publish my whole response
- Yes, publish a part of my response
- No, do not publish my response

Questions

1. General comments

* Q1. Do you have general comments on the consultation document?

Yes

No

Comments field

The Actuarial Association of Europe (AAE) welcomes EIOPA's efforts to simplify and streamline the guidelines on undertaking-specific parameters (USPs). A more concise and practical framework is beneficial for insurers and supervisors alike. However, we note that the proposed revisions do not fully address key barriers that currently limit the use of USPs in practice. In many cases, the costs of implementing USP's could outweigh the benefits of meeting appropriate solvency capital requirements.

In 2021, the Actuarial Association of Europe (AAE) conducted a survey to evaluate the application of USP's within the actuarial profession. Although USPs are theoretically valuable, the surveys revealed that the use of USP's remains low. Respondents highlighted significant barriers to implementation, including extensive data requirements, the complexity and uncertainty of the approval process, and limited methodological flexibility. Consequently, USP's are primarily used for internal purposes, such as Own Risk and Solvency Assessments (ORSA), rather than for regulatory solvency capital requirement (SCR) calculations.

Key challenges identified include the lack of comprehensive guidance at both local and EIOPA levels, particularly regarding data validation, expert judgment, and the application process. For example, only two of the eighteen countries that responded to the 2021 survey had supplementary local guidance. Additionally, the market views premium risk methods as less reliable due to the volatility of results, whereas reserve risk methods are better understood.

We also suggest that more targeted guidance and structured processes would be helpful in enhancing the usability of USP's. Recommendations included clearer statistical validation criteria, practical examples of implementation, and greater clarity on documentation and monitoring requirements. Moreover, it was noted that specialised USP's for life business, such as longevity and lapse risks, could benefit the market.

In response to the consultation paper, we believe it is important to address these concerns by simplifying guidelines. We recommend aligning the requirements with insurers' internal business processes and providing detailed and practical support to reduce uncertainty in the approval process. Additionally, closer collaboration between EIOPA and national supervisors is essential to develop specific and practical guidance that facilitates the use of USP's across the insurance industry.

The AAE understands the challenges of balancing regulatory robustness with practical usability. However, we encourage EIOPA to consider some refinements that could increase USP usability for insurers. In summary, we note the following suggestions:

- Enhancing clarity and support: Providing clearer statistical validation criteria, practical implementation examples, and detailed documentation and monitoring expectations would help insurers navigate the USP framework more efficiently.
- Improving accessibility: Aligning USP requirements with insurers' internal business processes could reduce the burden associated with their adoption.
- Strengthening national-level guidance: Closer collaboration between EIOPA and national supervisors could facilitate the development of more practical and targeted guidance, ensuring a more consistent and effective application of USPs across jurisdictions.
- Addressing business line variations: Specialised USPs for life insurance risks, such as longevity and lapse risks, could enhance their relevance for certain market segments.

2. Consultation paper overview and next steps

* Q2. Do you have comments on Section 'Consultation paper overview and next steps'?

- Yes
 No

3. Guidelines on undertaking-specific parameters

Introduction

* Q3. Do you have comments on Sub-section 'Introduction'?

- Yes
 No

Guidelines on undertaking-specific parameters and explanatory text

* Q4. Do you have comments on 'Guideline 1 - Role of expert judgement ' and the corresponding explanatory text?

- Yes
 No

* Q5. Do you have comments on 'Guideline 2 - Materiality' and the corresponding explanatory text?

- Yes
 No

* Q6. Do you have comments on 'Guideline 3 - Adjustments to increase the level of appropriateness in data'?

- Yes
 No

* Q7. Do you have comments on 'Guideline 4 - Adjustment of historical data to eliminate the effect of catastrophe events and to reflect the current reinsurance arrangements'?

- Yes
 No

* Q8. Do you have comments on 'Guideline 5 - Calculation of non-proportional reinsurance adjustment in the scope of premium risk' and the corresponding explanatory text?

- Yes
 No

* Q9. Do you have comments on 'Guideline 6 - Continuous compliance' and the corresponding explanatory text?

- Yes
 No

* Q10. Do you have comments on 'Guideline 7 - Remedial of non-compliance' and the corresponding explanatory text?

- Yes
- No

* Q11. Do you have comments on 'Guideline 8 – Requirement from the supervisory authority to use undertaking-specific parameters' and the corresponding explanatory text?

- Yes
- No

* Q12. Do you have comments on 'Guideline 9 – Significant deviation' and the corresponding explanatory text?

- Yes
- No

* Q13. Do you have comments on 'Guideline 10 – Application for approval of the use of group-specific parameters' and the corresponding explanatory text?

- Yes
- No

* Q14. Do you have comments on 'Guideline 11 – Scope of the group using group-specific parameters' and the corresponding explanatory text?

- Yes
- No

* Q15. Do you have comments on 'Guideline 12 – Data quality requirements at group level' and the corresponding explanatory text?

- Yes
- No

* Q16. Do you have comments on 'Guideline 13 – Consultation within the college of supervisor'?

- Yes
- No

* Q17. Do you have comments on 'Guideline 14 – Information for the college of supervisors'?

- Yes
- No

Compliance and reporting rules

* Q18. Do you have comments on Sub-section 'Compliance and reporting rules'?

- Yes
- No

Final provision on review

* Q19. Do you have comments on Sub-section 'Final provision on review'?

- Yes
 No

Other comments

* Q20. Do you have any other comments on Section 'Guidelines on undertaking-specific parameters' and on Section 'Explanatory text'?

- Yes
 No

4. Simplification and shortening of the Guidelines

* Q21. Do you have any comments on the proposals to simplify and shorten the Guidelines and/or any other suggestions for simplifying and shortening the Guidelines, taking into account the relevance of the individual Guidelines?

- Yes
 No

5. Any other comments

* Q22. Do you have any other comments?

- Yes
 No

Contact

[Contact Form](#)