



## Consultation Summary Note

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<b>Purpose of the consultation</b>	The consultation focused on updating the guidelines for assessing market and counterparty risk exposures within the Solvency II Standard Formula. It aimed to ensure consistent application of risk assessment methodologies across insurers, enhancing the robustness of solvency calculations and risk management practices.
<b>Issuing Authority</b>	European Insurance and Occupational Pensions Authority (EIOPA)
<b>Summary of AAE Response</b>	<p>The AAE supported EIOPA's initiative to update and clarify the Solvency II Guidelines on market and counterparty risk exposures. We welcomed the removal of outdated guidance and the inclusion of new provisions that could aid insurers in calculating capital requirements under the standard formula.</p> <p>On specific points, the AAE supported the retention of the guideline on employee benefits to avoid future misclassification of liabilities. We also called for clearer definitions of "stressed conditions" when assessing the duration of bonds and loans with embedded options, warning that ambiguity could lead to inconsistent or overly optimistic capital outcomes.</p> <p>The AAE recommended expanding the updated guidance on financial risk-mitigating instruments (Guideline 6) to cover both compliant and non-compliant positions under Articles 208–215 of the Delegated Regulation, as limiting it to non-compliant cases might create ambiguity.</p> <p>On leveraged funds (Guideline 10), the AAE agreed with the simplification proposed but suggested clarifying that the outstanding lending should be stressed when material, rather than always using an unstressed value.</p>
<b>Contributors</b>	Solvency II Working Group including FMA Contributions from Croatia and Ireland.
<b>Assigned Committees WGs</b>	Solvency II Working Group: Insurance and Risk Management Committees
<b>Board Reviewers</b>	Inga Helmane and Malcolm Kemp
<b>Submission date</b>	21 February 2025