



Consultation Summary Note

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Purpose of the consultation

The purpose of this consultation was to revise the guidelines for Undertaking-Specific Parameters (USPs) under Solvency II. It sought to provide clarity and harmonisation for insurers when applying USPs, ensuring a tailored and accurate reflection of individual risk profiles in the calculation of capital requirements.

Issuing Authority

European Insurance and Occupational Pensions Authority (EIOPA)

Summary of AAE Response

The AAE welcomed EIOPA's aim to streamline and simplify the USP guidelines but noted that key barriers to the practical use of USPs had not yet been adequately addressed. While the revisions offered a more concise framework, the AAE stressed that the complexity, high implementation costs, and lack of consistent supervisory guidance continued to limit the uptake of USPs in practice.

Based on insights from the 2021 AAE survey, we emphasised that USPs were still primarily used for internal risk assessments rather than regulatory capital calculations. We highlighted that insurers faced challenges due to data requirements, approval process uncertainty, and limited flexibility, especially for premium risk.

The AAE encouraged EIOPA to enhance the framework by providing clearer validation criteria, implementation examples, and aligning the guidance more closely with insurers' internal processes. It also recommended that EIOPA collaborates more closely with national supervisors to develop specific, practical guidance to support a more consistent application across Member States.

We further suggested that tailored USPs for life insurance risks, such as lapse and longevity, would improve relevance and applicability.

Contributors

Non-Life Working Group

Assigned Committees WGs

Non-Life and SII Working Groups: Insurance and Risk Management Committees

Board Reviewers

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21 February 2025