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EIOPA Consultation on the Shortening of Solvency II Guidelines Summary of AAE Key Messages



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What was the consultation about?

EIOPA consulted on shortening 13 sets of Solvency II Level 3 Guidelines, deleting around 83 guidelines (28% of the 294 in scope). It covered:

- Pillar 1/SCR deletions — internal models, reinsurance, underwriting risk, own funds.
- Pillar 2 deletions — ORSA and System of Governance guidelines.
- EIOPA's rationale: redundancy with the revised framework, or embedded practice.

Why does it matter?

The revised guidelines take effect 30 January 2027 alongside the wider Solvency II review, shaping interpretive text for years. While removing redundant text helps, deleting guidance that fills real gaps risks interpretive uncertainty and divergent supervisory practice.

What were our key messages?

1. **Preserve the Convergence Function:** Consistency in “well integrated” practice may be a product of the guideline's existence, not independent of it.
2. **Retain Key Internal Model Safeguards:** Keep guidance on proportionality, one-year horizon focus, early escalation and cross-border model alignment.
3. **Relocate, Don't Delete, Liability Mapping:** Relocate the liability risk mapping guidance to another document rather than deleting it outright.
4. **Clarify, Don't Remove, LACDT Provisions:** Retain supervisors' discretion to waive eligibility demonstrations and the deferred-tax treatment in LACDT.
5. **Retain VA/MA Application Guidance:** Keep guidance clarifying the Volatility and Matching Adjustments where the Directive is not yet fully clear.
6. **Preserve Own Funds Classification Clarity:** Retain guidance on dividend treatment, buybacks, sequencing and proactive notification duties.



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