

To: Prudential Working group
From: Prudential team
cc:
Date: 11-12-2025
Reference: ECO-PRU-25-134

Subject: Assessment - EIOPA SII consultations

Summary

On 5 December 2025, EIOPA published three final reports on three consultations related to Solvency II:

- Guidelines on exclusion from group supervision ([final report](#), [industry response](#))
- Revised Opinion on Dynamic Volatility Adjustment (DVA) ([final report](#), [industry response](#))
 - The Opinion will become applicable on 30 January 2027. Until then, the Opinion issued in 2017 ([here](#)) is applicable.
- Revised Guidelines on the treatment of related undertakings ([final report](#), [industry response](#))

The secretariat has assessed the final reports and compared them against the industry responses, as outlined hereafter.

Across the three consultations, Insurance Europe secured important clarifications and adjustments, including the exclusion of dividends from material intra-group transactions, a clearer limitation of DVA modelling to material quantifiable risks, and strengthened recognition of proportionality.

Should members have any concerns or questions, please write to prudential@insuranceeurope.eu

Consultation on Guidelines on exclusions from group supervision ([here](#))

Compared to the consultation text, Guideline 4 has been amended by adding the clarification that dividends do not constitute a material intra-group transaction in the context of these Guidelines. This clarification was included at the request of Insurance Europe.

Topic	IE position	Assessment
<p>Intra-group transactions</p>	<ul style="list-style-type: none"> ■ Exclude dividends, loans, bonds from “material intragroup transactions” in Guideline 4 	<p>Positive</p> <p>EIOPA notes:</p> <ul style="list-style-type: none"> ■ “Guideline 4 was amended to exclude dividend payments to the ultimate parent undertaking. Other intra-group transactions are not excluded as they may increase risks such as concentration and counterparty risks within the group.”

Consultation on revised Opinion on Dynamic Volatility Adjustment (DVA) ([here](#))

Compared to the consultation text, EIOPA has clarified in paragraph 10 that not all risks, but only the material quantifiable ones, need to be modelled under Pillar 1.

Topic	IE position	Assessment
Proportionality	<ul style="list-style-type: none"> Supervisory expectations regarding DVA modelling should be implemented in a manner that avoids complexity and excessive operational burden 	EIOPA notes: <ul style="list-style-type: none"> "EIOPA believes that the specifications set out in the Opinion are proportionate to the nature, scale, and complexity of the risks modelled within internal models using a DVA, as well as the corresponding risk reduction reflected in the model through the use of a DVA"
Scope of modelling	<ul style="list-style-type: none"> Refine wording in paragraph 3.10 to limit the requirement to "material, quantifiable risks" 	Positive <ul style="list-style-type: none"> The wording is amended to "All material quantifiable risks"
Changes in EIOPA reference portfolios	<ul style="list-style-type: none"> Avoid requiring DVA models to account for changes in EIOPA reference portfolios 	Negative <ul style="list-style-type: none"> No changes were made to the paragraph
Model assessment	<ul style="list-style-type: none"> Deletion of the statement in paragraph 3.12, as the broad wording could lead to inconsistent interpretation and introduce additional complexity. 	Negative <ul style="list-style-type: none"> No changes were made to the paragraph

Consultation on revised Guidelines on the treatment of related undertakings ([here](#))

Topic	IE position	Assessment
<p>Identification of strategic participation</p>	<ul style="list-style-type: none"> ■ The quantitative element should be recommended but not compulsory ■ When, following the recommendation, a quantitative analysis is conducted, its level of detail should be proportional to the nature, size and complexity of the relevant circumstances 	<p>Mildly Positive</p> <ul style="list-style-type: none"> ■ EIOPA agreed that the level of detail of the assessments should be proportionate to the nature, scale and complexity of the risk of the investment ■ The explanatory text for Guideline 3 has been amended accordingly, while no changes were made to the draft revised guideline.