

To: Solvency II WG, Public Affairs & Communications Committee
From: Prudential Team
Date: 24-05-2024
Reference: ECO-SLV-24-134

Subject: Debrief EGBPI meeting 15 May - SII

Summary

Following the EGBPI meeting held on 15 May on Solvency II, members will find hereafter a summary of the feedback received by the secretariat to date including some feedback from the secretariat's discussion with DG FISMA prior to the meeting.

In the context of this meeting the secretariat shared with members a 'High-level overview and key industry messages in response to EGBPI non-paper on Solvency II' ([ECO-SLV-24-126](#)).

Members are invited to provide any additional feedback from their national markets to the prudential team (prudential@insuranceeurope.eu).

Overview

- General
 - The EC clarified that this was a kick-off meeting, with work to continue under the new Commission.
 - **Non-Paper:** The non-paper circulated was an initial collection of ideas/suggestions for future discussions. The numbers in the non-paper were provided by EIOPA (risk correction and risk margin), and the EC claimed to have limited detailed knowledge of them. Several Member States requested impact assessments.
 - **Directive status update:** publication expected by November/December 2024.
 - **A approach:**
 - There was a first discussion on scope and potential bundling of empowerments. Majority supported a staggered approach and preferred no unbundling of empowerments. However, if there were to be an unbundling, some experts noted they would be open to bundle the empowerments on quantitative rules in one amending act and bundle the remaining empowerments in another act.
 - Note that the secretariat has understood that the unbundling of empowerments was part of the political agreement and therefore the feedback appears at odds with the agreement.*
- LTG
 - **VA:**
 - The risk correction was presented as the EC's interpretation of the Level 1 agreement, suggesting the cap serves as a backstop for extreme cases, such as the 2008/2009 crisis.
 - Diverging views, some supported current parameters, others called for further data and potential changes to the calculation formula.
 - **Extrapolation:**
 - Consensus that the convergence parameter should not be lower than 11%, except for the Swedish Krona (40%).
 - Majority supported keeping the current threshold and expressed a need for more quantitative data.

- EIOPA highlighted it is ready to provide technical input on phasing-in mechanism.
 - **Risk Margin:** While some members criticised the EC's proposed ceiling, the majority favoured a term-dependent factor not lower than 97.5% and indicated they are open to further discussions on introducing a floor. EIOPA reiterated the background and underlying assumptions of 2020 opinion.
 - **Interest rate risk:** Consensus on inviting EIOPA to provide technical input on a potential term-dependent floor. Additionally, a few experts hinted to possible additional technical adjustments to the calculation formula.
 - **LTE:** Majority supported the liquidity test approach.
 - **MA:** Agreement on the proposed approach with some suggesting further technical adjustments.
- EIOPA
 - **EIOPA role:** EIOPA will provide additional material and elaboration to justify their conclusions to the EC.
 - **Call for Advice to EIOPA:** Experts provided views on proportionality, direct exposures to CCPs, and crypto assets. Written comments were invited on smaller issues identified in the EC non-paper.
 - **US Provisional equivalence:** EC explained the decision to extend provisional equivalence and informed experts of a request to EIOPA regarding the treatment of other countries with provisional equivalence.
 - **Next Steps:** No date for the next meeting or deadline for written comments was announced in the EGBPI, however, in the meeting with DG FISMA, a next meeting in September/October was mentioned.