

To: Economics & Finance Committee, Prudential Working group, Public Affairs & Communications Committee
From: Carolien Afslag
cc:
Date: 30-09-2025
Reference: ECO-PRU-25-001

Subject: EIOPA letter to the Commission on Level 2 Solvency II amendments

Summary

Members are informed that EIOPA Chair Petra Hielkema has written to Commissioner Albuquerque on the Commission's draft Level 2 amendments for Solvency II. While welcoming that many of EIOPA's technical recommendations were taken on board, the letter expresses **strong concerns about the extensive capital relief** that would result from the Level 1 agreement combined with the proposed Level 2 changes.

In the letter, EIOPA underlines that:

In particular, EIOPA notes that:

- The amendments would lead to a **significant reduction of quantitative requirements**, which is "*not technically justified*".
- The **risk margin of insurance liabilities would be reduced by 39%**, going beyond what was necessary according to the Level 1 agreement.
- Lowering requirements to this extent could **erode the sector's resilience**, with freed-up capital "*missing when a next crisis hits the sector*".
- The combination of reducing resilience while **incentivising risk taking** is "*particularly concerning*" in today's economic and geopolitical uncertainty.

The letter concludes that Solvency II has proven to be a **solid foundation** through past market turbulences and stresses that any revision must be **risk- and evidence-based**, keeping in mind the core objectives of **policyholder protection and financial stability**.

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