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From:	General Secretariat of the Council
To:	Financial Services Committee
Subject:	FSC 07.07.21 (VTC) Item 5: Solvency II - Update by Commission services



Solvency II review

DG FISMA's work on the legislative proposal

7 July 2021

DG FISMA

Solvency II review - consultation activities

Commission

- Public conference: 29/01/2020
- Inception impact assessment (roadmap) published on 01/07/2020
- Open public consultation: 01/07/2020 – 21/10/2020

EIOPA

- Comprehensive consultation paper published in October 2019
- Industry data requests in autumn 2019, spring 2020 and summer 2020 for holistic impact assessment
- Publication of final advice on 17/12/2020

Solvency II review – preparation of the legislative proposal

- EGBPI meeting on 10/11/2020: COM presents preliminary findings from consultation feedback and discussion on recovery and resolution
- EGBPI meeting on 16/12/2020: discussion on insurance guarantee schemes (IGS)
- FSC meeting on 20/01/2021: EIOPA presented its final advice
- EGBPI meeting on 04/02/2021: discussion on EIOPA's advice (other than IGS and IRR)
- ECOFIN meeting on 18/06/2021: Exchange on Solvency II Review
- COM aims to adopt legislative proposals on 7 September

Solvency II review – COM's Objectives

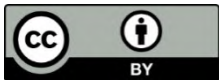
- Better incentivise insurers to provide long-term financing to businesses and the green transition;
- Improve the balance between risk-sensitivity and the mitigation of excessive short-term volatility in insurers' solvency position;
- Ensure more effective application of the principle of proportionality and reduce the burden for smaller insurers;
- enhance quality, consistency and coordination of insurance supervision across the EU, including for situations where an insurer is failing or likely to fail (through an adequate recovery and resolution framework);
- Address the potential build-up of systemic risk in the insurance sector;
- Maintain the overall level of capital requirements for the insurance sector stable;

Solvency II review – expected output

The Commission is considering a single legislative package with following elements:

- Legislative proposal for amendments to Solvency II Directive (2009/138/EC)
- Legislative proposal for an Insurance Recovery and Resolution Directive
- A Communication setting out the Commission's intentions as regards the upcoming amendments to the Solvency II delegated acts (i.e. Delegated Regulation (EU) 2015/35) and the issue of IGS minimum harmonisation

Thank you



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