

The secretariat has assessed the EGBPI proposals for Solvency II Delegated Acts for EGBPI discussion 4 June 2025. Please note:

- The ordering of the table below is in reference to the first contents page in the Annex To Commissioner Services non-paper ([ECO-SLV-25-181](#))
- Additional details highlighted in grey reference additional detail in the EGBPI summary non-paper ([ECO-SLV-25-180](#)).

The final assessment can be found in more detail in the table below.

Initial summary:

Positive	Mixed	Negative	Neutral
<ul style="list-style-type: none"> • Matching adjustment • Securitisation • Correlation matrices • Inflation adjustment • Counterparty default risk – CCPs • Other SF amendments • Foreseeable dividends • 	<ul style="list-style-type: none"> • Risk margin • Interest rate risk • Investments under legislative programs (SIU) • Mortgage loans • Remuneration • PHRSS • Other Pillar 2 - Capital add-on • Reporting and disclosure – RSR • Other issues • EIOPA NATCAT SF opinion 	<ul style="list-style-type: none"> • Extrapolation • Volatility adjustment • Long Term Equity • Risk mitigation techniques • Proportionality for non-SNCUs • Reporting and disclosure – SFCR • Group solvency calculation • Look-through approach • Other Pillar 2 - Internal audit • Simplified calculation for immaterial risk module • Stress Test Disclosure • Mass lapse 	<ul style="list-style-type: none"> • Other changes to equity risk • Partial guarantees on bonds and loans • MCR • Best Estimate

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Topic	Description	Assessment
Extrapolation	<p>A.RVC (residual volume criterion):</p> <ul style="list-style-type: none"> • 7% for the euro for FSP of 20 years. • Also 7% for currencies with current LLP of at least 20 years. • 3.5% for other currencies. <p>B. Convergence speed and phasing in:</p> <ul style="list-style-type: none"> • Alpha parameter of 11% (40% for SEK). • Optional phasing-in ‘starting point’ of 20% (70% for SEK) 	<p>A. RVC - Negative</p> <p>Industry proposed 8%. Setting the RVC at 7% could create uncertainty about the 20-year FSP.</p> <p>There are also unclarities about the data being used.</p> <p>B. Convergence - Negative</p> <p>Industry proposed greater than 15% (70% for SEK).</p>
Risk margin	<p>Lambda (exponential and time-dependent element) of 96%, with 50% floor.</p> <p>Cost of capital change from 6% to 4.75%, as per Level 1.</p>	<p>Mixed</p> <p>Improvement from previous lambda of 97.5%.</p> <p>Industry proposed 92.5% without a floor. The floor should be removed as it lacks justification and contradicts Recital 41 of the Level 1 Directive, which calls for a time-dependent adjustment to reduce the risk margin, especially for long-term liabilities. Applying the Lambda parameter without a floor is essential to effectively mitigate volatility and align with the Directive’s intent.</p>
Matching adjustment (MA)	<p>Recognising in the SCR standard formula diversification effects with regard to MA portfolios, and by clarifying the eligibility of restructured assets for such portfolios.</p>	<p>Positive</p> <p>Industry supports the proposed removal of the own fund restrictions as well as the allowance for diversification effects.</p>
Volatility adjustment (VA)	<p>A. Risk Correction:</p> <p>Parameters: Corps: 50%, 40%, 35% (125% cap) Govies: 30%, 20%, 15% (65% cap)</p> <p>ECB bulletin referenced as empirical observations, showing “excess bond premia” are systematically below 50% of the observed total bond spread, also in times of crisis.</p>	<p>A. Risk correction: Negative</p> <p>Industry proposals (based on EU data): Corps: 30%, 20%, 10% (60% cap) Govies: 20%, 15%, 5% (40% cap)</p> <p>Parameters above are evidence based and technically justified.</p> <p>The ECB bulletin wrongly links the risk correction to the “excess bond</p>

	<p>B. CSSR</p> <p>Methodology (Art. 51a):</p> <ul style="list-style-type: none"> Differences between the credit spread sensitivity of assets and the interest-rate sensitivity of liabilities Article 51a and 51b formulae in annex as per previous May 2024 EGBPI. <p>Pegged currencies (Art. 51b): In line with March 2025 - one calculation with highest notional VA.</p> <p>Two new conditions:</p> <ul style="list-style-type: none"> Unit-linked business, only assets with significant credit risk. Profit-sharing mechanism assumes an increase in spreads equal to 1.2 times the notional VA. 	<p>premium,” incorrectly treating market uncertainty as part of the correction— whereas the VA is specifically designed to isolate it.</p> <p>EC present no change from Dec 2024 EGBPI Option 3 proposal.</p> <p>B. CSSR: Very negative</p> <p>Excluding non-EUR assets fully hedged into EUR from the CSSR would contradict the principle of aligning asset and liability sensitivities. It would incentivise insurers to unwind these exposures, increasing concentration risk, transaction costs, and weakening EU insurers’ competitive position in accessing safe spread sources.</p> <p>Methodology: Very negative</p> <p>Industry asked for clarification that the CSSR should be calculated as the ratio between the sensitivity of assets to changes in credit spreads and the sensitivity of liabilities to changes of the VA. Instead, the new condition improperly introduces spread aspects in the denominator.</p> <p>Pegged currencies: Positive</p> <p>Industry supported. It is noted that companies have to calculate both the euro and pegged VA, which is a burden.</p> <p>Two new conditions: Very negative</p> <ul style="list-style-type: none"> Technically incorrect Not mentioned in Level 1 No impact assessment Highly likely to reduce CSSR. <p>Both conditions should be removed.</p>
<p>Interest rate risk</p>	<p>Floor:</p> <ul style="list-style-type: none"> The revised draft introduces a term-dependent floor for the downward 	<p>Overall: Mixed</p> <p>Floor: Neutral</p>

	<p>interest rate risk scenario to limit excessively negative rates.</p> <ul style="list-style-type: none"> Specifically, the floor is set at -1.25% for maturities between 1 and 7 years, -0.893% for maturities of 20 years or more, and linearly interpolated values in between. <p>Phasing-in: Not considering introducing a (mandatory) phasing-in.</p> <p>Pegged currencies: Assuming a simultaneous change in interest rates denominated in both the euro and the pegged currency</p> <p>Design: Industry supports the general design the new shifted methodology as well as the proposed calibrations of the s and b factors.</p> <p>UFR: Ultimate forward rate stress of 15 bps.</p> <p>LLFR: Last liquid forward rate by applying current weights to stresses applied to the interest rates</p>	<ul style="list-style-type: none"> Industry proposed a floor based on Euro swap curve instead of Swiss government bonds. EC no longer reference Swiss bonds, but now referencing German experience plus a ‘safety’ buffer (lower than or equal to the lowest historically observed value across all currencies). <p>Phasing-in: Positive In line with industry proposal.</p> <p>Pegged currencies: Positive Industry supports the proposed treatment of pegged currencies.</p> <p>Design: Positive Same methodology and calibrations of the s and b factors supported by industry in February 2025.</p> <p>Calibration for other currencies not mentioned: Negative</p> <p>UFR: Negative. As per previous proposal. Industry opposed.</p> <p>Stressed LLFR: Positive Industry asked for clarification on this point following March 2025, where approach would be to calculate the relevant stressed spot rates and then derive the stressed forward rates from these.</p>
<p>Long Term Equity</p>	<p>New Art 171a Forced-selling test New Article 171a lays out stringent conditions to demonstrate the undertaking is not subject to forced selling pressure over a 5-year horizon. It includes:</p> <ul style="list-style-type: none"> Eligibility criteria: Risk tolerance, SCR coverage 	<p>Test: Negative – very complex test and it is unclear why the EIOPA approach was not taken into consideration as one of the options.</p> <p>CIU: Negative – very restrictive - does not include UCITS.</p>

	<p>without VA/MA/transitional measures, and medium-term capital planning.</p> <ul style="list-style-type: none"> • Detailed cash flow projections: Differentiating normal and stressed conditions, with rules on what can be counted as inflows and outflows. • Stressed scenario assumptions: Including life/non-life lapse, interest rate, capital outflows, and contingent liabilities. • Tight controls on assets affected by VA or MA, and constraints on non-contractual cash flows (e.g. dividends, premiums) based on historical averages. <p>Eligible funds - New Art 171b CIU A new Article 171b specifies the types of collective investment undertakings (CIUs) and alternative investment funds that may qualify for long-term equity (LTE) treatment. These include Social Entrepreneurship funds, venture capital funds, certain closed-ended AIFs without leverage, and ELTIFs. It also clarifies how the LTE classification applies depending on whether a full look-through is possible.</p> <p>Reporting – full RSR/SFCR reporting only if LTE > total assets.</p>	<p>Reporting threshold: positive</p>
<p>Investments under legislative programs (SIU)</p>	<p><i>FISMA still developing banking guidance</i></p> <p>Following elements under consideration for L2 inclusion:</p> <ul style="list-style-type: none"> -CRR alignment: Solvency II provisions may replicate criteria from Article 133(5) CRR. -Legal certainty: Banking guidance could be integrated into the Delegated Regulation to avoid exceeding delegated powers (e.g. prior approval). -Prudential treatment: Insurers may benefit both from the 22% long-term 	<p>Mixed</p>

	equity risk factor <i>and</i> from capital relief linked to public guarantees/subsidies, if the risk-reducing impact can be robustly demonstrated.	
Other changes to equity risk	Duration-based equity and symmetric adjustment changes as per Level 1.	Neutral
Securitisation	<p>Lowering of several capital requirements. Examples below are the factors for credit quality step 1 (AAA) and 1 year duration.</p> <p>STS: (<i>political signal</i>)</p> <ul style="list-style-type: none"> • Senior: More equivalent to those of corporate or covered bonds (e.g. 1.0% to 0.7%). • Non-senior: Could also justify lower capital charges (e.g. from 2.8% to 2.0%) <p>Non-STS: Improved consistency with banking rules which differentiate between senior and non-senior:</p> <ul style="list-style-type: none"> • Senior: Significant reductions (e.g. from 12.5% to 2.7%) • Non-senior: Slightly reduced (e.g., from 12.5% 7.4%) 	<p>Positive Significant decreases for STS AAA. Welcome improved alignment between STS AAA and covered bond AA.</p> <p>This is aligned with long-standing industry proposals, most recently in the December 2024 response to EC consultation and recent SIU position.</p> <p>Adjustments to Non-STS calibrations are a welcome move in the right direction but still fall short of meaningful improvements for insurers (especially for non-senior tranches), particularly Standard Formula firms.</p>
Correlation matrices	Reducing the correlation between spread risk and interest rate risk in the downward scenario (from 0.50 to 0.25)	Positive In line with EIOPA advice and industry support.
Partial guarantees on bonds and loans	DG FISMA is considering allowing for the recognition of partial (but still irrevocable) guarantees of bonds and loans under the standard formula.	Neutral As per December 2024 EGBPI, no previous industry position.
Counterparty default risk	<p>Simplified calculation of the risk-mitigating effect of derivatives, reinsurance arrangements or securitisation (New Art. 107a).</p> <p>Hypothetical SCR for reinsurance: paragraphs added for marine, aviation and fire risk sub-modules (from Art. 130 to 132).</p> <p>Mortgage loans: Implement EIOPA's Opinion on default and forborne loans as well as on partial guarantees on</p>	<p>Simplified calculation: Neutral</p> <p>Hypothetical SCR for reinsurance: Negative</p> <p>Mortgage loans: Mixed (Increased threshold: Positive / floor for LGD: Negative)</p>

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	<p>mortgage loans. Increased threshold for mortgage loans in counterparty default risk (EUR 1.35 Mio instead of EUR 1 Mio EUR) because of inflation. In addition, introducing a floor of 5% (of the loan) to the calculation formula of loss-given default.</p> <p>CCPs: Treatment of direct exposures. Loss-given-default on a pre-funded contribution of 18% and probability of default 0.002%.</p>	<p>The current treatment of mortgage loans in Solvency II is appropriate and should be retained. Industry does not support the introduction of an artificial floor for the LGD even for cases where there is no default risk for the insurer (small remaining debt, high property value).</p> <p>CCPs: Positive In line with EIOPA advice, supported by industry.</p>
<p>Inflation adjustment</p>	<p>Intention to apply a 28%/35% inflation adjustment to the thresholds in Articles 168a, 176a and 176c, reflecting cumulative inflation since March 2019 and anticipating application of the amending Directive as of January 2027.</p>	<p>Positive</p>
<p>Risk mitigation techniques (RMT)</p>	<p>Non-proportional reinsurance adjustment factor in premium & reserve risk (Art. 117 and 148) limited to when reinsurance is in place.</p> <p>ADCs: Proposed introduction for dedicated treatment for adverse development covers in premium & reserve risk (Art. 117 and 148).</p> <p>Standard formula and basis risk:</p> <ul style="list-style-type: none"> • Art. 210 – New requirements to demonstrate effective transfer of risk. • Art. 211 - Recognition from non-equivalent third countries credit quality step (CQS) threshold changed from CQS 3 to 2. • Art. 211 – New paragraph 2a acknowledges reinsurance conducted or fully guaranteed by the government of a MS as RMT. 	<p>Overall: Negative</p> <p>Non-proportional reinsurance: Neutral Industry supports improvements to the treatment.</p> <p>ADCs: Mixed Industry supports introduction of dedicated treatment of ADCs but proposal is overly complex with testing and risk-limitation criteria.</p> <p>Standard formula and basis risk: Negative. No industry support for equal treatment of contingent capital treatments in internal models and the standard formula.</p> <p>The considered amendments to Art. 210 are critical because they are overly descriptive. Insurers already have methods in use to analyse basis risk. Additional and more complex regulation is not proportionate.</p>

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	<ul style="list-style-type: none"> • Art. 212 – References to basis risk added. • New Art. 212a - Contingent capital instruments and convertible bonds excluded from treatment. 	<p>Requirements to demonstrate effective transfer of risk are excessive and third country CQS change are not supported.</p> <p>The recognition of risk-mitigating effects of State guarantees or State reinsurance is supported.</p>
Other Standard Formula amendments	<p>Expense risk (Art. 140 & 157): Ignore expenses which are contractually fixed and cannot change.</p> <p>Market risk (Art. 180): 0% stress for exposures at least 5% guaranteed by party with 0% exposure</p> <p>Mass lapse risk (Art. 142)</p>	<p>Positive</p> <p>Negative No recalibration of the mass lapse risk. And, when calculating the capital requirement for mass lapse risk the per-policy expenses should remain unchanged. This issue should be mentioned in Article 142(6) of the delegated acts to avoid interpretations going beyond the current wording (see EIOPA Q&A ID 1678 and ID 2402).</p>
MCR	Factors applied to TPs and premium updated as per December 2024 EGBPI.	Neutral – no previous industry position.
Best Estimate	<p>Several topics:</p> <ul style="list-style-type: none"> • Art. 1 definitions for ‘future management actions’ and ‘expected profit included in future fees for servicing and management of funds’ • Art. 18 (3)- Contract boundary wording. <ul style="list-style-type: none"> ○ Only allow the application of the exception that allows the extension of contract boundaries for contracts where an individual risk assessment has been performed at inception, only 	<p>Positive - Future management actions definition</p> <p>Negative – Contract boundary wording that exception is only applicable in case of not having the right to perform assessment again.</p> <p>Positive - clarification that it is a right to perform an assessment at contract level</p>

	<p>when the undertaking does not have the right legally/contractually to perform the assessment again.</p> <ul style="list-style-type: none"> ○ the clarification that it is a right and not an obligation for insurers to perform an assessment at the level of individual contracts. ● Art. 20 & 231 – Paragraph added stating ‘undertakings shall put in place internal procedures to avoid excessive reliance on data from past events with respect to climate change-related risks’. ● Art. 31 – new business assumption linked to AMSB decision. ● Art. 260 – Amendments for expected profit in future fees and offsetting homogenous risk groups. 	<p>No previous industry position- Internal procedures regarding reliance on past climate data</p> <p>Negative - new business assumptions should be linked on AMSB</p> <p>Positive - clarifying that both profit- and loss-making policies within an HRG are allowed.</p> <p>Negative - the introduction of a definition of gross expected future profit/loss from servicing and management of funds</p>
<p>Proportionality</p>	<p><u>According to EGBPI non-paper:</u> <i>-DA introduces a modular structure with 4 general conditions applicable to all requests and between 0-3 additional conditions tailored to each proportionality measure.</i> <i>-This supports legal certainty and supervisory convergence, while giving insurers clarity on approval requirements and grounds for rejection.</i> <i>-The proposed structure—dedicated articles per measure—directly reflects the EGBPI aim to facilitate understanding and simplify implementation for both undertakings and supervisors.</i></p> <p>Proportionality in Pillar 1 Further specification PHRSS - New Art 34a: Allows PHRSS for life</p>	<p>Mixed - Further specification for PHRSS and simplified calculation</p>

	<p>obligations with immaterial options & guarantees if:</p> <ul style="list-style-type: none"> • They are clearly identified. • TVOG < 5% of SCR (based on EIOPA's harmonised scenario set). • Undertaking is a <i>small and non-complex undertaking</i>. • A 5% stochastic add-on applies, unless a lower rate can be justified. <p>Further specification simplified calculation - New Art 89a: Introduces <i>simplified calculation</i> for immaterial risk modules or sub-modules (excluding market risk):</p> <ul style="list-style-type: none"> • SCR for module/sub-module = max(previous SCR; risk factor × volume at time t). • Risk factor = prior SCR / prior volume. • Must be justified to the supervisory authority. <p>Proportionality in Pillar 2 Governance Requirements (Article 258 amended):</p> <ul style="list-style-type: none"> • Governance review must now explicitly include diversity, including gender balance and must be commensurate with nature, scale, and complexity. <p>Art 327a – Capital requirement for intangibles for SNCU identification – (<i>also for SNCU groups</i>)</p> <ul style="list-style-type: none"> • Aligns capital requirement test for proportionality classification with Article 203 (intangible asset risk). <p>Non – SNCUs Prop measures</p> <ul style="list-style-type: none"> • Art 327b – <i>Reduced RSR frequency</i> • Article 327c – <i>Combination of key functions</i> • Article 327d – <i>Reduced review frequency of written policies</i> 	<p>The simplified calculation is not permanent, and not allowed automatically.</p> <p>Negative: Contrary to Art. 109 of the SII-Directive, the option of simplified calculation should not apply to the market risk module and its sub-modules. Specific requirements are made for the simplified calculation of the other risk modules.</p> <p>Negative – additional burden beyond AMSB diversity policy.</p> <p>Neutral</p> <p>Proportionality for Non SNCU - Negative – complex and unnecessarily burdensome for non-SNCUs to get access to proportionality measures. Mostly in line with EIOPA's proposed advice/criteria, slightly streamlined for combination of key functions,</p>
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	<ul style="list-style-type: none"> • Article 327e – <i>Reduced ORSA frequency</i> • Article 327g – <i>Waiver from short-term LRMP</i> <p>Proportionality at group level Article 377b provides that proportionality conditions apply at group level, and the group supervisor must also assess the group’s structure, cross-border activity, share of non-(re)insurance entities, and intragroup transaction materiality.</p>	<p>frequency of written policies and the PHRSS. The criteria for the exemption from macroprudential analysis (Art. 45 (1b)) are completely missing.</p>
Remuneration	<p>Variable remuneration (Art. 275):</p> <ul style="list-style-type: none"> • Proposals introduce a stricter minimum deferral period of three years for a substantial portion of variable remuneration, with pro-rata vesting. • Payment is subject to performance- and sustainability-based conditions, backed by mandatory malus and clawback arrangements covering up to 100% of the variable pay. • A proportionality exemption is introduced for amounts ≤ €50,000 and ≤ 1/3 of total pay, subject to supervisory override. 	<p>Mixed – the proportionality exemption is welcomed. The other aspects mix in the remuneration practices within companies which appears to be unnecessarily burdensome.</p>
Other Pillar 2 topics	<p>Internal audit (Art. 271): The possibility of combining internal audit with other key functions in exceptional cases is deleted.</p> <p>•</p> <p>Capital add-on (Art. 278): Update following making the VA conditional on NSA approval.</p>	<p>Negative Internal audit, even though there is a proportionality provision for SNCUs and non-SNCUs</p> <p>Neutral - Capital add-on</p>

<p>Reporting and disclosure</p>	<p>SFCR SOLO Article 290 explicit allowance to use reference links (need to be 5 year available), requirement to have both quantitative and qualitative information</p> <p>Art 291 defines materiality and material changes</p> <p>Art 292 sets out that the SFCR part for policyholders must be concise (max. 5 pages), in clear language, include key business, performance, capital and risk information, and be available in the official language of the policyholder’s Member State upon request. (Incl transition plan link)</p> <p>Art 293–297: Revised articles restructure the SFCR by introducing separate sections for policyholders and market professionals, with tailored disclosure requirements for each. For market professionals, new detailed provisions are introduced on business and investment performance, governance (<i>including remuneration policies and outsourcing of critical/important operational functions</i>), solvency valuation methods for assets, liabilities and technical provisions (<i>incl consideration of sus risks and factors in valuation methods</i>), and capital management. The revisions merge the cap mgt and risk profile sections and expand disclosures on transitional measures, the use of long-term equity investments under Article 105a, and the duration-based equity risk sub-module. Standardised stress scenarios are now required for systemically</p>	<p>SFCR: Negative Hardly consulted by the public, yet remains burdensome to prepare given the considerable effort required for limited actual use.</p> <p>RSR: Mixed - While the structure appears feasible, the extent and complexity of the reporting requirements remain burdensome for undertakings.</p> <p>Positive – allowance to use links (Art 290). And the limitation of the SFCR part for PH to a maximum of five pages (Article 292(5))</p> <p>Neutral – materiality definition (Art 291)</p> <p>Negative – PH part of SFCR is too extensive and detailed going beyond its purpose. In particular the language requirements. (Art 292). And the provisions in Article 292(1)(d) and (e) and Article 292(2)(c) and (e), as the information requested is typically already publicly available in the financial statements.</p> <p>Language requirements are very burdensome for u/takings.</p> <p>Negative- Professional part of SFCR was reshuffled and expanded. Including addition of sustainability, LTE, sensitivities – related information. For sensitivities the VA is expected to remain constant.</p>

	<p>relevant undertakings. For IM users, more granular information is required on scope, methods, and integration with the standard formula.</p> <p>Art 297a (new): new sus disclosures:</p> <ul style="list-style-type: none"> • elements and targets from sustainability risk plans (Art 44 SII), • whether CSRD transition plans are published, • any material climate risk exposures and related actions (Art 45a), • and, if applicable, information used to meet SFDR or Taxonomy disclosure requirements. <p>Article 298a - languages The PH part of the SFCR should be provided in the official language of the MS pf PH, upon request. If a machine translation is used, this must be clearly disclosed. The report must be sent within 10 working days.</p> <p>Article 301 both parts of the SFCR must be published on the undertaking's or, if applicable, a trade association's website for at least 5 years, or sent within 10 working days upon request. Must also be submitted to NSAs in searchable electronic format, with the exact web location notified and kept updated. Submitted data may be used by supervisors and EIOPA for data extraction and analysis (Art. 301(7)), but accuracy remains the insurer's responsibility.</p> <p>Art 302: Updated SFCR versions must be clearly identified and disclosed when major developments affect relevance.</p>	<p>Negative There is a need to review this given the omnibus-package and the proposal to postpone the RTS for SRP. Regarding the transition plans there is no need to include this in the SFCR, especially given that few insurers will have to have these plans according to the omnibus-package</p> <p>Negative- Language requirements are stringent</p> <p>Mixed- publication requirements are quite burdensome</p> <p>Positive: Support the provision in the amended Article 312 stating that where there is no requirement to submit a regular supervisory report for a given financial year, undertakings are only required to report on material changes if such changes occur.</p>
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	<p><u>GROUP SFCR</u></p> <p>Art 359: Group SFCR must mirror solo SFCR content and structure but include:</p> <ul style="list-style-type: none"> • Legal & operational group structure • Intra-group transactions • Group-specific capital and diversification data <p>Art 360: Group SFCR must be in the language set by group supervisor; OR a commonly understood language, following consultation with the college and the group.</p> <p>Art 363: Updated versions required in case of major developments.</p> <p><u>Single group SFCR</u></p> <p>Art 365–369: requirements for the structure, language, and update procedures of the single group SFCR. They specify that:</p> <ul style="list-style-type: none"> • For solo disclosures (excluding the part for policyholders), undertakings may refer to equivalent group-level content. <p><u>RSR</u></p> <p>Art 304: RSR includes 4 components and if material change reporting in the RSR is unclear, a more detailed section-specific explanation may be required.</p> <p>Art 304–311: RSR mirrors SFCR structure with additional projections, assumptions, justifications, sensitivities. Important elements include forward-looking projections on underwriting, investments, and own funds; detailed explanations of assumptions behind deferred tax assets; liquidity and risk concentration disclosures; enhanced requirements for the actuarial, audit,</p>	<p>Negative - mirror solo updates. In particular, the requirement to prepare the SFCR for PH also at group level, as this appears to go against the content point of view and goes against EIOPA's opinion on the 2020 review (here section 7.12 p49)</p> <p>Neutral – no major changes</p> <p>RSR: Mixed - While the structure appears feasible, the extent and complexity of the reporting requirements remain burdensome for undertakings.</p>
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	<p>and compliance functions; and dedicated reporting on long-term equity investments and Article 105a compliance. Supervisors may also request clarifications where reported changes are unclear.</p> <p>GROUP</p> <p>Art. 372: follows the same structure and requirements as Articles 304–311, with additional group-specific elements. These include a list of all subsidiaries, material changes in group activities and profits, intra-group transactions, and the contribution of entities to group strategy. It also requires information on consistent implementation of governance systems across the group, material intra-group outsourcing, and group-specific risks not captured in the SCR. For capital management, it introduces granular reporting on own funds and notional SCRs for all relevant entities in the group structure, including SPVs and third-country undertakings.</p> <p>Art. 372a (new): Structure and content for <i>single</i> RSR follows same rules, with separation of group and solo content, and possibility to refer to group info if equivalent.</p> <p>Art 374: Translations required for subsidiaries’ national supervisors where needed.</p> <p>Languages – Group RSR (Art. 374)</p> <p>Clarified language rules: Group regular supervisory reports must be submitted in the language(s) set by the group supervisor, with flexibility to require additional translations:</p> <ul style="list-style-type: none"> ○ In colleges of supervisors, one language must be commonly understood by all authorities. ○ Translation of subsidiary-specific information is 	
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	<p>required upon request by national supervisors if the subsidiary is based in a Member State with a different official language.</p>	
<p>Group solvency calculation</p>	<p>Partial Internal Model and Integration Techniques</p> <p>Article 328(1) – Choice of method:</p> <ul style="list-style-type: none"> ○ Adds new considerations when deciding on the use of method 2 or a combination of methods 1 and 2 for group SCR: <ul style="list-style-type: none"> ▪ (ca) New: If the group intends to use Integration Technique 1 (Annex XVIII, Section B), this shall be taken into account. <p>Article 343(5)(a)(iii) – Model approval application:</p> <ul style="list-style-type: none"> ○ Expanded disclosure required when undertakings are excluded from the internal model: <ul style="list-style-type: none"> ▪ Required to describe integration techniques applied per excluded undertaking and assess appropriateness. ▪ If using Integration Technique 1, explanation needed why this is more appropriate than applying a combination of method 1 and method 2 (per Article 233a). <p>Article 336b – Simplified calculation for immaterial participations</p> <ul style="list-style-type: none"> • Applies to immaterial related undertakings (per Article 229a). • Excludes them from Article 336(a)–(e); includes via simplified aggregation (Article 13). 	<p>Negative</p> <p>Negative – Concerns about the narrow scope, which essentially limits any simplified approach to just using the Standard Formula Equity Module mechanism (complemented by market risk and currency risk modules). Companies are already using more sophisticated methods, and this should not be restricted. The DA</p>

	<ul style="list-style-type: none"> • For (re)insurers: Add higher of (i) EU-calculated capital, or (ii) their SCR. • For 3rd country insurers: Add higher of (i) EU-calculated capital, or (ii) 3rd country requirement. • Others: Add EU-calculated capital only. <p>Article 336: Calculation of the consolidated group Solvency Capital Requirement</p> <ul style="list-style-type: none"> • Others: SCR of participations between 20% and 50% are added, therefore do not diversify. <p>Article 335: Determination of consolidated data</p> <ul style="list-style-type: none"> • (a) Full consolidation of subsidiaries (incl holding companies of 3rd country (re)insurers). • (c) Proportional consolidation where ownership and liabilities are shared. • (d) Adjusted equity method for related undertakings not included above. • (e) For mixed-method use: Add the difference between book value and proportional SCR of method-2 related undertakings. • Clarifies definition of “holdings in related undertakings” for point (e). <p>Art 330 – Availability of own funds at group level</p> <ul style="list-style-type: none"> • Supervisors must assess whether own funds of related entities are effectively available to the group, considering: 	<p>should remain open for a range of approaches, including modern methods;</p> <p>Negative – participations in entities that manage infrastructure, usually between 20% and 50% do not diversify with the rest of the portfolio, while investments less than 20% (non-participation) or greater than 50% (subsidiaries) do diversify.</p> <p>Neutral – simplification is noted</p>
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	<ul style="list-style-type: none"> ○ Legal/regulatory restrictions on loss absorption (Art 330(1)(a)). ○ Transferability constraints of assets (Art 330(1)(b)) ○ Availability within 9 months (Art. 330(1)(c)). ● Assumed unavailable own funds: <ul style="list-style-type: none"> ○ Items restricted under Art. 222(2) SII Directive. ○ Exceptions allowed if group proves item is available despite presumption. ● Minority interests exceeding contribution to group SCR must be capped using a two-factor formula (Art. 330(4a)). <p>Art 331 – Classification of own funds of insurers at group level</p> <ul style="list-style-type: none"> ● Default rule: Use solo-tier classification at group level if: <ul style="list-style-type: none"> ○ Requirements of Arts. 71, 73, and 77 are met. ○ Items are unencumbered and do not conflict with Art. 94 SII Directive. ● Clarifications: <ul style="list-style-type: none"> ○ “SCR” refers to both solo and group SCR (Art. 331(2)(a)). ○ Tier 2 at solo level can be Tier 1 at group level if Art. 73(1)(j) conditions met (Art 331(4)). ● New rule: 3-year grace for pre-existing own-fund items of new related undertakings, if group can show future compliance without them (Art. 331(5)). <p>●</p> <p>Art 332 – Classification of own funds of 3rd country undertakings</p>	<p>Negative – while the transferability requirements for own funds were reduced, the reconciliation reserve was excluded from transferable own funds. However, the EPIFP was also excluded from the reconciliation reserve.</p> <p>Share capital’ is a notional equity item reflected in the balance sheet through its investments. Therefore, availability should be assessed based on those investments, not its nominal value. The current article already covers this, making further provisions unnecessary.</p>
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	<ul style="list-style-type: none"> • Use standard criteria if: <ul style="list-style-type: none"> ○ Art 71, 73, and 77 are met. ○ Item is unencumbered (Art 332(1)). • New rule: Same 3-year transition applies for new 3rd country related undertakings (Art 332(3)). <p>Art 333 – Classification of OF of holdings & ancillary undertakings</p> <ul style="list-style-type: none"> • Applies same criteria as above for items issued by: <ul style="list-style-type: none"> ○ Insurance holding companies. ○ Intermediate holdings. ○ Ancillary service subsidiaries. • New rule: 3-year exemption for newly acquired related undertakings if group can show future compliance (Art. 333(4)). 	
<p>Transparency and accountability</p>	<p>New data points to be reported by supervisory authorities:</p> <ul style="list-style-type: none"> • (20) Number of <i>small and non-complex undertakings</i> (SNCUs), and how many were asked not to use proportionality measures (Art. 29c(2) SII Directive). • (21) Number of undertakings allowed to apply one or more proportionality measures (Art. 29d SII Directive & Art. 327i of the Regulation), broken down per measure. • (22) Number of <i>small and non-complex groups</i>, and how many were asked not to apply proportionality measures (Art. 29c(2)). • (23) Number of groups allowed to apply one or more proportionality measures (Art. 29d & Art. 327i), broken down per measure. 	<p>Neutral</p>

	<ul style="list-style-type: none"> • (24) Number of groups: <ul style="list-style-type: none"> ○ Excluded from group supervision under Art. 214. ○ For which supervision applies only at intermediate parent level due to exclusions under Art. 214. 	
<p>Other issues</p>	<p>Foreseeable dividends (Art 70a): Accrual approach articulates, with new text on ‘distributions’ and ‘charges’ compared to previous proposals.</p> <p>Look through: Art 84(4) – Exclusion from look-through exemption:</p> <ul style="list-style-type: none"> • Investments in related undertakings no longer automatically exempt from look-through, unless all of the following apply: <ul style="list-style-type: none"> ○ (a) Main purpose is asset management for the group. ○ (b) Operates under a specific documented investment mandate. ○ (c) No significant business beyond group-beneficial investing. <p>Art 171 – Definition of strategic equity investments:</p> <ul style="list-style-type: none"> • Look-through does not apply to strategic investments only if the 	<p>Foreseeable dividends: Broadly positive</p> <p>While the accrual approach has been introduced, which is a positive development, the proposed wording does not fully reflect the industry's request, such as the need to remove the reference to: <i>“Where the dividend or distributions policy contains a pay-out range instead of a fixed value fixed single pay-out ratio or amount, the upper end of the range shall be used.”</i></p> <p>Look through: Negative</p>

	<p>insurer can demonstrate certain conditions under Article 171.</p> <p>Allowance for amortised cost for short -term deposits for SNCU: SNCUs may value short-term deposits (<1 year) at cost or amortised cost if it avoids material error or results in a lower value.</p> <p>Repayment and redemption – clarification for own funds Repayments include any transaction with the same economic effect, such as share buy-backs, unless shares are used for stock options within one month.</p> <p>Stress Test Disclosure</p> <p>Several other amendments and reference updates:</p> <ul style="list-style-type: none"> • missing cross-reference in mass-lapse risk • treatment of negative equity values • updated reference to covered bonds • conflicts in provisions on market risk concentration • wrong references as regards loss-given default for reinsurance subject to collateral arrangement • wrong formula in Art. 201 • references to countries (annex) • repayment and redemption – clarification for own funds 	<p>Negative-It is necessary to introduce safeguards to ensure that stress tests do not become pass/fail exercises creating additional capital and disclosure requirements that undermine the existing Solvency II requirements and core features, such as LTG measures.</p>
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	<ul style="list-style-type: none"> • redundancy in the definitions regarding sustainability provided in Directive 2025/2 • inconsistency between Art. 127 and Annex III in the calculation of catastrophe risk non-proportional property reinsurance • flood risk corresponding to Bulgaria deleted • mapping of Portuguese risk zones and postal code 	
<p>EIOPA NATCAT SF opinion</p>	<p>Definition of perils in Art.120</p> <p>Separate Excel Annex with : ECO-SLV-25-177</p>	<p>Mixed</p> <p>In line with EIOPA’s opinion.</p> <p>Insurance Europe supports the recalibration for:</p> <ul style="list-style-type: none"> • Flood – Denmark • Hail – France <p>Industry position: Insurance Europe does not support the recalibration for:</p> <ul style="list-style-type: none"> • Earthquake – Romania • Flood – Poland, Sweden, Finland, Netherlands • Windstorm – Martinique, St-Marti, La reunion, • Hail – Germany • Subsidence – France, Belgium