

Industry paper on data and calculation challenges under the amended Solvency II framework

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1. Introduction

The implementation of the Solvency II Review introduces substantial new calculation and data requirements for insurers, particularly in relation to the revised volatility adjustment framework, the Credit Spread Sensitivity Ratio (CSSR), and the updated extrapolation methodology.

While the review aims to improve risk sensitivity and strengthen supervisory oversight, the operational and data-intensive nature of these changes creates significant challenges for undertakings and for groups operating across multiple jurisdictions.

This paper aims to provide industry views, identify key areas of concern, and highlight the **need for timely clarifications** from EIOPA and the European Commission. It is intended as an **initial contribution to the broader implementation dialogue**, focusing on data availability and calculation challenges that are already emerging as undertakings start preparing for the new framework.

Additional implementation challenges are expected to crystallise over time. This paper does not aim to provide an exhaustive overview of all implementation issues arising from the Solvency II Review.

The **first set of operational and technical issues** encountered by insurers are:

- Data availability and transparency
- CSSR – scope, inputs and methodological clarity
- CSSR – operational complexity at solo level
- CSSR – group-level complexity

These issues are explained below and reflect common concerns raised by undertakings and national associations. The explanations from industry perspective are intended to support constructive engagement with policymakers as implementation progresses.

2. Data availability and transparency

2.1. Expanded technical information is essential for consistent calculations

Uniform Solvency II calculations depend on timely and comprehensive publication of risk-free interest rate data. Reductions in published data, including for non-EEA currencies, create uncertainty and undermine the level playing field.

Insurance Europe stresses that publication of technical information should be a high priority, and reductions should only occur with full transparency and justification.

Insurance Europe therefore requests EIOPA to:

- Resume publication for the 11 non-EEA curves whose publication ceased at the beginning of 2025, relevant to EU undertakings.
- Avoid reductions that may disrupt consistent implementation of the revised framework.

The availability of yield curves, or clearly defined methodologies for their construction, for EU accession candidate countries is important to support consistent valuation and asset-liability management for insurers active in these markets.

2.2. New data required following the Solvency II Review

To implement the revised VA, including CSSR, and the new extrapolation framework consistently, EIOPA is requested to publish additional items mandated by the amended Directive and Delegated Regulation.

Data EIOPA is required to publish under Directive Article 77e

Data required at least quarterly, and preferably monthly

In accordance with Article 77e of the amended Directive, EIOPA is requested to publish:

- Risk-free interest rate term structures:
 - without matching adjustment or volatility adjustment;
 - with or without extrapolation phasing-in.
- All components of the volatility adjustment (including spreads, LTAS and risk corrected spreads for the government and corporate reference portfolios), as well as the debt-instrument share used for the macro volatility adjustment.
- Residual Volume Criterion data used to determine the First Smoothing Point (FSP) for each relevant currency (published at least annually).

In addition, industry considers it essential that the **current monthly publication frequency** for these data be maintained.

Additional technical information required for consistent implementation

Timely, complete and transparent publication of technical information is essential to enable undertakings to implement the amended Solvency II framework in a consistent and operationally sound manner. This is particularly critical in light of tight reporting timelines and the complexity of the revised framework.

Beyond the items explicitly listed in Article 77e, additional technical information is needed to allow undertakings to perform consistent valuation, SCR calculations and stress testing, and to replicate supervisory calculations.

Data required at least quarterly, and preferably monthly

To support consistent valuation and SCR calculations, EIOPA is requested to publish:

- Interest rate data for maturities beyond the First Smoothing Point (FSP) where markets are considered deep, liquid and transparent, enabling undertakings to derive the Last Liquid Forward Rate (LLFR).
- While EIOPA already publishes extrapolated interest rates for these maturities, it is crucial to also publish the **underlying interest rates directly derived from market data**, as these are necessary for undertakings to calculate the LLFR under the new extrapolation methodology. In combination with the interest rates published for maturities before the FSP, these data are required to derive both stressed and non-stressed interest rate curves.
- Shocked interest rate curves for the interest rate risk sub-module, with and without extrapolation phasing-in, to ensure consistent stress calculations. (EIOPA is currently publishing shocked curves for the interest rate sub-module.)
- The notional volatility adjustment.

Data required at least annually

In addition, EIOPA is requested to publish:

- Greater transparency on DLT assessments, given the significant solvency impact of changes to DLT maturities.
- Weights used for the calculation of the LLFR, based on average notional traded volumes of interest rate swaps, ideally published at least one month before the relevant reference date. Where these data are not available in time, undertakings should be allowed to rely on previously published information.

Late, incomplete or insufficiently transparent publication of this information would materially impair insurers' ability to calculate technical provisions and capital requirements in a timely and consistent manner. In particular, insurers will need access, at an early stage, to a **complete, stable and fully transparent calculation tool and underlying methodology** to understand the mechanics of the revised framework, validate results, and develop or adapt their internal systems accordingly.

Timely provision of such tools by EIOPA is therefore essential to allow undertakings to prepare well in advance of the entry into application of the new framework and to ensure consistent implementation across the market.

3. CSSR – scope, inputs and methodological clarity

3.1. Assets included in PVBP(MV^{FI})

The CSSR calculation PVBP(MV^{FI}) is based on the value of investments in bonds, loans and securitisations. Under Solvency II, however, the balance sheet groups several instrument types under the category "bonds", including government bonds, corporate bonds, structured notes and securitisations. It is unclear why the definition of the PVBP(MV^{FI}) identifies securitisations separately, since this could be understood as excluding structured notes from this definition.

To ensure consistent application, insurers request confirmation that structured notes are included in the scope of PVBP(MV^{FI}). There is no conceptual or prudential rationale to exclude structured notes from the calculation. In addition, clarification would be helpful on whether, and under which conditions, **derivatives may be eligible for inclusion in the CSSR calculation**.

Similarly, clarification would be welcome on the treatment of **foreign-currency investments used to back liabilities in accordance with an undertaking's ALM process**, notably where the associated currency risk is effectively hedged, pegged (e.g. USD/UK) or otherwise neutralised. In this context, it would be helpful to distinguish between situations where the foreign-currency investment and the hedging instrument are recognised and valued separately on the balance sheet, and situations where the currency risk is mitigated through a combined or structured instrument. Clear guidance on whether, and under which conditions, such arrangements may be considered eligible for inclusion in the calculation would support consistent application across undertakings.

4. CSSR – operational complexity at solo level

The operational and data-intensive nature of these changes creates significant challenges for undertakings and for groups operating across multiple jurisdictions. This is notably the case for the CSSR, which introduces a multi-step calculation process, and may necessitate multiple actuarial and asset valuation platform runs, thereby materially extending calculation timelines, especially in quarterly reporting cycles.

Furthermore, although reuse of a previously calculated CSSR is allowed where no material change has occurred, undertakings currently **lack supervisory guidance** to evidence this in practice.

To avoid operational risk of late recalculation of the VA and hence risk of missing **t+25 quarterly reporting deadlines** undertakings should in the initial phase generally work under the assumption of an annual update of the CSSR, unless material changes in relevant risk factors can be demonstrated. More detailed materiality criteria may be refined at a later point in time when more experience has been gained.

5. CSSR – group-level complexity

5.1. Multiple CSSR factors within a group

Insurance groups may include undertakings that fall into different CSSR buckets, implying the use of multiple interest-rate curves in consolidated calculations. In practice, this may require groups to produce and maintain

several distinct sets of stochastic scenarios and valuation runs, resulting in a significant operational burden that may be disproportionate, in particular for smaller or less material subsidiaries.

Industry therefore proposes a **pragmatic, optional simplification** for subsidiaries whereby:

- Subsidiary undertakings can be grouped into **subgroups sharing a similar CSSR factor**; and
- a **common CSSR factor**, set conservatively within each subgroup, is applied.

Such a simplification would be proportionate to the nature, scale and complexity of the risks of the obligations as it fulfils the condition in Article 56 (4) (b) of the Delegated Regulation. It would help limit unnecessary complexity and duplication of calculations at group level, while preserving prudence and without affecting undertakings that prefer or are required to calculate CSSRs on a fully granular basis.

6. Urgency of clarifications

The issues outlined above create the risk of:

- Divergent national practices
- Uneven supervisory expectations
- Significant operational strain
- Late or inconsistent reporting
- Reduced comparability across the EU

Industry therefore strongly encourages EIOPA and the European Commission to provide timely clarifications and ensure the prompt, complete and predictable publication of all required technical data. Both elements are essential to enable a consistent, proportionate and workable implementation of the amended Solvency II framework, particularly in light of tight reporting timelines.

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.