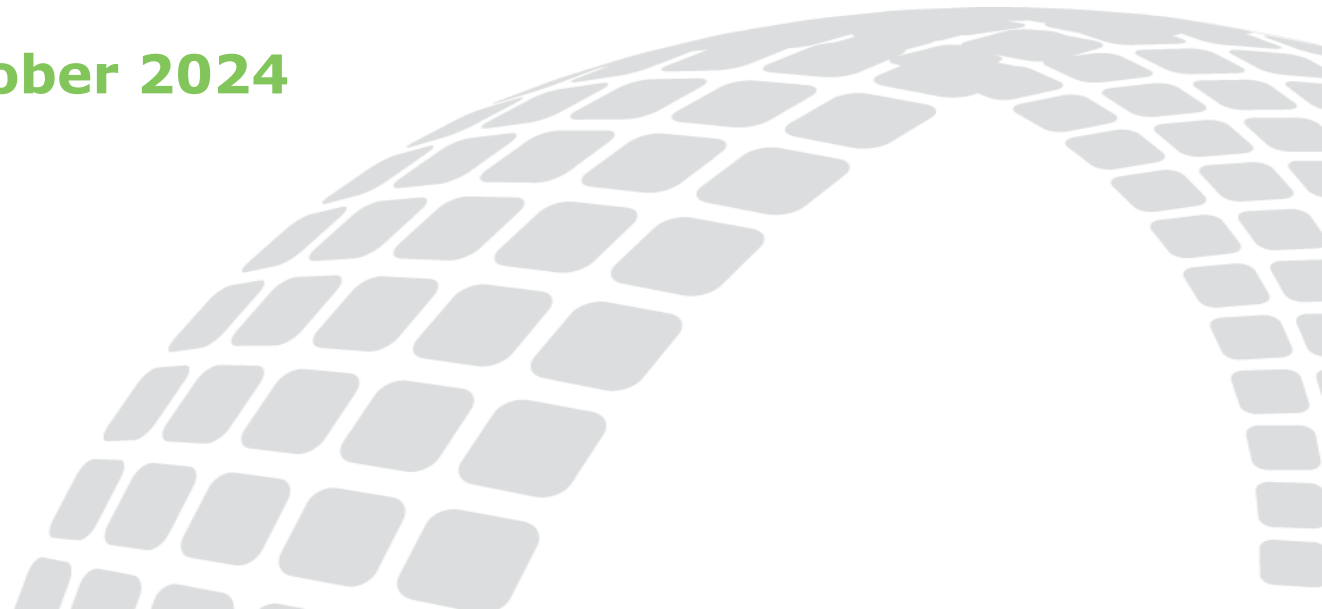


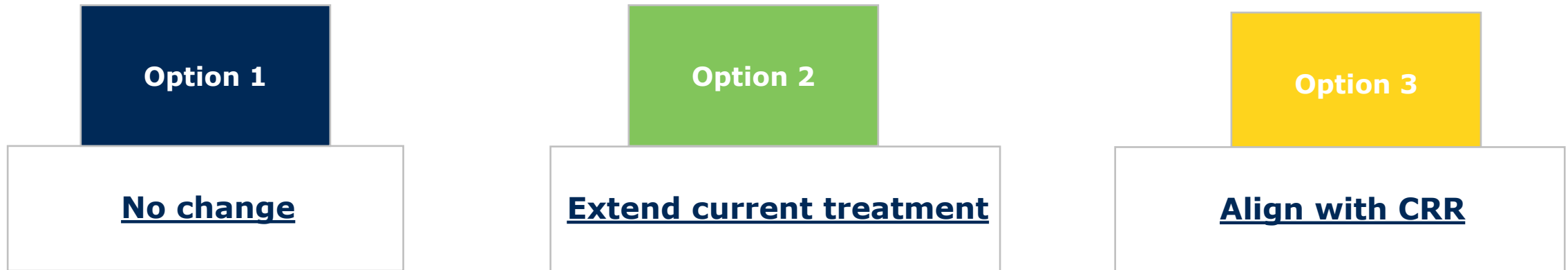


Preliminary industry views on CCPs & Proportionality consultations

EIOPA virtual event, 10 October 2024



Capital requirements for direct CCPs exposures



Treatment of direct CCP exposure is not priority for industry. Nevertheless, industry supports a risk-based and risk-sensitive Solvency II.



Industry **supports Option 3**, to extend treatment of indirect exposure to direct exposure to QCCPs and to further align the treatment of default fund contributions to CRR. This option provides the most **balanced approach**.

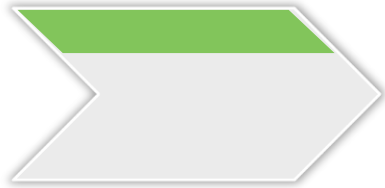


This should not be interpreted as an endorsement of complete alignment of SII with the CRR or any other banking regulation provisions.



Regarding EIOPA's considerations to extend the proposed approach to repurchase transactions (repos) and possibly other securities, the industry thinks it would be **appropriate**. In our view, it is important that this is an **additional** option and that it does **not** penalise the current prevailing practice.

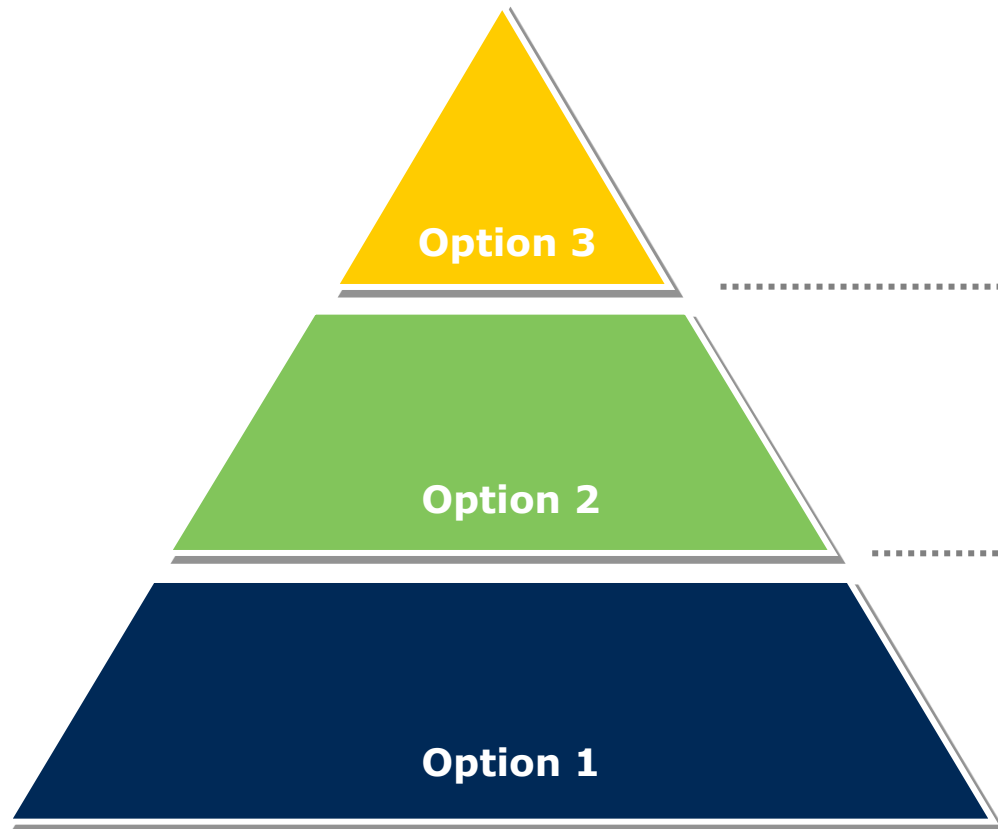
Methodology for classifying undertakings & groups as SNCUs



Current view:

The industry **acknowledges** EIOPA's advice that no further specifications may be required regarding the methodology for classifying undertakings and groups as small and non-complex.

Proportionality approach for non-SNCUs



- **Hybrid Approach (EIOPA preferred option):** conditions based on both quantitative and qualitative assessments, balancing predictability/convergence with supervisory judgment/risk based supervision and promoting common standards. Additionally, it allows for consideration of market-specific conditions.
- **Qualitative Approach Only:** Conditions based on qualitative assessments, enhancing supervisory judgment and targeted assessments, considering undertaking-specific risk profiles and market circumstances, but potentially leading to inconsistent supervisory practices and less predictability for applicants.
- **No Change:** No new conditions, serving as a baseline for comparison with other options but not considered viable due to EIOPA's EC-mandate.

Proportionality and application beyond SNCUs

Solvency II allows any (re)insurer to **apply** to its NSA for the **use of proportionality measures tailored to their specific risk profiles.**

Flexibility is essential to accommodate diverse business models within the insurance sector.



The principle of proportionality is **essential** to accommodating the **diversity** of the European insurance market, helping avoid **unnecessary costs and operational complexities**, especially for non-SNCUs.

Concern: CP restricts **proportionality** to undertakings whose risk profile is not materially different from SNCUs, which is **more restrictive** than the Directive.

Conditions – General views

The industry notes the use of hybrid criteria but stresses that these should be treated as non-binding **guidance, not rigid requirements.**



Both **qualitative and quantitative conditions** should be non-binding, serving as guidance.



Quantitative thresholds risk being too rigid, limiting flexibility, relative threshold of 20% should be considered.



Too many qualitative conditions could lead to complexity and unnecessary bureaucratic burdens.

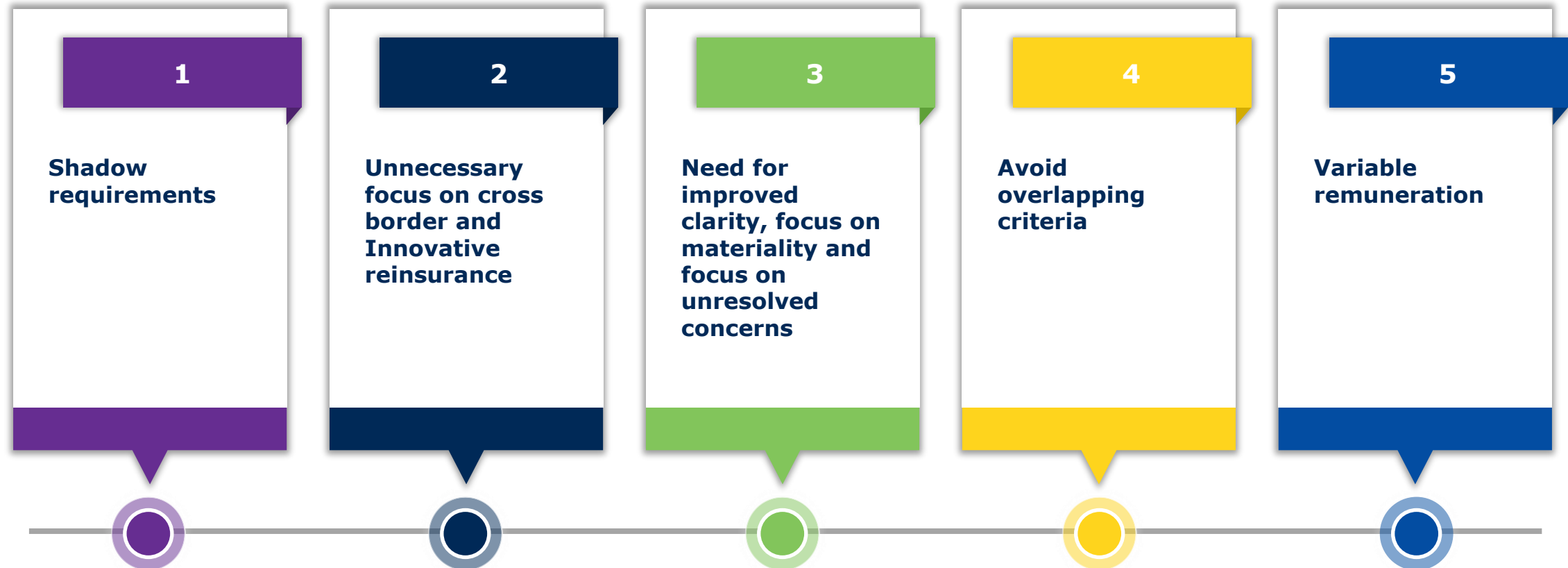


Emphasise the need for **flexibility** and broad risk-based application across diverse market profiles.

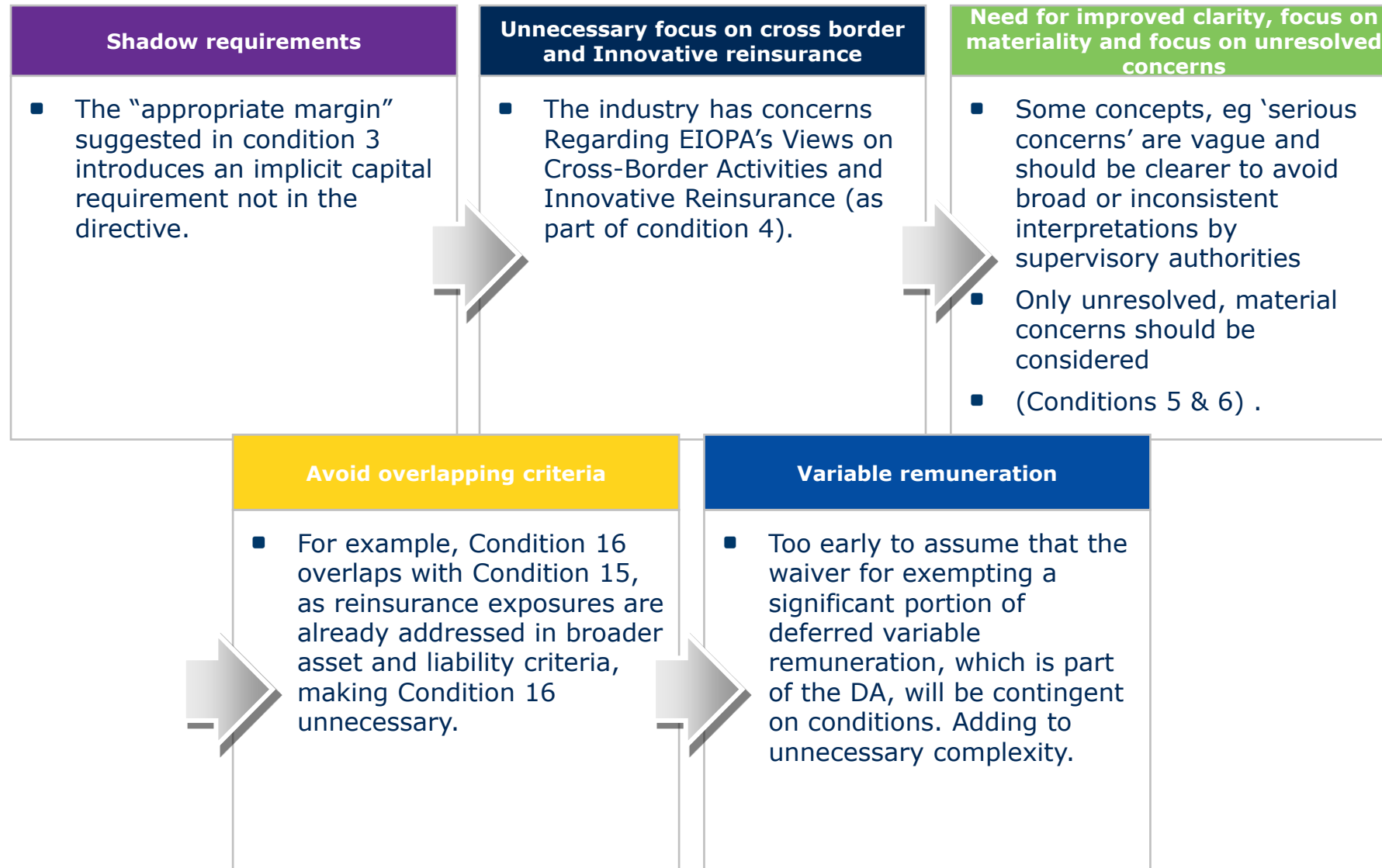
Key concerns

- **Market impact and cost analysis**
 - EIOPA should conduct a comprehensive market impact and cost analysis of the proportionality framework
 - This is crucial to avoid unnecessary burdens on smaller undertakings.

Key concerns linked to conditions



Key concerns linked to conditions



Further concerns & next steps

- **Further concern**

- SNCU Groups - The practical implementation of proportionality measures in **groups**, particularly where one or more entities qualify as SNCUs, remains **challenging**.

- **Next steps:**

- Insurance Europe and its members will finalise these preliminary messages and the secretariat will submit its response to EIOPA by 25 October.