

## Insurance Europe response on EIOPA's revised Guidelines on the treatment of related undertakings

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Referring to:	<a href="#">Consultation on revised Guidelines on the treatment of related undertakings - Solvency II Review - EIOPA</a>		
Related documents:	<a href="#">Consultation Paper</a>		
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### General comments

**Q1.** Do you have general comments on the consultation document?

### Consultation paper overview and next steps

**Q2.** Do you have comments on Section 'Consultation paper overview and next steps'?

### Introduction

**Q3.** Do you have comments on Subsection 'Introduction'?

### Guidelines

**Q4.** Do you have comments on '**Guideline 1** - Identification' and the corresponding explanatory text?

**Q5.** Do you have comments on '**Guideline 2** - Identification of participations in financial and credit institutions' and the corresponding explanatory text?

**Q6.** Do you have comments on '**Guideline 3** - Identification of a strategic participation' and the corresponding explanatory text?

The Delegated Regulation requires periodic verification and documentation (Article 171) that strategic participations meet several conditions, such as lower volatility, common strategy, durable link, and the

possibility of holding the participation for a long time. From Insurance Europe's perspective, this test may be superfluous – particularly the quantitative aspects – when applied to entities that are part of the same insurance group and should therefore be removed.

The industry acknowledges EIOPA's aim to improve consistency and robustness in the identification of strategic participations, in line with Article 171(a) of the Delegated Regulation, which refers to demonstrating that the value of the equity investment is likely to be materially less volatile. However, the industry would caution against making the quantitative assessment mandatory in all cases. For example:

- For certain types of participations, suitable market value time series or comparable Solvency Capital Requirement (SCR) metrics may not be available or may lack relevance.
- Rigid requirements could impose significant operational burden with limited management value, especially for smaller or less complex undertakings.

The holding of a qualified participation – defined as an equity investment with a significant influence in the invested undertaking – inherently implies the intent to establish and maintain a stable and strategic enduring relationship. This aligns with a long-term investment horizon and a going concern perspective. Within such a framework, short-term market value fluctuations should not compromise or misrepresent the classification of the investment as strategic.

This principle holds even more firmly in situations involving influence and control over undertakings, where managerial decisions – including those related to strategic asset allocation – may themselves induce temporary volatility. In such cases, relying on volatility as a primary criterion for determining the strategic nature of an investment would be inappropriate.

Against this background, it is proposed that:

- The quantitative element should be recommended but not compulsory;
- When, following the recommendation, a quantitative analysis is conducted, its level of detail should be proportional to the nature, size and complexity of the relevant circumstances;
- A qualitative assessment for the definition of a strategic participation should be confirmed, primarily based on factors such as the duration and purpose of the investment relationship, the level of integration and the participation's role in the long-term business strategy of the group.

This approach would preserve the intent of Guideline 3 while ensuring its feasibility and proportionality in practice.

**Q7.** Do you have comments on '**Guideline 4** - Scope of calculations for Article 68 of Commission Delegated Regulation 2015/35' and the corresponding explanatory text?

**Q8.** Do you have comments on '**Guideline 5** - Calculations for the purpose of Article 68 of Commission Delegated Regulation 2015/35' and the corresponding explanatory text?

**Q9.** Do you have comments on '**Guideline 6** - Deductions in respect of participations in financial and credit institutions' and the corresponding explanatory text?

**Q10.** Do you have comments on '**Guideline 7** - Adjustments due to deductions of indirectly-held participations in financial and credit institutions' and the corresponding explanatory text?

**Q11.** Do you have comments on '**Guideline 8** – Application of the standard formula to related undertakings' and the corresponding explanatory text?

**Q12.** Do you have comments on '**Guideline 9** – Application of internal models to related undertakings' and the corresponding explanatory text?

### **Compliance and reporting rules**

**Q13.** Do you have comments on Subsection 'Compliance and reporting rules'?

### **Final provision on reviews**

**Q14.** Do you have comments on Subsection 'Final provision on reviews'?

### **Other comments**

**Q15.** Do you have any other comments on Section 'Guidelines on the treatment of related undertakings, including participations' and on Section 'Explanatory text'?

### **Simplification and shortening of the Guidelines**

**Q16.** Do you have any comments on the proposals to simplify and shorten the Guidelines and/or any other suggestions for simplifying and shortening the Guidelines, taking into account the relevance of the individual Guidelines?

### **Any other comments**

**Q17.** Do you have any other comments?